

**BUILDING A LEGACY  
OF  
EXCELLENCE**



## SUNWAY CONSTRUCTION

We believe that building a landmark begins with a vision that eventually becomes reality through passion and determination. With every construction we undertake, we enrich the lives of people. This annual report describes our responsibilities as a sustainable contractor, how we build our projects, and more importantly, how we leave our marks as a socially accountable organisation.

### VISION

#### **To be the leading regional construction and engineering group**

Sunway Construction Group Berhad (“SunCon”) is driven by a full range of integrated services which include building, civil engineering/infrastructural works, foundation and geotechnical engineering, mechanical, electrical and plumbing services works, industrial building systems/precast component, and machinery and logistics with design and build capabilities to provide end-to-end construction solutions.

With a vision of becoming the region's leading pure play construction group, we constantly innovate to deliver value, build synergistic and sustainable relationships and achieve the highest standards of quality, safety and excellence.

### MISSION

#### **Innovating to deliver value underpins our relentless efforts to drive positive and sustainable change in the way we work and operate to create values for all our stakeholders**

Building synergistic and sustainable relationship is the bedrock of the company's ethos of nurturing our people and developing meaningful relationships with external parties including our business partners and customers towards achieving business objectives, while keeping the interests of our stakeholders.

Achieving the highest standards in quality, environmental, safety and health, remains our founding value that we uphold with great passion. We make individual and collective efforts in aiming higher to achieve strategic business goals with a commitment to excellence.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Independent Non-Executive Chairman /  
Senior Independent Non-Executive Director  
Dato' Ir Goh Chye Koon

#### Managing Director

Non-Independent Executive Director  
Chung Soo Kiong  
*(Appointed with effect from 1<sup>st</sup> November 2015)*

#### Non-Independent Non-Executive Director

Dato' Chew Chee Kin  
Kwan Foh Kwai  
*(Redesignated with effect from 1<sup>st</sup> January 2016)*  
Evan Cheah Yean Shin

#### Independent Non-Executive Director

Dato' Siow Kim Lun  
Dato' Dr. Ir Johari Bin Basri

### AUDIT COMMITTEE

Dato' Siow Kim Lun (Chairman)  
Dato' Ir Goh Chye Koon  
Dato' Dr. Ir Johari Bin Basri  
Evan Cheah Yean Shin

### NOMINATION COMMITTEE

Dato' Ir Goh Chye Koon (Chairman)  
Dato' Siow Kim Lun  
Dato' Dr. Ir Johari Bin Basri  
Dato' Chew Chee Kin

### REMUNERATION COMMITTEE

Dato' Chew Chee Kin (Chairman)  
Dato' Ir Goh Chye Koon  
Dato' Siow Kim Lun  
Dato' Dr. Ir Johari Bin Basri

### COMPANY SECRETARIES

Tan Kim Aun (MAICSA 7002988)  
Chin Lee Chin (MAICSA 7012347)

### REGISTERED OFFICE

Level 16, Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway, 47500 Subang Jaya  
Selangor Darul Ehsan, Malaysia  
Tel No : (603) 5639 8889  
Fax No : (603) 5639 9507

### SHARE REGISTRAR

Sunway Management Sdn Bhd (50661-X)  
Level 16, Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway, 47500 Subang Jaya  
Selangor Darul Ehsan, Malaysia  
Tel No : (603) 5639 8889  
Fax No : (603) 5639 9507

### AUDITORS

BDO  
Chartered Accountants

### SOLICITORS

Azman Davidson & Co  
Wong Kian Kheong Advocates & Solicitors

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
Standard Chartered Bank Malaysia Berhad  
RHB Bank Berhad

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

### WEBSITE ADDRESS

Website : <http://www.sunwayconstruction.com.my/>  
Email : [enquiriesuncon@sunway.com.my](mailto:enquiriesuncon@sunway.com.my)

### INVESTOR RELATIONS

Email : [irsuncongroup@sunway.com.my](mailto:irsuncongroup@sunway.com.my)  
Tel No : (603) 5639 9696  
Fax No : (603) 5639 9530

## FINANCIAL CALENDAR

### PROSPECTUS LAUNCH

29 June 2015

### ANNOUNCEMENT OF QUARTERLY RESULT

23 July 2015

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2015

21 August 2015

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2015

### LISTING ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

28 July 2015

24 November 2015

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2015

25 February 2016

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2015

### DIVIDEND

2015

1<sup>st</sup> interim dividend of 4 cents per share

*Single tier first interim dividend of 20% per ordinary share of RM0.20 each for the financial year ended 31<sup>st</sup> December 2015.*

10 March 2016

Announcement of the notice of entitlement and payment

25 March 2016

Date of entitlement

21 April 2016

Date of payment

### ANNUAL REPORT & ANNUAL GENERAL MEETING

4 May 2015

Date of 1st Annual General Meeting

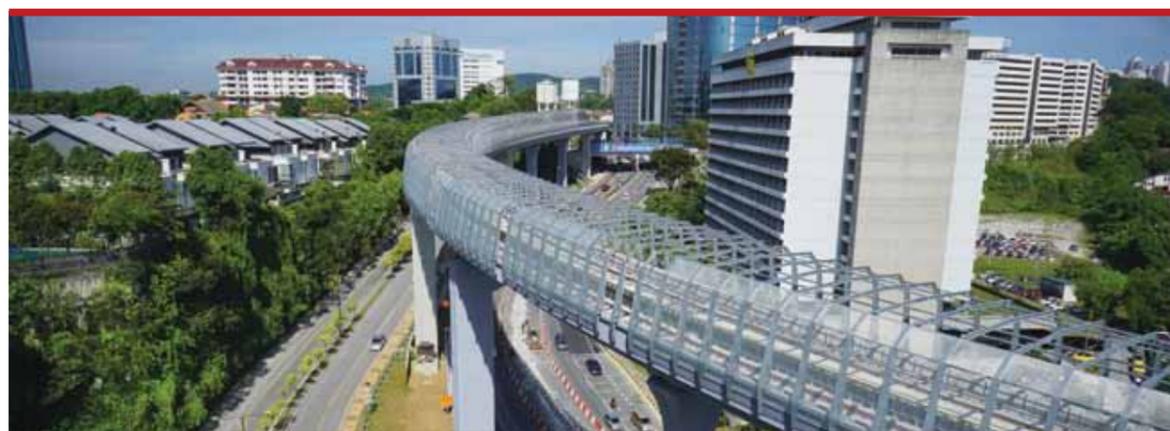
29 April 2016

Date of notice of 2nd Annual General Meeting and date of issuance of Annual Report 2015

9 June 2016

Date of 2nd Annual General Meeting

# TABLE OF CONTENTS



<b>8 SUNWAY CONSTRUCTION</b>	<b>18 PERFORMANCE REVIEW</b>	<b>32 EXEMPLARY LEADERSHIP</b>
10 SunCon in Calendar	20 Managing Director's Statement	34 Profile of Board of Directors
12 Past Year Prominent Awards	26 Chief Financial Officer's Review	38 Senior Management Lineup
13 Group Corporate Structure	30 Value Added Statement	
14 Shareholder's Letter	31 Share Performance	



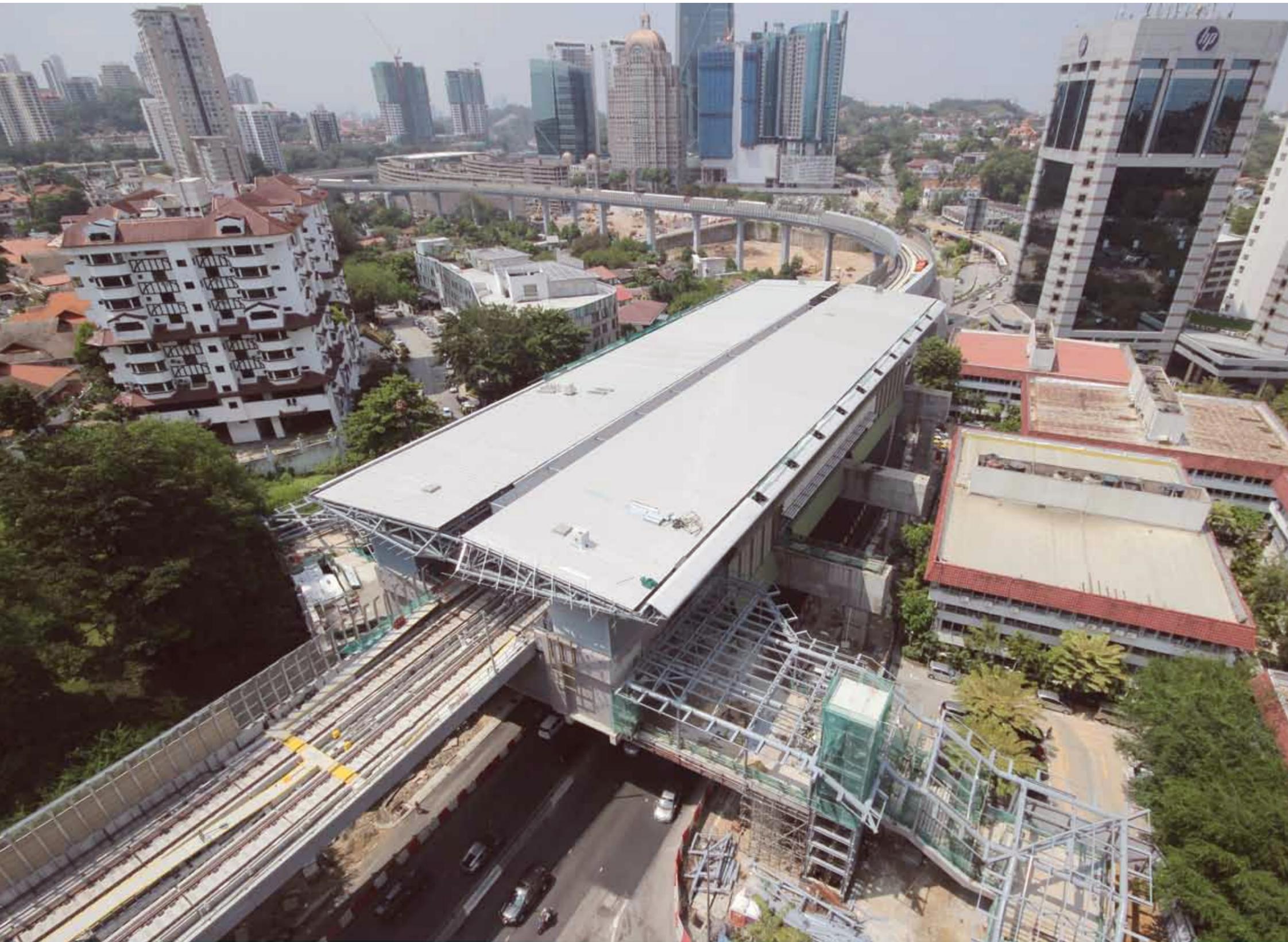
<b>40 BUSINESS MODEL</b>	<b>60 SUSTAINABILITY</b>
44 Building Construction	64 Materiality Matters
48 Civil and Infrastructure	66 Stakeholder Engagement
50 Foundation and Geotechnical	68 Economic
52 Mechanical, Electrical and Plumbing	75 Environment
55 Manufacturing and Sale of Precast Concrete Products	88 Social: Labour Practices & Decent Work
57 Facade Management	114 Social: Society
58 Virtual Design and Construction	117 Social: Product Responsibility



<b>122 GOVERNANCE WITH INTEGRITY</b>	<b>152 FINANCIALS</b>
124 Corporate Governance Statement	148 Additional Compliance Information
136 Audit Committee Report	150 Investor Relations
142 Statement on Risk Management and Internal Control	154 Financial Statements
144 Enterprise Risk Management	



<b>266 SHAREHOLDINGS INFORMATION</b>	<b>272 ANNUAL GENERAL MEETING</b>
268 Directors' Interest in Shares, Options Over Ordinary Shares and Warrants	274 Notice of 2 <sup>nd</sup> Annual General Meeting
270 Analysis of Shareholdings	277 Proxy Form
	279 Corporate Directory



## SUNWAY CONSTRUCTION

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### SUCCESS BEGINS WITH A PLAN

Every project begins with a blueprint. Sunway Construction values it as our framework to ensure that with careful planning, we are able to achieve our vision to develop innovative developments with the highest quality and standards.

- 10 SunCon in Calendar
- 12 Past Year  
Prominent Awards
- 13 Group Corporate Structure
- 14 Shareholder's Letter

MASS RAPID TRANSIT (MRT) PACKAGE V4  
SEMANTAN STATION

**2015**

**APR**



- Sunway Construction Managers' Conference
- IEM Contribution to Engineering Industry Award

**MAY**



- 5-Star rating in CIBB's SCORE Programme 2015 (Sunway Construction Sdn Bhd & Sunway Engineering Sdn Bhd)

**JUNE**



- Launch of Bus Rapid Transit (BRT) Sunway Line
- MRT V4 project topping up ceremony on last pier at SE40
- Launch of Sunway Construction Prospectus

**JULY**



- Launching of Safety Week 2015 & Signing of MoU between Sunway Construction & CIBB
- Listing of Sunway Construction Group Berhad on Bursa Malaysia

**AUG**



- AFEEC Best Electrical Contractor Award 2015

**SEPT**



- Parcel F project Ground Breaking Ceremony

**OCT**



- Sunway Group Managers' Conference

**NOV**



- New Appointment of Managing Director
- Sunway Group Family Day
- SunCon Family Site Walk
- QCLASSIC Excellence Awards 2014
  - High QCLASSIC Achievement Award (Sunway Pinnacle project)
  - The Best QCLASSIC Achievement for category Non-Residential: Large-Scale project (Sunway Pinnacle project)

**DEC**



- Successful Brand 2015/2016 Elite Category (Sunway Concrete Products)
- SG50 Prestige Enterprise Award 2015 (Sunway Concrete Products)

- Best IPO for Retail Investors of the year in Southeast Asia (9<sup>th</sup> Annual Alpha Southeast Asia Deal & Solution Awards 2015)
- KAIZEN Conference
- Retirement of Senior Managing Director

# PAST YEARS PROMINENT AWARDS

## 2014

MITI Industry Excellence Awards (AKI),  
Category 3 Services Sector Award

## 2013

"Builder of the Year"  
• The Malaysian Construction Industry  
Excellence Awards

SIRIM Quality Award (Organisation)

## 2012

International Achievement Award  
• The Malaysian Construction  
Industry Excellence Awards



## 2010

International Achievement Category  
• The Malaysian Construction Industry Excellence Awards  
(Special Mention Award)

## 2009

Contractor Award Grade G7  
• The Malaysian Construction Industry Excellence Awards

National Award of Management Accounting (NAfMA)  
Malaysian Society for Occupational Safety & Health (MSOSH)  
OSH Award • (Putrajaya 4G10 & 11, Putrajaya P17)

23<sup>rd</sup> Annual Singapore 1000  
• Sunway Concrete Products (S) Pte Ltd

21<sup>st</sup> International Construction Award  
• Sunway Engineering

## 2006

Project Award: Building • Major Scale • The Malaysian  
Construction Industry Excellence Awards

## 2005

"Builder of the Year"  
• The Malaysian Construction Industry Excellence Awards

## 2003

"Builder of the Year"  
• The Malaysian Construction Industry Excellence Awards



# GROUP CORPORATE STRUCTURE

## SUNWAY BERHAD

54.4%

## SUNWAY CONSTRUCTION GROUP BERHAD

100%

## SUNWAY CONSTRUCTION SDN BHD

### MAJOR SUBSIDIARIES

#### MALAYSIA

- Sunway Engineering Sdn Bhd
- Sunway Geotechnics (M) Sdn Bhd
- Sunway Machinery Sdn Bhd
- Sunway Precast Industries Sdn Bhd
- Sunway Facade Network Sdn Bhd

60%

#### SINGAPORE

- Sunway Concrete Products (S) Pte Ltd

#### ABU DHABI

- Sunway Innopave Sdn Bhd (branch)
- Sunway Builders Sdn Bhd (branch)

#### INDIA

- Sunway Construction India Pte Ltd

### MAJOR JOINT VENTURE

- Silver Coast - Sunway Innopave  
Joint Venture

60%

### ASSOCIATE

- ISZL Consortium

25%



### DATO' IR GOH CHYE KOON

- INDEPENDENT NON-EXECUTIVE CHAIRMAN
- SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The year 2015 marked the dawn of a new era of growth for SunCon following its listing under the construction segment of Bursa Malaysia's Main Market on 28 July 2015. Our listing was well-received with our institutional offering oversubscribed by 5.6 times and retail portion oversubscribed by 2.7 times.

#### DEAR ESTEEMED SHAREHOLDERS, CUSTOMERS, PARTNERS AND EMPLOYEES:

In this inaugural report to the shareholders of SunCon, I am pleased to report a strong performance by the Group in FY2015. The most significant development during the year was the listing of SunCon on the Main Market of Bursa Malaysia Securities Berhad. We look forward to moving ahead with our stronger business presence.

#### A LEAP FORWARD

SunCon's market capitalisation as at end of December 2015 was in excess of RM1.8 billion and we are currently the largest pure play construction group listed in Malaysia with the ability to bid on large scale, or higher-margin jobs and ready to capitalise on any upswing in the sector. With the listing, we are able to increase SunCon's visibility as a Malaysian-based leading construction company. We expect to further enhance our profile regionally, and subsequently widen our reach to further market our products and services; strengthen our market position; as well as gain direct access to equity and debt capital markets for fundraising which will provide financial flexibility to pursue even more exciting growth opportunities in future.

#### ENHANCED LEADERSHIP POSITION

SunCon has built on its expertise and experience for more than 30 years establishing an indisputable track-record through delivering the best quality and services. Today, we are an integrated construction group with end-to-end expertise, from initial planning to design, feasibility studies and surveys, project management, construction, construction supervision, and machinery and logistics. Our provisions of foundation and geotechnical services; mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products not only complete our service offering as an end-to-end solutions provider but able to offer clients full control over timely delivery and quality.

In Malaysia, we are registered as a "Grade 7" (the highest classification) contractor with the Construction Industry Development Board, which allows us to bid for contracts with unlimited value in Malaysia.

We have extensive experience in handling public and private infrastructure jobs, being the only construction company to have delivered the Light Rail Transit (LRT), Mass Rapid Transit (MRT), and Bus Rapid Transit (BRT) systems making us a natural proxy for the nation's ambitions to become a high-income nation by 2020.

In Singapore, we have also strengthened our foothold as one of the largest precast concrete products suppliers; especially with the support of Singapore's Housing Development Board. We are registered with the Building Construction Authority (BCA) as a "L6" contractor, capable of undertaking precast concrete works of unlimited values.

Beyond Southeast Asia, where we are part of the ASEAN Construction Federation, we have ventured abroad to grow the SunCon brand since 1999, venturing into Taiwan, India, Trinidad and Tobago and the United Arab Emirates. We have successfully completed the construction of seven major highways in India, the Al Reem Island Development and Rihan Heights in Abu Dhabi, and the Ministry of Legal Affairs building in Trinidad and Tobago. The Rihan Heights project in Abu Dhabi was a particularly significant achievement for our Group as it is our first single largest project of AED1.875 billion undertaken.

With these factors combined, we have the expertise and experience to capitalise on any opportunities that will arise as well as the diversity for sustainability into the future.



LISTING OF SUNCON GROUP AT BURSA MALAYSIA ON 28 JULY 2015

## MAJOR WINS BOOST ORDER BOOK

Continuing our proven track-record for undertaking and delivering mega-projects, our outstanding order book remained strong at RM3.8 billion as at end of December 2015.

Among the highlights are the newly-awarded design and build contract for RM1.6 billion Parcel F Putrajaya in September 2015 which is the largest single-sized project for the Group after our listing. The completion for the project is expected to be in 2018, and the development is targeted to achieve Gold Certification under the Green Building Index. We had then gone on to further secure another project, KLCC Package 2A (Lot 176), contract worth RM120 million from Cititower Sdn Bhd, an extension of the existing KLCC Package 2. The project is expected to be completed by end of 2017. We have also continued to deepen our synergy with Sunway Berhad as our parent continues to provide us with bedrock of orders. In 2015, SunCon was involved in some of Sunway Berhad's most prolific integrated townships and integrated developments such as the Sunway Geo Retail Shops & Flexi Suites Phase 2, Sunway South Quay with a contract sum of RM244 million and enhancement works for Sunway Putra Mall in which we are the Project Delivery Partner (PDP). In Sunway Iskandar, we have also undertaken civil, infrastructural and ancillary works for Bukit Lenang Phase 1A, Sunway Iskandar - Emerald Residences and Sunway Iskandar International School. The international school is expected to open by 2017 and the residents within the integrated township will soon have the privilege of a world-class education institution, which will help to shape the holistic lifestyle of the community within Sunway Iskandar-Nature's Capital City.

Having experience in helping to build many catalytic projects such as Legoland, Pinewood Iskandar Malaysia Studios, Afiniti Medini, Bio-Xcell, the Sunway Iskandar projects and the ongoing Coastal Highway Southern Link (CHSL) project, has effectively strengthened our foothold as the preferred contractor in the economic corridor of Iskandar Malaysia where we have been involved in since 2011.

## CONTINUED INNOVATION

We remain at the forefront of design technology, with the aid of Virtual Design and Construction (VDC), a tool using computer-aided design and modelling technology covering all aspects of design, build and project management, in which we had commenced our research and development activities in 2009. VDC was formally adopted and implemented in our projects beginning 2012 and continued to strengthen our competitive advantage even further. We have successfully deployed VDC in projects such as Avant Parc in Singapore and The Everly Hotel Putrajaya, Sunway Pinnacle, Sunway Pyramid Phase 3 and Sunway Velocity Phase 2 in Malaysia. Starting 2015, we have been exploring the feasibility of application and deployment of 4D and 5D in our construction operations to thrust the Group into more advanced levels of operational efficiencies. We are seeking ways to progress the use of VDC, and set the example to other peers and bring project delivery to a higher level of excellence.

## PROSPECTS

The Malaysia economy grew by 5% in 2015 with construction industry growth at 7.4% and the overall economy is expected to expand within 4% to 4.5%. In 2016, the growth in construction sector is mainly spurred by the government-driven infrastructure projects in the light of Mass Rapid Transit II (MRT 2), Sarawak Pan-Borneo Highway, and the Light Railway Transit III (LRT 3) projects.

The growth in the infrastructure construction industry will be further driven by initiatives in Budget 2016 that was announced on 23 October 2015 (*recalibrated on 28 January 2016*). With our extensive experience in handling public and private infrastructure jobs, having completed the country's first Bus Rapid Transit Sunway Line in Sunway Resort City and with experience in undertaking both MRT and LRT projects, we are confident of securing more infrastructure projects as announced in the Budget 2016. Amongst the projects announced in the Budget 2016 are the MRT 2 project from Sungai Buloh - Serdang - Putrajaya spanning 52km, with an estimated cost of RM28 billion, of which the construction will commence in the second quarter of 2016 and is expected to be completed by 2022; the LRT 3 project from Bandar Utama, Damansara - Johon Setia, Klang spanning 36km, with an estimated cost of RM10 billion, of which construction will commence in 2016 and is expected to be completed by 2020; the high-speed rail with the Singapore Government; the Bus Rapid Transit (BRT) project at a cost of more than RM1.5 billion from Pasar Seni to Klang; and the Sarawak Pan-Borneo Highway spanning 1,090km which is expected to be completed in 2021 with an estimated cost of RM16.1 billion.

Over in Singapore, the supply of new Singapore Housing and Development Board's (HDB) flats is likely to increase in 2016 to meet the higher demand, arising from recent policy changes with estimated figures likely to be slightly over 18,000 units, higher than the 15,000 units targeted in 2015. The HDB is looking to supply more Build-To-Order (BTO) flats this year in order to accommodate this increase as policy tweaks have widened the pool of eligible buyers. The policy revisions include raising the qualifying household income ceiling for new flats from S\$10,000 to S\$12,000, enhancing housing grants, and a new two-room flexi scheme that offers elderly buyers units for shorter leases. This bodes well for our precast business in Singapore, which leverages on HDB contracts.

## ACKNOWLEDGEMENT

Mr Kwan Foh Kwai had retired as the Senior Managing Director of the Group after serving for 18 years. I wish to extend my wholehearted appreciation to Mr Kwan Foh Kwai for his outstanding contribution and leadership, which led the Group to new heights.

I would also take this opportunity to congratulate and welcome our newly-appointed Managing Director, Mr Chung Soo Kiong, who has been integral to the SunCon's growth for 18 years and has served as the Deputy Managing Director since 2013. With his exemplary leadership and a high-calibre management team, I am looking forward to greater achievements ahead.

To our shareholders, I thank you for your continuous support for our strategic initiatives. With the robust market outlook for the construction industry, we believe that we will be able to deliver an equally exceptional performance for 2016 as we are well-positioned to capture new growth opportunities and generate even more value for shareholders.

DATO' IR GOH CHYE KOON  
INDEPENDENT NON-EXECUTIVE CHAIRMAN



## PERFORMANCE REVIEW

### SETTING THE FOUNDATION TOWARDS GREATNESS

Vital to the stability of every structure footings and foundations is an essential aspect of construction. Similarly, a strong management team is core to the success of any organisation.

- 20 Managing Director's Statement
- 26 Chief Financial Officer's Review
- 30 Value Added Statement
- 31 Share Performance

BUS RAPID TRANSIT (BRT)  
SUNWAY LINE



### CHUNG SOO KIONG

- MANAGING DIRECTOR
- NON-INDEPENDENT EXECUTIVE DIRECTOR

Our integration helps us control the quality, cost and schedule of our projects, translating to improved quality, reduced wastages and timely project completion for our customers while maintaining profitability for our shareholders, and coupled with the diversity of our competencies which gives us the flexibility and robustness to react to changing market conditions.

As the newly-appointed Managing Director of SunCon, I am honoured to be entrusted with the privilege of bringing SunCon to its next exciting phase of growth.

The Group achieved record results in 2015 with revenue of RM1.9 billion, the highest since our inception in 1976 with the Group's listing on Bursa Malaysia on 28 July 2015. Our strong performance demonstrates the multi-faceted strength of our business, with growth in expertise and experience across our 5 business divisions (Building Construction Services; Civil Infrastructure Construction Services; Foundation and Geotechnical Engineering Services; Mechanical, Electrical and Plumbing Services ("MEP"); and Manufacturing and Sale of Precast Concrete Products) and further operational improvements in efficiency and quality. Our integration helps us control the quality, cost and schedule of our projects, translating to improved quality, reduced wastages and timely project completion for our customers while maintaining profitability for our shareholders, and including the diversity of our competencies which gives us the flexibility and robustness to react to changing market conditions.

### BUILDING CONSTRUCTION SERVICES

The Building Construction Services division was the largest revenue earner for the Group, with an estimated 33% contribution to the Group's revenue in 2015. The division had completed the refurbishment of Sunway Pyramid Phase 3A & 3B and Sunway Putra Mall in 2015.

In 2015, this division secured a total of RM2.3 billion in new contracts. The new jobs include key projects developed by Sunway Group which consist of Sunway Iskandar – Emerald Residences (Contract Sum : RM175 million). In September 2015, we had announced the commencement of Parcel F project in Putrajaya (Contract Sum : RM1.6 billion) followed by the KLCC Package 2A (Lot 176), (Contract Sum : RM120 million) from Cititower Sdn Bhd, an extension of the existing KLCC Package 2.

Ongoing works include the KLCC North East Car Park, KLCC Package 2 and 2A (Lot 176), Kuala Lumpur, Citrine at the Lakeview, Sunway Iskandar, Sunway Medical Centre Phase 3A and 3B, Sunway Geo Retail Shops & Flexi Suites Phase 2, Sunway South Quay and Sunway Velocity Shopping Mall.

With the experience in special purpose buildings, the Building Construction Services division will focus on bidding for design and build projects, which have better margins and by fully utilising our capability to provide end-to-end solutions instead of conventional contracts.

### CIVIL AND INFRASTRUCTURE SERVICES

The Civil and Infrastructure Services division contributed 19% of the Group's revenue in year 2015. We had successfully delivered the Bus Rapid Transit (BRT) Sunway Line project in June 2015 ahead of schedule.

Ongoing projects include the Klang Valley MRT Package V4 and the LRT Package B (Kelana Jaya Line Extension), both of which are set to be handed over in 2016. The newly awarded Coastal Highway Southern Link (CHSL) in Iskandar Malaysia (Contract Sum : RM170 million) is set for completion in 2017 and will further boost the attractiveness of the location of Sunway Iskandar and other developments in Medini, Iskandar Malaysia as well as its surroundings by improving connectivity and shortening the traveling time to the Second Link which links Iskandar Malaysia to Singapore.

SunCon stands as the only construction company in Malaysia with experience in the Bus Rapid Transit (BRT), Light Rail Transit (LRT) and the Mass Rapid Transit (MRT) systems; making SunCon the forerunner with extensive experience in handling public and private infrastructure jobs and a strong contender for railway projects under the 11<sup>th</sup> Malaysian Plan.

With the division's excellent track-records in railway and highways, the division is looking forward to benefit further from projects under the Budget 2016 including the MRT 2 (RM28 billion), LRT 3 (RM10 billion), BRT KL-Klang (RM1.5 billion) and various railway and highway projects.

## FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

The Foundation and Geotechnical Engineering Services division had successfully delivered the Sunway South Quay Commercial Precinct 3 (CP3) project and tunneling works connecting Sunway University to Sunway South Quay in 2015. The division's ongoing foundation projects include the Mengkuang Dam expansion in Seberang Perai, Penang, Sunway Velocity Shopping Mall and Sunway Velocity tunneling project. The division's current order book stands in excess of RM100 million.

In addition, the division has developed a new technology - soil mixing wall - an alternative option for the conventional retaining wall system which is implemented in CP3, Sunway South Quay, where we are developing a temporary soil mix wall to be integrated into permanent structure for an egress ramp for the development. The soil mixing wall system creates a new competitive advantage for the division.

With the division's capabilities of delivering complex and deep bored piles solution supported by 27 boring rigs, in-house expertise, and the ancillary tools and equipments, this division complements both the Building Construction Services and the Civil and Infrastructure Services divisions in delivering projects to our customers. The division intends to focus its efforts on large building and civil and infrastructure construction services projects.

## MECHANICAL, ELECTRICAL AND PLUMBING SERVICES (MEP)

The Mechanical, Electrical and Plumbing Services (MEP) division is one of the largest in Malaysia amongst its peers in terms of revenue.

The division had successfully delivered the Sunway Putra Mall project in 2015 and the Engineering, Procurement, Construction and Commissioning (EPCC) of the second largest single Thermal Energy Storage (TES) System in the world for Putrajaya Holdings in the Gas District Cooling (GDC) Plant 2. The division is currently involved in several projects together with the building division including Sunway Lenang Heights, The Iskandar Emerald Residences, commercial projects of Citrine at The Lakeview, Sunway Iskandar and Sunway Iskandar International School. In Klang Valley, the division is involved with Sunway Medical Centre Phase 3A & 3B, Sunway Velocity Shopping Mall in Kuala Lumpur and Sunway Pyramid Hotel West.

The division is currently involved in the Parcel F project in Putrajaya, where it is currently utilising Building Information Modelling (BIM) to drive down construction costs through reducing abortive works and material wastages as well as increasing coordination efficiency between the MEP, structural and architectural trades; and the Pasar Seni MRT Station.

The division has garnered valuable experience and skill set in the infrastructure sector with the ongoing Klang Valley MRT Package V4, LRT Package B (Kelana Jaya Line Extension) and the just completed first-of-its-kind in Malaysia, Bus Rapid Transit (BRT) Sunway Line. Building on this experience, the division is preparing itself to bid competitively together with SunCon for the upcoming MRT 2 and LRT 3 packages. In completing the Bio-Xcell Central Utilities Facility (CUF) in Johor, the division has also garnered valuable experience into renewable energy (biomass boilers) and waste-water treatment.

As a result of implementing ISO accredited procedures (ISO 9001:2008 and ISO 14001:2004) throughout its business processes, the division was awarded the prestigious 5-star rating from the Construction Industry Development Board (CIDB) for the year 2015 under CIDB's SCORE Programme. The division has successfully obtained its third accreditation which is OHSAS 18001:2007 in 2015.

With its extensive experience across industries, the division will continue to complement Building Construction Services and Civil and Infrastructure Services in project delivery, target further Central Utilities Facility and higher-value engineering solutions projects as well as aim to bid for more jobs in the renewable energy and industry sectors in the near future including the Bio-XCell CUF 2, Spirit 2-Verdazyme, and MRT 2 stations.

The division's growth will be bolstered by targeting purpose-built or specialty projects which are more technically complex as a result of its vast experience and technical know-how. We have gained substantial experience and credentials through successfully completed projects such as Putrajaya GDC Plant 2 and Bio-XCell Central Utilities Facility.

## MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

The Precast division contributed 13% of the Group's revenue in 2015, driven solely by strong progress from its business in Singapore.

In 2015, the division secured a total of RM308 million of new contracts. The new jobs include two prefabricated bathroom unit projects for HDB project Yishun N4C17 (Contract Sum : S\$13.8 million), and for proposed Executive Condominium development at Choa Chu Kang Grove (Contract Sum : S\$2.08 million).

The division also started the delivery of precast components. In 2015, we secured contracts to manufacture and supply of precast concrete products from Straits Construction Singapore Pte Ltd (Contract Sum : S\$16.8 million) and from Hi-Tek Construction Pte Ltd (Contract Sum : S\$25.4 million). The projects set SunCon's emergence as one of the more prominent precast concrete products suppliers in Singapore.

The division is currently setting-up our third precast plant in Sunway Iskandar where it has five concrete production lines and an annual capacity of 51,000m<sup>3</sup>. The production for this plant will commence in April 2016. SunCon currently has two precast yards in Tampines, Singapore and Senai, Johor with a total capacity of approximately 200,000m<sup>3</sup> per annum.

With the new capacity, the division will seek to cater to Malaysia's and Singapore's growing construction industries. The division is also aiming to further optimise cost-efficiencies and productivity in the Johor plant.

The division was awarded the SG50 Prestige Enterprise Award 2015 and Singapore Successful Brand in the Elite Category in addition to securing the bizSafe Level Star certification in Singapore.

## INCORPORATING FACADE CAPABILITIES

On 31 July 2015, Sunway Facade Network was incorporated as a collaboration between SunCon (60%) and Facade Network Sdn Bhd (40%) to deliver facade system design and engineering development, value engineering on curtain wall system, consultancy and related facade works and services.

With the new capability, the Group is now able to provide comprehensive facade consulting services and deliver facade expertise to our customers. By leveraging the expertise and experience of our JV partner which has undertaken projects in Malaysia, China, UAE, and India, and SunCon's existing strong construction team, the division is expected to enhance the Group's services to its customers by providing the most cost-effective and creative facade solutions.

## ACHIEVING INDUSTRY EXCELLENCE

We continuously strive, as part of Malaysia's growing construction industry, to improve performance and productivity while refining quality and creating better innovations to our products and services. Our growth is underpinned by an unflinching commitment to project execution, timely delivery, quality products and services.

SunCon is today, one of Malaysia's leading construction companies, having the privilege to be the first to have won the Malaysian Construction Industry Excellence Awards (MCIEA) Builder of the Year award three times. The MCIEA Awards are regarded as the foremost accolade for all-round excellence in the Malaysian construction industry, recognising companies that have demonstrated overall excellence in industry performance and project implementation. We have also scored a 5-star rating for Sunway Construction Sdn Bhd together with Sunway Engineering Sdn Bhd in the CIDB's SCORE QLASSIC Programme; as well as the High QLASSIC Achievement Award and the Best QLASSIC Achievement in the Non-Residential Category : Large Scale Project for our Sunway Pinnacle Project. Our debut on Bursa Malaysia also had created a milestone for the Group by being the Best IPO for Retail Investors of the Year in Southeast Asia and we were recognised by Malaysia's leading business daily, the Edge as the top performing IPO for 2015. These awards amplify the achievements we have earlier received from the Institution of Engineers Malaysia Award for Contribution to Engineering Industry in Malaysia 2015.

In recent years, we have been leveraging our pioneering in Virtual Design and Construction (VDC) or most commonly known as Building Information Modelling (BIM). VDC or BIM enables the integration of design, scheduling, estimation and fabrication processes which provide greater operational efficiencies, to deliver projects with quality and timeliness while driving down costs and enhancing profitability.

We continue to inculcate customer-centricity in delivering better values to our customers by reducing wastage and improving productivity, and enhancing the quality and safety of construction works. Overall customer satisfaction score, gathered through survey feedback from customers and consultants, was at 76.5% this year, and in the coming year, we target to achieve and maintain a score of 80%.

Here at SunCon, we believe that people are our strongest assets and we seek to reward employee loyalty. In 2015, we had engaged AON Hewitt, an independent party to track employee engagement across the Group and we had improved our scores from 53% (2012) to 59% (2015). We continue to create talent development opportunities across our divisions including inter-department cross-learning opportunities to share best learning knowledge.

The Group places strong emphasis on Total Quality Management (TQM) to deliver quality products and services to our customers. We have adopted the KAIZEN initiative of productivity and efficiency improvement, in line with our TQM philosophy which focuses on prioritising quality, safety, health and environment in our business. In addition, we have our own Sunway Quality Merit System (SQMS) to recognise projects which deliver the best quality within each quarter.

The Group is also committed to comply with all relevant occupational safety, health and environment regulations. Since 2012, SunCon has been organising an annual Sunway Construction Safety Week to increase the awareness of safety and health aspects of the construction sector. We are proud that our CP4 and Citrine project have achieved SHASSIC 5-Star rating of 93% and 85% respectively, whereas KLCC North East Carpark achieved a 4-Star rating of 82%. We will continue to aim for and endeavour to achieve 5-Star rating at all project sites with Zero Life Loss in 2016.

In terms of environmental sustainability, we are pleased to report 90% attendance of employees and subcontractors for environmental induction and planned trainings. We have implemented segregation of construction waste at designated areas continually at all project sites and successfully conducted annual "Reuse, Reduce and Recycle" campaign at project sites and head office.

## LOOKING FORWARD

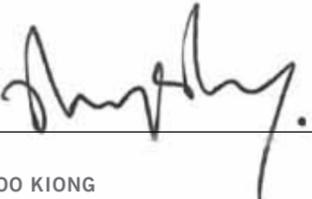
We will continue to build upon the strengths of the brand and look forward to garner even more opportunities throughout the Asian region especially in India, Indonesia, and Myanmar by 2018, while we continue to support the nation's ambition to become a developed nation by 2020 especially through the infrastructure projects as announced in the Budget 2016.

SunCon is expecting a minimum order book replenishment of RM2.5 billion in 2016 where Sunway Berhad will act as our bedrock for new orders of at least RM500 million. With the support of Sunway Berhad, we are looking forward to sustain a healthy order book and strong balance sheet, taking into account the current challenging economic landscape within Malaysia.

We will also aim to obtain roles as Project Delivery Partners (PDP) in Private-Public Partnerships (PPP) within Malaysia and other Build-Operate-Transfer (BOT) contracts. We are confident of securing large projects as we have our own expansive fleet of machineries and formwork system, which reduces the risk of dependence on supplies from suppliers, and enable us to gain higher efficiency in productivity and avoiding any possible delays in projects.

I would like to take this opportunity to thank all our employees and management for their continued support and dedication to the Group, without which we would not have achieved what we have thus far.

Finally, I would like to thank our business partners, clients, shareholders and stakeholders for your continued trust and belief in us which have brought us to where we are today, as one of the largest construction conglomerates in Malaysia.



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**CHUNG SOO KIONG**  
MANAGING DIRECTOR  
NON-INDEPENDENT EXECUTIVE DIRECTOR

## CHIEF FINANCIAL OFFICER'S REVIEW



### NG BEE LIEN

• CHIEF FINANCIAL OFFICER

The year 2015 is indeed an eventful year for the Group. The interest from both the public and investors community since our listing on 28 July 2015 have been very encouraging.

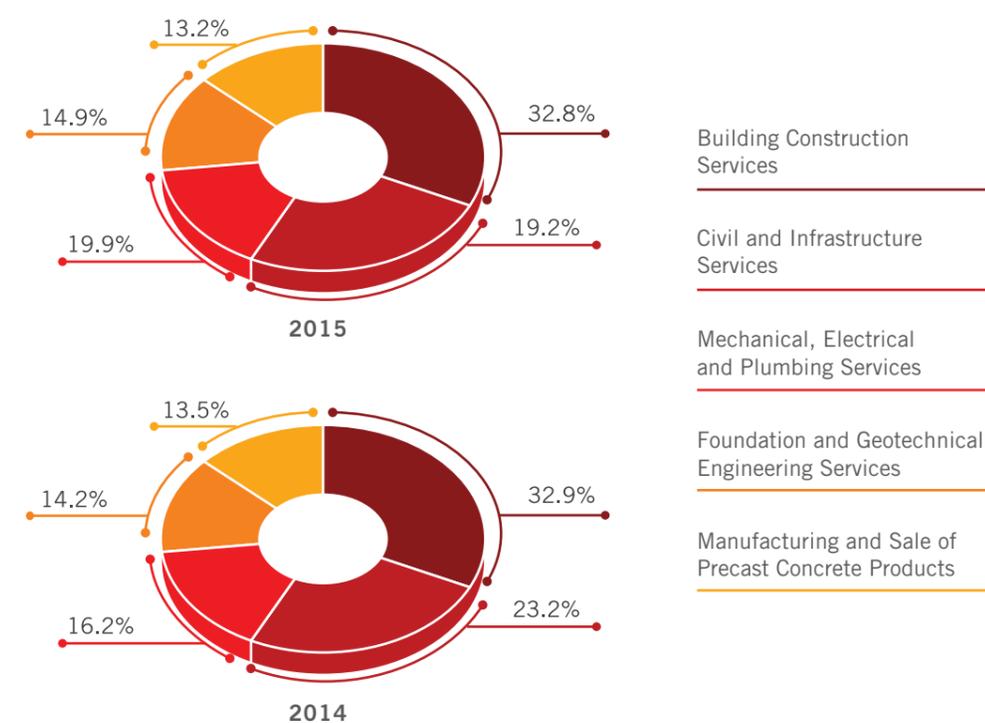
With the Group's listing on Bursa Malaysia on 28 July 2015, we are pleased to announce that 2015 is the year in which we have recorded the highest revenue and profit before tax for our Construction and Precast operations since we commenced operations in 1981.

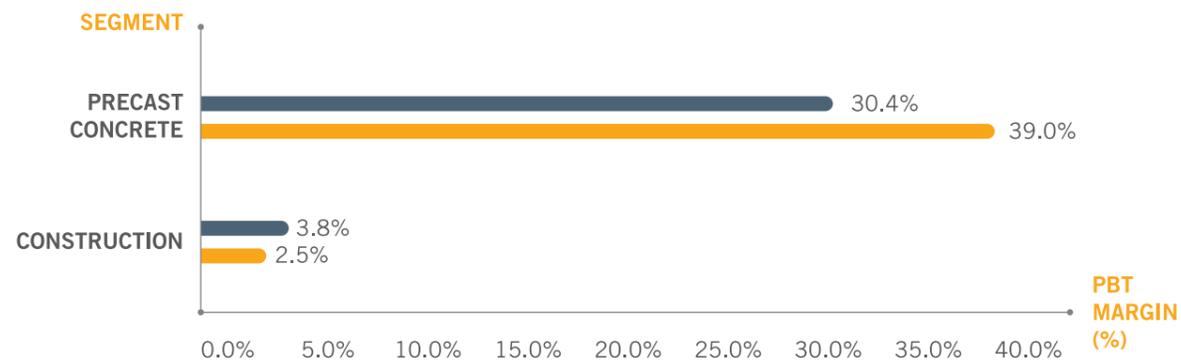
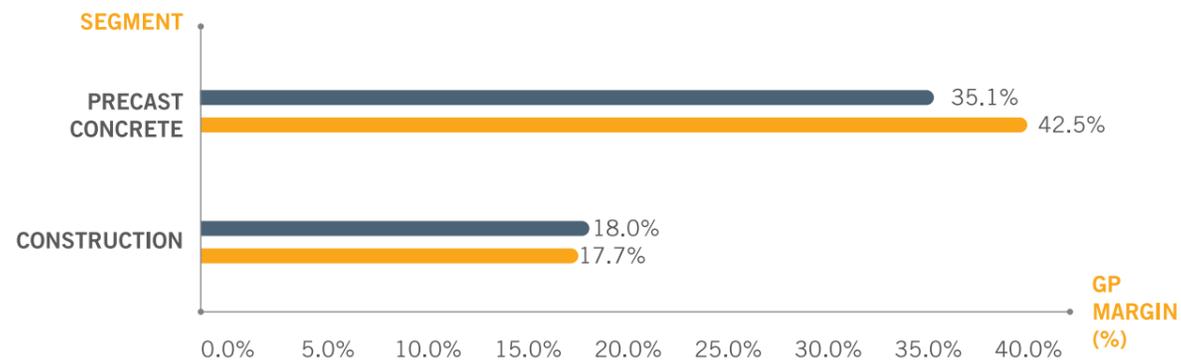
### KEY FINANCIAL HIGHLIGHTS FOR FYE 31 DECEMBER 2015

RM'MILLION	FYE 2015	FYE 2014*	% CHANGE
Revenue	1,917	1,881	1.9%
Gross Profit ("GP")	388	395	(1.8%)
<b>Profit Before Tax ("PBT")</b>	<b>141</b>	<b>139</b>	<b>1.4%</b>
Taxation	(13)	(26)	50%
<b>PAT and after Minority Interest ("PATMI")</b>	<b>127</b>	<b>113</b>	<b>12.4%</b>
GP margin	20.2%	21.0%	-
PBT margin	7.4%	7.4%	-
PATMI margin	6.6%	6.0%	-
Net earnings per share	9.8 cents	8.7 cents	12.6%
ROE	28.3%	29.7%	-
Cash and bank balances	390	278	40.3%
Gross Borrowing	(137)	(135)	(1.5%)
Net Cash	253	143	76.9%
Shareholders' Funds	451	380	18.9%

\* Excluding profits from discontinued operations net of tax of RM50 million.

### REVENUE (%)





2015 2014

## PURE PLAY INTEGRATED CONSTRUCTION GROUP

### GROSS PROFIT (“GP”) MARGIN

In Malaysia under our Construction division, SunCon continues to see sustained GP margin of 18.0% (2014 : 17.7%) from our design and build projects including our conventional projects despite challenging timeline and working conditions.

In Singapore, our Precast division continues to generate good GP margin at 35.1% (2014 : 42.5%) as a result of lean cost structure, efficient factory production and lower commodity prices. GP margin for the year 2014 was better as it had more finalisation of accounts. This division's bottom line was also boosted from the strengthening of SGD of approximately 15% since beginning of 2015.

## OPERATING EXPENSES

Our major operating expenses comprise of staff cost and depreciation which respectively constitutes 62.5% and 15.2% (2014 : 64.9% and 15.3%). We are pleased to report that staff cost has reduced to RM173 million (2014 : RM190 million) mainly due to lower bonuses and also reduction in staff strength to 1,997 (2014 : 2,335) despite a slightly increased turnover in 2015. With respect to our depreciation and amortisation expense of RM41.9 million in 2015, this was offset with a capex of RM38.7 million (disposal during the year was RM14.9 million). Management will continue to spend capex in the region of RM40 million every year as our plant renewal program whilst retiring older fleet of machines which will cost us more in repair and maintenance cost. The balance of other major costs are service level management with our Sunway Berhad's on Finance back-end data support, HR payroll processing, IT support and services amongst others, rental and insurance.

## OPERATING INCOME

Over in Abu Dhabi, we are pleased to report that we have managed to finalise the payment in kind for the Al Reem Project which was jointly taken up equally by IJM, SunCon, Zelan and LFE (associate company). In addition to the formalisation of property in lieu of payment, we have crystallised the sales of several office floors and the associate outfit has received cash of AED81.4 million for the year ended 2015. This translates as profit to the Group.

## TAXATION

The effective tax rate in 2015 is lower than the statutory tax rate of 25% mainly due to the recognition of Deferred Tax Assets (“DTA”) of RM6.9 million (2014 : RM2.2 million) from unabsorbed capital allowance and timing differences in depreciation, lower statutory tax rate of 17% by our Singapore subsidiary and utilisation of unabsorbed tax losses this year from our Johor Precast operations.

## STRONG BALANCE SHEET

SunCon has continued to generate positive operating cashflow in the tune of RM240 million and as such the Group's net cash position improved from RM143 million to RM253 million in 2015. This cash will enable the Group to secure bigger scale project, save on interest cost and will be handy if there are good investment opportunities should good prospect presents itself.

The Group's trade receivables turnover period has improved to 73 days [2014 : 92 days] as a result of SunCon's composition of order book from Government Linked Companies and Sunway In-House projects which constitute 64% and 24% respectively as such, collectability is always prompt and timely.

Our inventory turnover period has also improved to 37 days [2014: 48 days], mainly contributed by faster turnaround time by Sunway Precast both in Singapore and Malaysia.

## SHAREHOLDER'S RETURNS

SunCon is pleased to declare our maiden interim dividend of 4 cents per share, being distribution of quarter 3 and quarter 4 profits after listing of SunCon on 28 July 2015. This 1<sup>st</sup> interim dividend amounts to RM51.7 million and is more than 90% profits post listing (approx 40% of full 2015 financial year PATMI). This proposed dividend far surpasses our Board's dividend policy to distribute a minimum dividend of 35% from our profit after taxation to shareholders. SunCon's ability to pay dividend is further enhanced as we are in net cash position.

## ACKNOWLEDGEMENT

With this I will end my review of SunCon's financial with words of thanks to all our bankers, analysts, fund managers and SunCon's employees who have all contributed to our successes.

NG BEE LIEN  
CHIEF FINANCIAL OFFICER

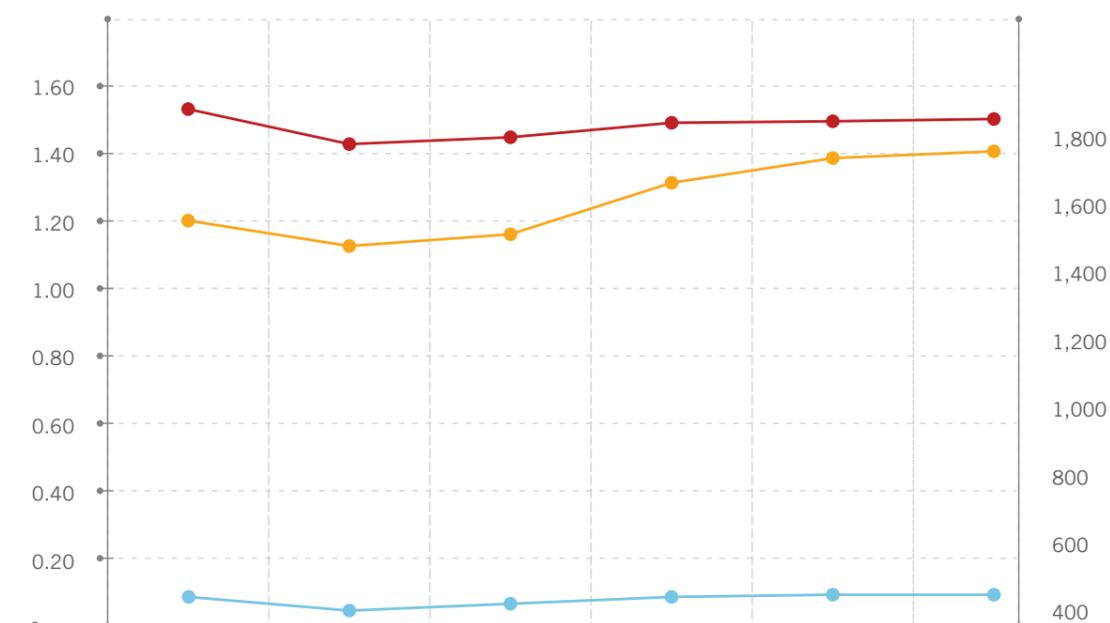
## VALUE ADDED STATEMENT

FINANCIAL YEAR ENDED	2015 (RM'000)	2014 (RM'000)
<b>VALUE ADDED</b>		
Total Turnover	1,916,859	1,880,707
Construction cost and purchases of goods and services:		
Cost of sales	(1,528,467)	(1,485,297)
Admin expenses	(48,280)	(37,456)
Other expenses	(13,597)	(20,290)
Other operating income	24,552	13,700
<b>VALUE ADDED BY OPERATING ACTIVITIES</b>	<b>351,067</b>	<b>351,364</b>
Non-operating income:		
Finance income and other distribution income	8,045	4,055
Profit from discontinued operations	-	50,339
<b>VALUE ADDED BY THE GROUP</b>	<b>359,112</b>	<b>405,758</b>
Share of profits of joint ventures	(76)	21,549
<b>TOTAL VALUE ADDED</b>	<b>359,036</b>	<b>427,307</b>
<b>RECONCILIATION</b>		
Profit from discontinued operations	-	50,339
Profit for the year	127,164	112,804
Add: Depreciation and amortisation	41,921	44,680
Finance cost	3,507	3,339
Staff costs	172,858	189,625
Taxation	13,012	26,495
Minority Interests	574	25
<b>TOTAL VALUE ADDED</b>	<b>359,036</b>	<b>427,307</b>
<b>VALUE DISTRIBUTED</b>		
Employees		
Salaries and other staff costs	172,858	189,625
Government		
Corporate Taxation	13,012	26,495
Providers of Capital		
Dividends	70,000	427,958
Finance costs	3,507	3,339
Minority Interest	574	25
Distribution to holding company	-	348,531
Reinvestment and growth		
Depreciation and amortisation	41,921	44,680
Income retained by the Group	57,164	160,378
Contribution from acquisition of Sunway Construction Sdn Bhd and its subsidiaries	-	(773,724)
<b>TOTAL DISTRIBUTED</b>	<b>359,036</b>	<b>427,307</b>

## SHARE PERFORMANCE

CLOSING PRICE (RM)

FTSE BM KLCI INDEX | BURSA MALAYSIA CONSTRUCTION INDEX

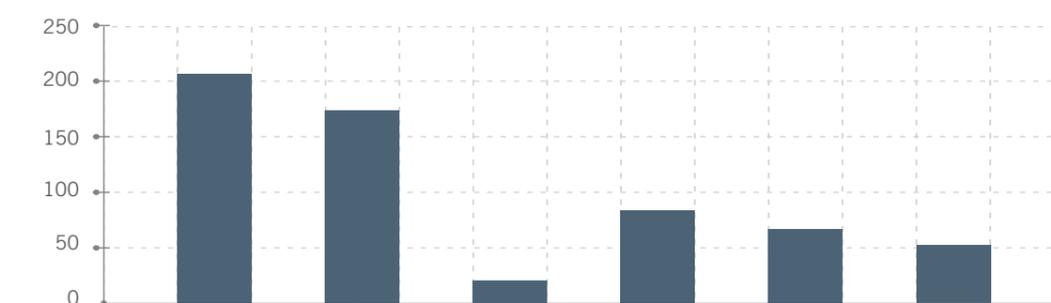


	JULY 2015	AUG 2015	SEPT 2015	OCT 2015	NOV 2015	DEC 2015
Closing Price	1.20	1.12	1.17	1.30	1.37	1.40
Bursa Malaysia Construction Index	284.79	249.53	261.34	272.66	274.85	276.24
FTSE BM KLCI Index	1,723.14	1,612.74	1,621.04	1,665.71	1,672.16	1,692.51

Percentage of Growth (July to December 2015)



VOLUME ('MIL)



	JULY 2015	AUG 2015	SEPT 2015	OCT 2015	NOV 2015	DEC 2015
Volume ('mil)	204.32	183.41	35.30	89.07	72.99	50.48
FTSE BM KLCI Index*	1,723.14	1,612.74	1,621.04	1,665.71	1,672.16	1,692.51
Bursa Malaysia Construction Index	284.79	249.53	261.34	272.66	274.85	276.24



## EXEMPLARY LEADERSHIP

### LEADING THE WAY TO PROGRESS

It takes a strong leader to lead any venture undertaken and oversee it to its completion. An experienced contractor represents the heart of any construction project. Sunway Construction remains true in our determination to enrich all through leading by example.

- 34 Profile of Board of Directors
- 38 Senior Management Lineup

PARCEL F  
PUTRAJAYA

## PROFILE OF BOARD OF DIRECTORS



### YBHG DATO' IR GOH CHYE KOON • AGED 66, MALE, MALAYSIAN

INDEPENDENT NON-EXECUTIVE CHAIRMAN  
SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Ir Goh graduated with a Bachelor of Engineering (Hons) degree in Civil Engineering from the University of Malaya in 1973. He is a Professional Engineer (P.Eng) and a Member of the Institution of Engineers Malaysia (MIEM).

Dato' Ir Goh began his career as an engineer in the Ministry of Works, where he served for 11 years rising to the position of Superintending Engineer prior to joining IJM Corporation Berhad as a Senior Engineer in 1984. He was promoted as General Manager (Central Region) in 1986 and subsequently appointed as Alternate Director in 1995 before assuming the position of Deputy Group Managing Director in 1997. He was redesignated as Deputy Chief Executive Officer and Deputy Managing Director in 2004 and upon his retirement in 2008, Dato' Ir Goh continued to serve as Executive Director of IJM Corporation Berhad until June 2009 and thereafter as Non-Executive from July 2009 until June 2013.

He was a member of the Presidential Consultative Council of the Board of Engineers Malaysia (2002 – 2004) and also a member of the Construction Consultative Panel of Malaysia Productivity Corporation (2003 – 2009). He was the Chairman of the Building Industry Presidents' Council and President of the Master Builders Association Malaysia for the session 2004/2006 and has served as its Deputy President, Vice President and Deputy Secretary General. Dato' Ir Goh was a board member of the Construction Industry Development Board, Malaysia (CIDB) from 2004 to 2006 and served as a Main Committee Member (2001 – 2009) and Chairman of the Working Group for construction projects (Local and Foreign) (2003 – 2009) in the Construction Industry Master Plan of CIDB.

He is currently an Advisory Peer Group Member of the School of Science and Technology at Wawasan Open University (since 2010).

Dato' Ir Goh was appointed to the Board of the Company on 17 October 2014 and he also serves as Chairman of Nomination Committee as well as a member of Audit Committee and Remuneration Committee. He has no directorship in other public companies in Malaysia.



### CHUNG SOO KIONG • AGED 49, MALE, MALAYSIAN

MANAGING DIRECTOR  
NON-INDEPENDENT EXECUTIVE DIRECTOR

Mr Chung graduated with a Bachelor of Science (Hons) degree in Quantity Surveying from the University of Abertay Dundee in 1995 and also holds a Diploma in Building (Technology) from Tunku Abdul Rahman College, which he obtained in 1990.

He began his career with TAISEI Corporation of Japan in 1990 where over a period of 7 years he rose to the position of Section Manager – Quantity

Surveying. He was responsible for carrying out pre and post-contract works for various projects, including the KL International Airport Project, Plaza Pelangi Shopping Complex in Johor Bahru and DBKL-Pernas Sogo Commercial Development/Shopping Complex.

In 1997, he joined Sunway Construction Sdn Bhd and served as the Contract Manager of Business Development & Marketing Department. His role included overall management of the contracts administration and operations, develop action plans to review pre and post-contract related matters of various projects. In 2005, Mr Chung was promoted to General Manager, Business Development and Marketing. His role included developing action plans to review operations and pre and post-contract related matters of various projects, overall management of business research and development activities to achieve growth and profitability, developing strategies to identify and venture into new businesses and/or markets, and continuously improve the policy and procedure with regard to business research and development. Thereafter, Mr Chung acted as the Country Manager/Project Director of Sunway Innopave Sdn Bhd (Abu Dhabi Branch) for the period from 2007 to 2013.

Mr Chung was the Deputy Managing Director of Sunway Construction Sdn Bhd since 2013 before he was promoted to the position as Managing Director of the Company in 2015. Mr Chung has over 20 years of experience in the construction sector.

Mr Chung was appointed to the Board of the Company on 1 November 2015. He has no directorship in other public companies in Malaysia.



### KWAN FOH KWAI • AGED 64, MALE, MALAYSIAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr Kwan graduated with a Bachelor of Engineering (Hons) degree from the University of Malaya in 1977.

He has over 37 years of extensive experience working in the construction industry, both in the public and private sectors.

Mr Kwan began his career as a Contract Engineer in 1977 with the Department of Public Works, Ministry of Works for three years and was attached to the East-

West Highway project. In 1980, he moved to Promet Construction Sdn Bhd as its Site Manager. Following this, he joined Alam Baru Sdn Bhd, a Class "A" Contractor, as General Manager from 1984 to 1986. He joined TAISEI Corporation of Japan from 1986 to 1996 and his last position was General Manager of TAISEI (Malaysia) Sdn Bhd.

On 1 October 1996, he joined Sungei Way Construction Berhad as an Executive Director. In June 2001, he was promoted to Managing Director of Sunway Construction Berhad, which was delisted from Bursa Securities and converted to a private limited company in 2004. He was appointed as the Senior Managing Director of Sunway Construction Group Berhad on 6 November 2014.

Mr Kwan was the Senior Managing Director of the Company until his retirement on 31 December 2015. Mr Kwan remains as a Board member of the Company and was redesignated as Non-Independent Non-Executive Director.

Mr Kwan has served as the President of the Master Builders Association of Malaysia (MBAM) for the term 2010 - 2012 and currently is the Immediate Past President for the term of 2012 to 2016. He is also a Member of The Institution of Engineers, Malaysia. He is a Fellow Member of the Chartered Institute of Building and a Board Member of International Federation of Asian & Western Pacific Contractors' Association (IFAWPCA). Mr Kwan is also the Chairman of the Board of Governors of SMJK Yuk Choy, Ipoh, Perak.

Mr Kwan was appointed to the Board of the Company on 18 September 2014. He has no directorship in other public companies in Malaysia.



### YBHG DATO' CHEW CHEE KIN • AGED 70, MALE, MALAYSIAN

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Chew graduated with a Bachelor of Economics (Hons) degree from the University of Malaya in 1974. He had attended the Program in Management Development at Harvard Business School in 1980.

Dato' Chew started his career as a Trainee Executive in UMW (Malaya) Sdn Bhd in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn Bhd. He joined the Sunway Group in 1981 as the Group General Manager (Operations) and was subsequently promoted to Deputy

Group Managing Director (Operations) of the Sunway Holdings Berhad Group in 1989. In 1995, he was promoted to Group Managing Director of the Sunway Holdings Berhad Group and to President of the Sunway Holdings Berhad Group in 1999. Upon the completion of the merger of Sunway City Berhad and Sunway Holdings Berhad in 2011, he was designated as the President of Sunway Berhad. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.

Dato' Chew was appointed to the Board of the Company on 17 October 2014 and he also serves as Chairman of Remuneration Committee as well as a member of Nomination Committee. His directorships in other public companies are Sunway Berhad and Gopeng Berhad.



**EVAN CHEAH YEAN SHIN • AGED 36, MALE, MALAYSIAN**

NON-INDEPENDENT NON-EXECUTIVE DIRECTOR

Evan Cheah graduated with a Bachelor of Commerce Degree and Bachelor of Business System Degree from Monash University in 2001.

He joined the Sunway Group following his graduation as an Executive Assistant and was attached to the Sunway Group Finance division from 2001 to 2002, with key roles in investment analysis, due diligence, corporate finance, management accounting and group procurement. In 2003, he was promoted and rotated to Sunway Construction where he was the Finance Manager. In

2006, he became the General Manager, Business Development of Sunway Group's Trading & Manufacturing division. In 2010, he was promoted to be the Executive Director of Sunway Mas, a property development company within Sunway Group, in charge of operation matters.

In 2011, Evan Cheah was designated as Chief Executive Officer of Sunway Group's China operations, responsible for the China Corporate Office and the development of new business opportunities for the Sunway Group in China. In 2013, he assumed the additional role of Executive Director in the President's Office of Sunway, assisting the Group President in overseeing the Trading & Manufacturing, Building Materials, Quarry & Information Technology businesses.

Effective 1 March 2015, he was redesignated as Executive Vice President - President Office with additional role of assisting the President's Office to identify potential business growth opportunities for Sunway Group and driving the Group's synergy.

Evan Cheah is a Chartered Financial Analyst Charterholder, a Certified Practising Accountant, and a Member of Malaysian Institute of Accountants.

Evan Cheah was appointed to the Board of the Company on 18 September 2014 and he also serves as a member of Audit Committee. He has no directorship in other public companies in Malaysia.



**YBHG DATO' SIOW KIM LUN • AGED 65, MALE, MALAYSIAN**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Siow graduated with a Master in Business Administration from the Catholic University of Leuven in Belgium in 1981 and holds a Bachelor of Economics (Hons) degree from Universiti Kebangsaan Malaysia, which he obtained in 1978. He has also attended the Advanced Management Program at the Harvard Business School in 1997.

Dato' Siow began his career in investment banking with Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) in 1981. From 1985 to 1993, he was with Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) first as a manager and later as the Divisional Head of its Corporate Finance Division. Between 1993 and 2006, he was with the Securities Commission Malaysia ("SC") and has served in several positions at the SC including that of the Director of its Issues and Investment Division and the Director of its Market Supervision Division.

Dato' Siow is currently a board member of Citibank Berhad, Kumpulan Wang Persaraan (Diperbadankan), UMW Holdings Berhad, EITA Resources Berhad, Hong Leong Assurance Berhad and MainStreet Advisers Sdn Bhd. He is also a member of the Land Public Transport Commission.

Dato' Siow was appointed to the Board of the Company on 17 October 2014 and he also serves as Chairman of its Audit Committee as well as a member of Nomination Committee and Remuneration Committee.



**YBHG DATO' DR. IR JOHARI BIN BASRI • AGED 61, MALE, MALAYSIAN**

INDEPENDENT NON-EXECUTIVE DIRECTOR

Dato' Dr Ir Johari graduated with a Bachelor of Engineering in Mechanical Engineering from University Technology Malaysia in 1977 and obtained his MSc. in Terotechnology from Manchester University, United Kingdom in 1984 and PhD. in Process Safety from the University of Sheffield, United Kingdom in 1997.

Dato' Dr Ir Johari joined the Factories and Machinery Department of Malaysia as a Factories and Machinery Inspector (engineer) in 1977. The Department was responsible to enforce safety regulations on various sectors of industries such as construction, manufacturing, and mining.

Dato' Dr Ir Johari was awarded the Malaysian Government scholarship and study leave to pursue the MSc programme in 1983. He obtained his MSc. in Terotechnology from Manchester University, United Kingdom in 1984. In the same year, he returned to Malaysia to resume his services at the Factories and Machinery Department of Malaysia.

Dato' Dr Ir Johari was awarded the Malaysian Government scholarship and study leave to pursue the PhD programme in 1994. He obtained his PhD in Process Safety from the University of Sheffield, United Kingdom in 1997. In the same year, he returned to Malaysia to resume his services at the Factories and Machinery Department which was then renamed the Department of Occupational Safety and Health ("DOSH") of Malaysia as Director of Industrial Safety Division.

In 2000 and 2004, Dato' Dr Ir Johari was seconded from DOSH to be the Executive Director of National Institute of Occupational Safety and Health ("NIOOSH") Malaysia. He was the Executive Director of NIOOSH Malaysia for years 2000 – 2002 and 2004 – 2007. In between that period, he returned to DOSH and assumed the role of Director General where he was responsible for the overall planning and implementation of the core activities of DOSH, namely enforcement, standard setting and promotional activities. Concurrently during his tenure in NIOOSH Malaysia from 2004 to 2007, he was the Executive Director of ASEAN-OSHNET, the regional grouping of ten (10) ASEAN member countries working together towards improving the safety and health of the workers. In 2007, he returned to DOSH to resume the role of Director General until his retirement in June 2014.

He was also a member of the Board of Directors of NIOSH (2007 – 2014), board of member of CIDB (2007 – 2014), Chairman for the Industrial Standard Committee of Occupational Safety and Health (ISCW) SIRIM Berhad (2007 – 2014) and Member for Malaysian National Standards Committees (MyNSC) Standards Malaysia (2007 – 2014).

Dato' Dr Ir Johari is a Fellow of the Institute of Engineers Malaysia (IEM), Associate Fellow of The Institution of Chemical Engineer (U.K), a Professional Engineer registered with the Board of Engineers Malaysia, member of Malaysian Gas Association (MGA), member of The Japan International Cooperation Agency Alumni Society of Malaysia (MyJICA) and a life member of The Malaysian Society for Occupational Safety and Health (MSOSH).

Dato' Dr Ir Johari was appointed to the Board of the Company on 17 October 2014 and he also serves as a member of Audit Committee, Nomination Committee and Remuneration Committee. He has no directorship in other public companies in Malaysia.

**NOTES:**

**FAMILY RELATIONSHIP WITH DIRECTOR AND/OR MAJOR SHAREHOLDER**

Evan Cheah Yean Shin who is a Non-Independent Non-Executive Director and major shareholder of Sunway Construction Group Berhad ("SunCon"), is the son of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO ("Tan Sri Dr Jeffrey Cheah") and brother of Ms Sarena Cheah Yin Tih. Both Tan Sri Dr Jeffrey Cheah and Ms Sarena Cheah are the major shareholders of SunCon.

Tan Sri Dr Jeffrey Cheah and Ms Sarena Cheah are the directors of Sunway Berhad ("Sunway"), which is a major shareholder of SunCon.

Save as disclosed above, none of the other Directors has any family relationship with any director and/or major shareholder of SunCon.

**CONFLICT OF INTEREST**

Evan Cheah Yean Shin is a director of Sunway GD Foundation Engineering Co Ltd ("SGFE"), Shanghai Xinhetai Construction Ltd and Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd (collectively referred to as "SGFE Group"). SGFE Group is principally involved in construction and piling services which is a similar business as SunCon Group. Evan Cheah is a major shareholder of Sunway whereby Sunway has an equity interest of 60% in SGFE.

Dato' Chew Chee Kin is the President and Director of Sunway. He is a Director of Shanghai Xinhetai Construction Ltd, which is part of the SGFE Group.

Save as disclosed above, none of the other Directors has any conflict of interest with SunCon Group.

**CONVICTION FOR OFFENCES**

None of the Directors has any conviction for offences within the past 10 years other than traffic offences, if any.

**ATTENDANCE OF BOARD MEETINGS**

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2015 is disclosed in the Corporate Governance Statement.

## SENIOR MANAGEMENT LINEUP



### STANDING FROM LEFT

- STEVEN LUM (HR) • ERIC TAN (MEP) • KONG HEONG FOOK (MACHINERY) • MAJOR LEONG (ESH)
- STEVEN SHEE (LEGAL) • TAN KIM YOKE (COMMERCIAL) • MAU CHE PEAN (SURVEY)
- AKIRA YABE (TQM & SOUTHERN REGION) • NG BEE LIEN (CHIEF FINANCIAL OFFICER)

### SEATED FROM LEFT

- YIP LAI HUN (CONTRACTS) • LIEW KOK WING (DEPUTY MANAGING DIRECTOR)
- THOMAS SAMUEL (GEOTECHNICS) • CHUNG SOO KIONG (MANAGING DIRECTOR)
- KHOR WEI MOON (TECHNICAL) • TAN IN TUAN (PLANNING & KLCC PROJECTS) • KWONG TZY EN (PRECAST)
- RICHARD WONG (BUILDING)



## BUSINESS MODEL

### ADDING VALUE TO ALL OUR COMPONENTS

The interior of any building is just as important as its exterior. Sunway Construction's respective divisions complement each other, just like how components like plumbing, electricals and air conditioning play a role in ensuring a comfortable liveability. It is our commitment to all our developments that allows us to continue delivering strong results across all divisions.

- 44 Building Construction
- 48 Civil and Infrastructure
- 50 Foundation and Geotechnical
- 52 Mechanical, Electrical and Plumbing
- 55 Manufacturing and Sale of Precast Concrete Products
- 57 Facade Management
- 58 Virtual Design and Construction

AFINITI MEDINI MIXED DEVELOPMENT PROJECT  
JOHOR

## BUSINESS MODEL

### PURE PLAY INTEGRATED CONSTRUCTION GROUP

SunCon is a fully-integrated construction company providing a full range of design and construction services including building, civil engineering, infrastructure, mechanical, electrical and plumbing (MEP) services and supply and installation of pre-cast concrete products.

With a cumulative turnover of more than RM20 billion to date, SunCon's operations have grown beyond Malaysia, to span across the globe, covering Singapore, the Middle East and India.

SunCon prides itself in its ability to provide innovative, cost-effective and quality design and build solutions to its clients. In recognition of its abilities, SunCon has been awarded numerous national and international awards.

Each of SunCon's subsidiaries has synergistic alliances within SunCon Group, strengthening its operations as an integrated construction conglomerate and providing a strong platform upon which SunCon Group can expand its presence over a multitude of geographical areas.

The company's Building Construction Services division provides services from project design to construction, and completion of residential, commercial and institutional building projects of varying sizes and complexities.

Under the Civil Engineering and Infrastructure Services division, the company has completed numerous roads, highway and rail transportation infrastructure projects in Malaysia and overseas.

The Foundation and Geotechnical Engineering Services division provides pile foundation works, retaining structure works, substructure works and ground improvement works.

The Mechanical, Electrical and Plumbing (MEP) Services division supports the various divisions within the organisation and provides specialised engineering works such as biomass and chilled water plants.

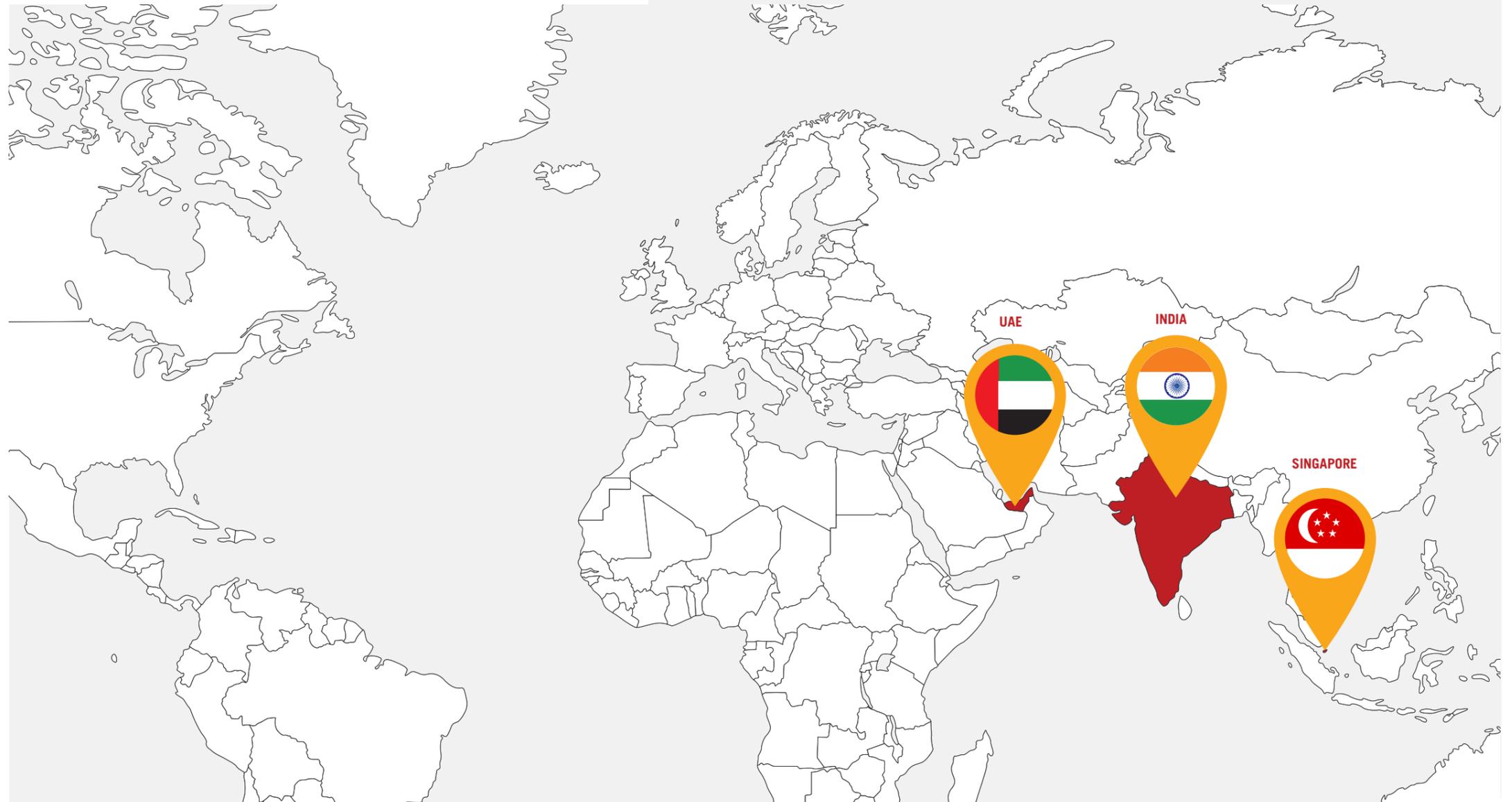
In addition, the Company has also established itself as a manufacturer and supplier of precast concrete products, including IBS components for residential, commercial and industrial development projects. Currently its manufacturing plants are located in Senai, Johor and Tampines, Singapore. The third plant, located in Iskandar, Johor has commenced operations in the first quarter of 2016, and includes the manufacturing of facades, non-prestressed planks, and beams, amongst others.

Being at the forefront of the construction industry, SunCon's competitive edge lies in its ability to virtually design and construct any project for its clients. Integrated systems using the Virtual Design and Construction technology

(VDC) are developed and applied to provide its clients with optimum value while meeting their requirements.

SunCon's journey in VDC began in 2009 with research and development studies with the first pilot project in 2010. Since then, SunCon has further refined its VDC capabilities and today the technology is being implemented in several of its in-house and external projects extensively, delivering value-added services to its clients.

With its team of qualified engineers and state-of-the-art technologies, SunCon leverages its VDC technology to propel itself to fulfill its vision to be a leading construction group providing world-class competitive products and services that enhance stakeholders' values.



SUNCON'S GLOBAL PRESENCE

### JOURNEY TO EXCELLENCE- GLOBAL EXPANSION

From its steady growth and experiences gained in Malaysia, SunCon has progressed to undertake challenges beyond its home. On the international front, SunCon had embarked on its overseas venture in Taiwan and India.

In 2001, SunCon ventured into India, with the award of seven contracts for highway construction by the National Highways Authority in India (NHAI), amounting to approximately INR20.3 billion in contract value.

Despite the risks and challenges of going abroad, SunCon has successfully globalised its business, and has enjoyed substantial and consistent growth in its financial performance contributed by its international ventures.

Its single largest international contract to date was the Rihan Heights project in Abu Dhabi for Mubadala Capitaland Real Estate LLC completed in 2012, at a contract sum of AED1.875 billion. SunCon had successfully completed the challenging project, comprising of 5 luxurious high-rise residential towers, 14 villas and a clubhouse, together with its local joint venture partner, while overcoming many cross-border construction challenges.

Since then SunCon has established itself as a competitive player in both the domestic and international fronts, while remaining true to its core values. Its international capability is proven through its successfully completed projects in Taiwan, India, Singapore and the Middle East.

## BUILDING CONSTRUCTION

SunCon had first embarked on building construction services in the early 80's. The first building project completed by SunCon was the Highway Centre which is a commercial building and SunCon's own headquarters. After the completion of several commercial buildings, SunCon had then ventured into constructing high-rise residential buildings, namely, the Kiara Park Condo in Taman Tun Dr Ismail, Kuala Lumpur.

An instrumental partner in the building of the Sunway Group's flagship township, the award-winning world-class Sunway Resort City, SunCon had started its ambitious construction journey in the township with the building of five-storey walk-up flats, single-storey and double-storey homes. Subsequently, SunCon built the Sunway Group's headquarters, the Menara Sunway which was followed by the construction of the outstanding Sunway Resort Hotel & Spa and the iconic Sunway Pyramid.

In addition, SunCon has supported the development of other integrated developments by the Sunway Group within the Klang Valley such as Sunway South Quay in Sunway Resort City and Sunway Velocity in Cheras during the recent years. Amongst the noteworthy external jobs undertaken by SunCon during its earlier days is the Kuala Lumpur International Airport (KLIA)'s short-term car park which utilised precast components. After the successful completion of various conventional projects, SunCon further expanded its capabilities by venturing into more challenging Design and Build (D&B) projects. Some of the notable D&B projects undertaken by SunCon are:

- Kuala Lumpur Convention Centre (KLCC)
- 2G1, Ministry of Finance
- 2G5 & 2G6, National Registration Department and Ministry of Entrepreneur & Cooperative Development buildings
- 4G10, Ministry of Housing & Local Government
- 4G11, Ministry of Women, Family and Community



SUNWAY VELOCITY OVERALL DEVELOPMENT

### CENTRAL REGION : KLANG VALLEY

#### SUNWAY VELOCITY SHOPPING MALL

After the completion of Sunway Velocity Phase 1A, SunCon had undertaken the building of Sunway Velocity Shopping Mall (Phase 2) for a total contract sum of RM349 million. The entire project encompasses approximately 1 million sq. ft., consisting of retail units, as well as entertainment, dining and leisure components. Sunway Velocity Shopping Mall features cutting-edge architecture and a neo-futuristic facade with modern contemporary interior in four uniquely outstanding precincts - the Marketplace, Vanity Hall, Asian Avenue and Food Street, each uniquely-themed. Following the first full implementation of Virtual Design and Construction (VDC) technology in Sunway Pinnacle project, SunCon has utilised VDC to facilitate the Sunway Velocity Shopping Mall project from inception to completion. The project has contributed positively to the earnings of SunCon this year and will be handed over in 2016.



PARCEL F • PUTRAJAYA

#### PARCEL F, PUTRAJAYA

The latest addition to SunCon's strong order book within the Klang Valley is the Parcel F project which is another design and build project. The job involves the design, construction and completion of 10 government office buildings, one block of shared facilities, podium parking and external works over a plot of 34 acres land. This project is targeted to achieve the Gold Certification by the Green Building Index (GBI). For the project, SunCon's VDC team had incorporated 6D-modelling, which is an intelligent linking of individual 3D components with all aspects of project life cycle for facility management application. This allows the owner to manage the entire project more efficiently as the As-Built Models are populated with digital information on building components, including product data and details, maintenance/operation manuals, and cut sheet specifications. With the improvement in project coordination, Parcel F is expected to boost SunCon's earnings throughout the contract period of 34 months.



SUNWAY PYRAMID HOTEL WEST

#### SUNWAY PYRAMID HOTEL WEST

Sunway Pyramid Hotel West consists of a 27-storey building (3 floors of retail space, a 4-storey basement carpark, a 6-storey podium carpark, a swimming pool and amenities floor, an office and staff facilities floor, 17 stories of guest rooms amounting to a total of 401 rooms, a pedestrian walkway) for a total contract sum of RM192 million. The project commenced on 1 July 2013 and was completed and handed over in February 2016. Sunway Pyramid Hotel West is a four-star hotel and is well-connected to Sunway Pyramid Shopping Mall and the multi-park attraction, Sunway Lagoon.



SUNWAY PUTRA MALL

#### SUNWAY PUTRA MALL

Sunway Putra Mall was awarded to us in 2013 as Project Delivery Partner (PDP). It was completed in January 2015 and handed over in March 2015. The RM258.4 million worth of project is the refurbishment of Putra shopping mall, previously known as The Mall or Putra Place. It is a unique 3-in-1 mixed development comprising a 8-storey shopping complex, a 25-storey Hotel & Service Apartments and office tower which occupied the 10<sup>th</sup> to the 33<sup>rd</sup> floor.



SUNWAY MEDICAL CENTRE PHASE 3A & 3B

### SUNWAY MEDICAL CENTRE PHASE 3A & 3B

SunCon has been awarded Sunway Medical Centre Phase 3A & 3B with a contract sum of RM172 million in June 2015. The project consists of the expansion of the current adjacent hospital and the car park area of the existing building. Sunway Medical Centre Phase 3A & 3B features an oncology centre in which all the wards are designed as single wards. The project is expected to be completed in first quarter of 2017, and undergo further expansion with the addition of a nursing home in the future.

### SOUTHERN REGION • ISKANDAR MALAYSIA

SunCon had established its reputation in Iskandar Malaysia with the award of the iconic Legoland Malaysia project in 2011. The project started with the site possession of a barren land, with no basic infrastructure surrounding the site. SunCon had managed to transform the barren land into a full-fledged international theme park within 18 months. The successful completion of the Legoland dry park led to the award of the construction project for the Legoland water park. With the completion of Legoland, SunCon had strengthened its presence in Iskandar Malaysia with the completion of other catalytic projects. These include the BioXcell project, a 40 ton biomass boiler which serves as a Central Utilities Facility at the Biotechnological Park Bio-XCell in Nusajaya, Johor and Pinewood Iskandar Malaysia Studios, which is the region's largest world-class independent integrated studio facility to date. This is also Asia Pacific's first Pinewood studio with others located in the United Kingdom, Dominican Republic, Canada, Germany and the United States. The Pinewood Iskandar Malaysia Studios houses expensive facilities including filming studios, TV studios, stages, editing rooms, screening theater, offices and workshops.

### AFINITI MEDINI

Adding another feather to its cap, SunCon had successfully undertaken and completed the construction of Afinity Medini, a mixed development urban wellness centre. The development, which is a joint venture with Khazanah of Malaysia and Temasek of Singapore comprises serviced apartments, residential units, a wellness centre, a corporate training centre and a wellness-themed retail component sprawled across 5 acres of land.



SUNWAY ISKANDAR CITRINE RESIDENCE

### SUNWAY ISKANDAR CITRINE RESIDENCE

SunCon had also undertaken developments in Sunway Iskandar. The Citrine development is the first project in Sunway Iskandar, dubbed Nature's Capital City, Sunway Group's most ambitious township development to date spanning an 1,800 acres of land in Medini and Sungai Pendas. Spreading across 5.22 acres, the Citrine project is an integrated development that comprises 328 luxurious residential units in a 36-storey block, 167 designer offices in 6-storey block, and 2-storey retail podium. The retail podium and designer offices are expected to be completed by June 2016 while the residential units are expected to be completed by March 2017. Citrine is located adjacent to the 20 acres pristine Emerald Lake Garden in Sunway Iskandar which promises lakeside living at its best. The contract sum for the project is RM212.8 million.

### SUNWAY ISKANDAR EMERALD RESIDENCE

Another project within Sunway Iskandar undertaken by SunCon is the Emerald Residences. The gated-and-guarded development consists of 222 units of terrace-linked homes, courtyard homes, garden villas, linked semi-detached and semi-detached homes and a private clubhouse which provides exceptional leisure facilities. As part of the design, the entire development is constructed on top of a hill overlooking the 20 acres Emerald Lake Garden and the Sunway International School. The development is expected to be completed in December 2017.

## CIVIL AND INFRASTRUCTURE



BRT SUNWAY LINE LAUNCHING WORKS

One of the catalysts for SunCon's success in its early days was the establishment of its reputation as a civil engineering specialist covering road construction and bituminous pavement works for local municipal authorities and the Malaysian Public Works Department (JKR). Among some of the projects that were undertaken during its earlier years were the Subang Interchange at Federal Highway, Kuala Lumpur; Langkawi Jetty in Kuah, Kedah; and 11 bridges over railway tracks (across Petaling Jaya and Klang). In the late 90's, SunCon undertook its first single largest turnkey civil engineering job – the Kajang SILK Highway – which cost over RM800 million.

The highway is a dual three-and-four lane highway consisting of 28 bridges, 12 interchanges, 21km of new roads and 16km of upgraded road, amounting to a total of 37km free-flow highway. It was completed in 2004.

Leveraging the completion of Kajang SILK Highway, the division had taken the opportunity to expand its operations by venturing into highway construction projects in India. The projects were undertaken either individually, by SunCon, or with local Indian JV partners. Geographically, the projects were spread across India with most of the jobs in Northern India.

PROJECT AND LOCATION	CONTRACT PERIOD	VALUE (RS'000)
Belgaum, Bypass, Karnataka, India	Jun 2001 - Dec 2003	976,400
Roadworks Package 5-C, India	Sept 2001 - Mar 2005	2,997,111
Dharwad-Belgaum Package 3, Karnataka, India	Apr 2002 - Oct 2004	2,048,425
Grand Trunk Road, India	Apr 2002 - Oct 2005	3,964,779
East-West Corridor Roadworks, Rajashtan, India	July 2005 - Jan 2008	2,866,500
East-West Corridor Roadworks, Uttar Pradesh, India	July 2005 - Jan 2008	4,148,800
Cochin Port Connectivity, Vallarpadam, Cochin, India	Aug 2007 - Feb 2010	3,294,606



EAST-WEST CORRIDOR ROADWORKS, RAJASHTAN, INDIA • THE LONGEST BRIDGE IN THE STATE OF RAJASTHAN (1.2KM)

During the same time, domestically, the division had also successfully completed the Kuala Lumpur-Putrajaya Highway (Package 3); SKVE Highway-Section 1B; major local infrastructure works at UiTM Campus at Puncak Alam, Precinct 7 & 8 (Phase 2) Package A Putrajaya; Precinct 17 Putrajaya; and its first airport project, the upgrading of the Ipoh airport.

### MOVING ON

Having experienced and completed various major infrastructure projects over the last three decades, SunCon has begun to take on bigger and more challenging projects in new sectors. This endeavour had yielded new achievements for SunCon as demonstrated by the securing of construction book order of over RM2 billion in Rapid Transit projects over the last four years.



KELANA JAYA (KLJ) LINE LINE EXTENSION PROJECT • PACKAGE B

### LRT PACKAGE B • KELANA JAYA LINE EXTENSION

SunCon was awarded the contract for the construction and completion of the Kelana Jaya Facilities Works Package B - 8.1km route from Persiaran Kewajipan, Subang Jaya to Putra Heights. Under Package B, there are five stations connecting USJ7 to Putra Heights Station.



### BRT • SUNWAY LINE

Implemented as a Public-Private Partnership (PPP) between Prasarana Malaysia Berhad and Sunway Berhad, the project is Malaysia's first dedicated and fully-elevated Bus Rapid Transit (BRT) system. Completed in 27 months, three weeks ahead of schedule, the project is recognised as the nation's first electric public bus transportation system and the first elevated BRT system by the Malaysia Book of Records (MBOR). Fully elevated and spanning 5.4km, the BRT-Sunway Line consists of seven stations including a "Park n Ride" facility cum depot. The "Park n Ride" is equipped with a total of 1,153 parking bays including 102 bays for lady drivers and 23 bays for handicapped parking.



### MRT • PACKAGE V4

Package V4 of the Mass Rapid Transit (MRT) Lembah Kelang Jajaran Sungai Buloh-Kajang alignment takes off from the Sprint Toll Plaza at Phileo Damansara and traverses northeast from Section 16, Petaling Jaya, towards Bukit Kiara, Pusat Bandar Damansara, Jalan Semantan and ends at Jalan Duta where it then connects with the underground segment.

Package V4 comprises a 6.6km long elevated twin-track rail line which will integrate with three new stations. Package V4 is one of the most technically challenging MRT packages to be completed as the line needs to be constructed on high piers cutting across existing communities through one of the most congested areas before entering the town center.

In total, SunCon has procured 5 launching girders for the construction of LRT and MRT projects. These assets will be beneficial for tenders of new transit jobs. With some modifications to the launching girders and the experience gained in the above projects, SunCon is ready to undertake new rapid transit packages in 2016.

## FOUNDATION AND GEOTECHNICAL



SUNWAY SOUTH QUAY

### INTRODUCTION

SunCon's foundation and geotechnical division provides total solutions for foundation and geotechnical related works, covering all types of geotechnical works for buildings such as residential, commercial, institutional, purpose-built or specialty buildings and civil and infrastructure projects.

The division commenced operations in 2004 and had since garnered cumulative turnover in excess of RM2.0 billion. Starting-off as a manufacturer of precast micro-injection piles and reinforced concrete piles and a contractor undertaking small piling contracts for buildings up to 5-storeys, the division had acquired its first bored piling rig in 2007. Today it is a foundation and geotechnical total solutions specialist which is capable of constructing foundations supporting more than 80-storeys.

In eight years, the division successfully carved a reputation for itself as a reliable foundation and geotechnical engineering total solutions provider with a strong fleet of 27 units of boring machines and ancillary tools amounting to more than RM120 million with a team of 199 staff.

Through the years, the division has provided services to both internal and external clients, either as part of its integrated services and on stand-alone basis. A testament to its capability, the division has successfully completed numerous projects with challenging ground conditions within clients' cost and time. The division's past major projects include basement works and earthworks for Sunway Velocity Shopping Mall; Sunway Medical Centre; Sunway Pinnacle; sections of LRT Kelana Jaya Line Extension; MRT Package V4; and substructure works for the new buildings at Kuala Lumpur City Centre (KLCC).

Ongoing projects for the division include the Mengkuang Dam and Sunway Velocity Shopping Mall. At the beginning of 2016, the division has an order book in excess of RM100 million.



KLCC NORTH EAST CARPARK • SUBSTRUCTURE WORKS

### FUTURE PLANS

To further improve its standing as a quality foundation and geotechnical total solution provider, the division has attained certification by SIRIM QAS International Sdn Bhd and IQNet for ISO9001:2008 on December 2014.

The division is aiming to be the leading total solution provider for geotechnical and foundation specialist works in the region. The division will focus and emphasise on large-scale integrated building and civil infrastructure construction projects, where it will be able to leverage in-house technical expertise as well as capitalise on its large fleet of boring rigs and other foundation and geotechnical engineering services despite competitive landscape.

The division plans to leverage its capabilities and internal resources to further strengthen its reputation and position in the market and build on its track record to secure new and more technically complex projects.

In addition, the division is developing a new technology, soil mixing wall, an alternative option for retaining wall system. A pilot project has been initiated in CP3, Sunway South Quay, where a temporary soil mix wall has been designed to integrate into the permanent structure for egress ramp for the development.

## MECHANICAL, ELECTRICAL AND PLUMBING

### SUNWAY ENGINEERING

Considered as one of the biggest Mechanical, Electrical and Plumbing (MEP) contractors locally in terms of revenue, the MEP division was established in 1995 with a current staff strength of 122 and has operations throughout Malaysia.

As a quality service provider, the division's operations are ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 certified.

As a result of implementing ISO-accredited procedures throughout its business process, the division was rewarded with several awards in 2015. Among them, the prestigious 5-star rating from the 'Construction Industry Development Board (CIDB)' and the 'Best Electrical Contractor Award 2015' from the ASEAN Federation of Electrical Engineering Contractors (AFEEC).

Driving efficiency through its processes, the division is currently utilising the Building Information Modelling (BIM) for its design process in the landmark Parcel F design and build project in Putrajaya. By using BIM, the division aims to increase productivity by driving down construction costs through reducing abortive works and material wastages as well as increasing coordination efficiency between the MEP and other trades.

As a diversified MEP contractor, the division is currently involved in several projects that ranges across different type of industries in Malaysia. Among its projects within the southern region in Malaysia are the residential projects in Lenang Heights and Sunway Iskandar - Emerald Residence to the commercial projects of Afiniti, Citrine and Sunway Iskandar International School. The division is also kept busy with its various projects in the central region consisting of Sunway Medical Centre Phase 3, Sunway Velocity Shopping Mall in Kuala Lumpur and Sunway Pyramid Hotel West.

The division has also garnered valuable experience and skill sets in the infrastructure sector with the ongoing MRT Package V4, LRT II and having just completed first of its kind in Malaysia, Bus Rapid Transit (BRT) line in Sunway. Building on this experience, this division is preparing itself to bid competitively for the upcoming MRT 2 and LRT 3.

The division's current MEP construction works in the Pasar Seni underground MRT station provides it with a foothold to pursue the upcoming MRT 2 stations MEP packages. Consisting of 4 floors of underground and 2 floors above-ground levels and reversible 2m diameter tunnel fans, the Pasar Seni station is the second of seven underground stops in the Sungai Buloh-Kajang line.

Achieving one of its aims to venture into industrial and MEP infrastructure works, its completion of the Bio-Xcell Central Utilities Facility (CUF) in Johor provides valuable experience into the workings of renewable energy (biomass boilers) and waste water treatment.

Consisting of two 40 ton per hour biomass boiler and one 30 ton per hour Liquefied Petroleum Gas (LPG) Package boiler, clean steam is provided to the Bio-Xcell's pharmaceutical tenants over a 2km of steam pipes. The CUF was also constructed to treat industrial wastewater of 700m<sup>3</sup> per day and supply 20,366kw of 60°C chilled water to its tenants.



BIO-XCELL WATER FILTRATION SYSTEM



700M<sup>3</sup>/DAY WASTE WATER TREATMENT WITH ULTRA FILTRATION/REVERSE OSMOSIS SYSTEM



DISTRIBUTION PIPING



BIOMASS BOILER



CHILLED WATER SYSTEM

Following the successful Engineering, Procurement, Construction and Commissioning (EPCC) of the second largest single Thermal Energy Storage (TES) System in the world for Putrajaya Holdings in the Gas District Cooling (GDC) Plant 4, the division is currently installing a new chilled water system in GDC Plant 2, within the Putrajaya District Cooling sector.



GDC PLANT 4



TES TOP DIFFUSER PIPING & ROOF TRUSS

The invaluable experience in these projects will aid the division to make inroads into the renewable energy and industry sectors in the new future.

To ensure continuous and improving quality processes, internal audits are conducted throughout the year to ensure processes from operations to procurement adheres to the minimum standards as outlined in the Quality and Environmental Management Systems guideline. The division understands that constant innovation and utilisation of new technologies to ensure high efficiency and productivity are required to sustain and grow in the foreseeable challenging and competitive landscape.

## MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

### SUNWAY CONCRETE PRODUCTS (S) PTE LTD

The division was incorporated in December 1994 to undertake precast concrete design and manufacturing for the Singapore construction market. From a 3 hectares land, the plant has expanded to 7 hectares in 2008, in tandem with the rising demand in Singapore's precast industry. The division has since gained recognition in the precast industry for its expertise and is currently one of Singapore's largest precast suppliers.



PRECAST PLANT IN SENAI

In 2012, the division set-up a second plant in Senai, Johor Bahru with an area of 4.4 hectares. The plant has 7.5 production lines and a maximum annual capacity of 76,000m<sup>3</sup>. The plant is also supplying precast components to Singapore, mostly for Housing Development Board (HDB) residential projects and private condominium projects.



BIRD'S EYE VIEW • SENAI PLANT

The division has also implemented the use of TEKLA Structures as its Building Information Modelling (BIM) software, which facilitates and enhanced the precast shop-drawing process. The technology has been applied in several projects such as; Bukit Merah RC37B, Kallang Whampoa C23B, Clementi N3C18B, and the Prefabricated Bathroom Units (PBU) for Executive Condominium at Choa Chu Kang Grove.



3D MODEL OF PBU

In 2014, the division produced its latest innovation, the 3D precast bathroom units (PBUs) and had successfully secured three PBU projects in 2015 - the HDB project Yishun N4C17 and executive condominium development at Choa Chu Kang Grove, with total of 2,044 PBUs. Contrary to conventional toilets, PBUs are manufactured within our precast factory and delivered to job site for immediate installation.

Since 1994, the division has undertaken several projects, majority of which are housing projects launched by Housing Development Board (HDB) and private projects such as condominium developments, as well as commercial and industrial developments. In 2008, the division secured 3 major contracts; Clementi N4C8, Punggol East C20 and the Design, Build and Sell Scheme (DBSS) housing development at Toa Payoh, totalling S\$172 million contract value. In 2015, the division has secured a total of S\$100 million worth of contract that includes HDB and other private projects.



CLEMENTI N4C8

The division has established its reputation through the quality of its products and the reliability of its services. The division has been certified in ISO 9001 : 2008, ISO 14001 : 2004 and OHSAS 18001 : 2007. For the year 2015, the division has been awarded the Singapore Successful Brand (Elite Category) Award and the SG50 Prestige Enterprise Award, which further cements it as an industry's leading player.

## FACADE MANAGEMENT

On 31 July 2015, Sunway Facade Network was incorporated to deliver facade system design and engineering development, value engineering on curtain wall system, consultancy and related facade works and services. This newly incorporated company is a collaboration between SunCon and Facade Network Sdn Bhd.

The objective of the collaboration is to enable SunCon to be more integrated as facade is a major element of a building. Leveraging on the expertise and experiences of its partner and SunCon's construction team, the division will be able to address all facade related matters in a more timely and cost efficient manner.

Currently, the division has several projects in hand namely Parcel F, Menara Sunway, Avara Seputeh and Expressionz, Kuala Lumpur, in which the scope of services include facade system design and engineering development, value engineering, construction drawings review and quality inspection of construction site's facade.

In the near future, the division would be looking at providing comprehensive facade consulting services to more of Sunway's projects and carrying out research and development in the production and fabrication of high quality and standardised windows for use in projects. Being a part of SunCon Group, the division, with its vast knowledge and experience will continue to grow to provide value adding services to its customers.



ARTIST'S IMPRESSION • PARCEL F



DESIGN STANDARDISATION FOR TYPICAL FACADE SYSTEMS (DESIGN BY OUR FACADE TEAM)

## VIRTUAL DESIGN AND CONSTRUCTION

### BIM • THE FUTURE OF TRANSPARENCY, INTEGRITY & PERFORMANCE

Building Information Modelling (BIM) is one of the most promising developments in the Architecture, Engineering and Construction & Operation (AECO) industry. BIM is a digital model representing physical, technical & functional characteristics of a building, enabling virtual construction to take place before physical construction begins.

BIM improves the integration of design (3D), scheduling (4D), estimation (5D) and fabrication.

According to the recent World Economic Forum, BIM stands to be the primary driving force that will transform the construction industry in the next decade. BIM models enable effective trade coordination with architecture, structure and MEP trades. They also eliminate clashes during early design stage. The 4D model helps to simulate project planning and scheduling, calculating progress in physical development and timeline. The 5D model enables accurate cost budgeting and control.

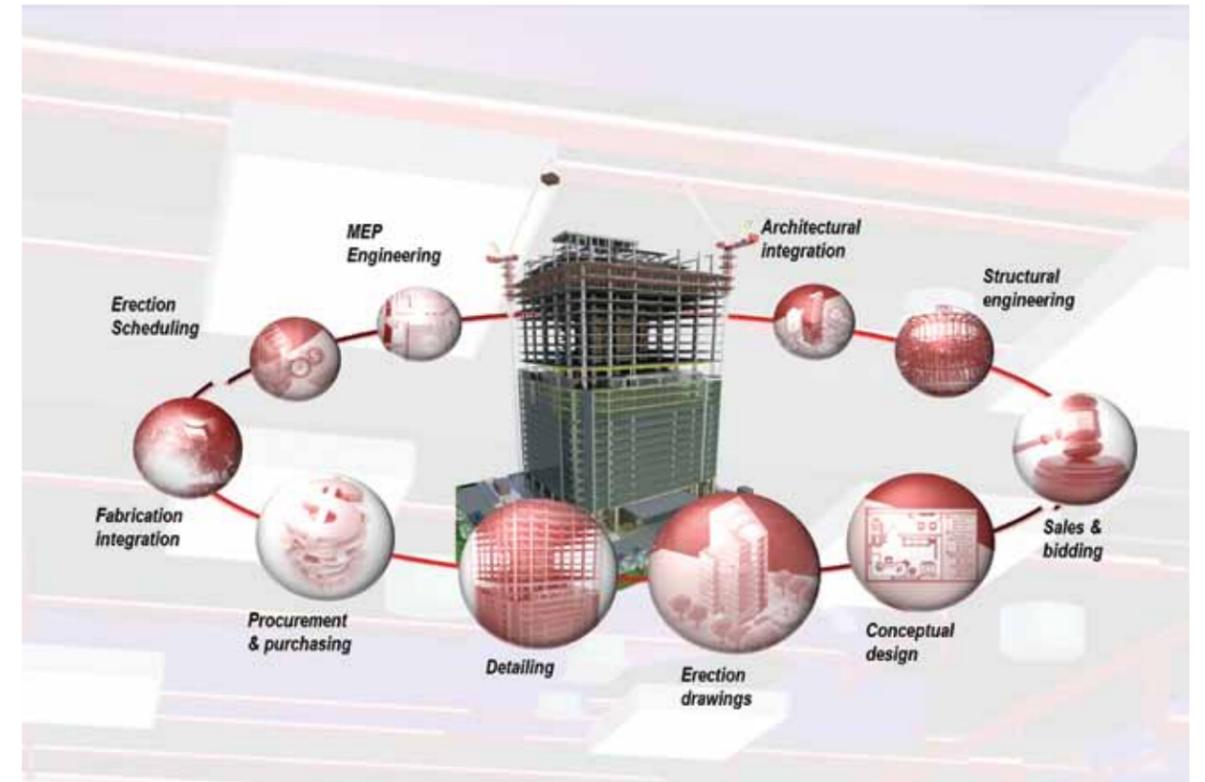
In addition to the 3D geometry representation, BIM serves as a shared data and knowledge among all project stakeholders throughout the project lifecycle promoting communication & enhancing project delivery transparency & efficiency. The essential building information contained in the BIM models such as spatial information, technical documentation, vendor data & operating guidelines further propel BIM into 6D facility management closing the gap between construction and building operation.

Sunway Construction began its BIM journey back in year 2009. In 2012, we formally adopted and implemented BIM technology extensively. To date, we have invested over RM20 million and BIM is now widely implemented in Sunway's property and construction projects. It was first used in Sunway Pinnacle in Bandar Sunway followed by Sunway Pyramid Phase 3 (Hotel and Retail Podium) and Sunway Velocity Shopping Mall. Ongoing projects include Parcel F (office building and podium parking) in Putrajaya. Sunway's BIM adoption extends to the fabrication of precast RC structures by Sunway Concrete Products in Singapore.

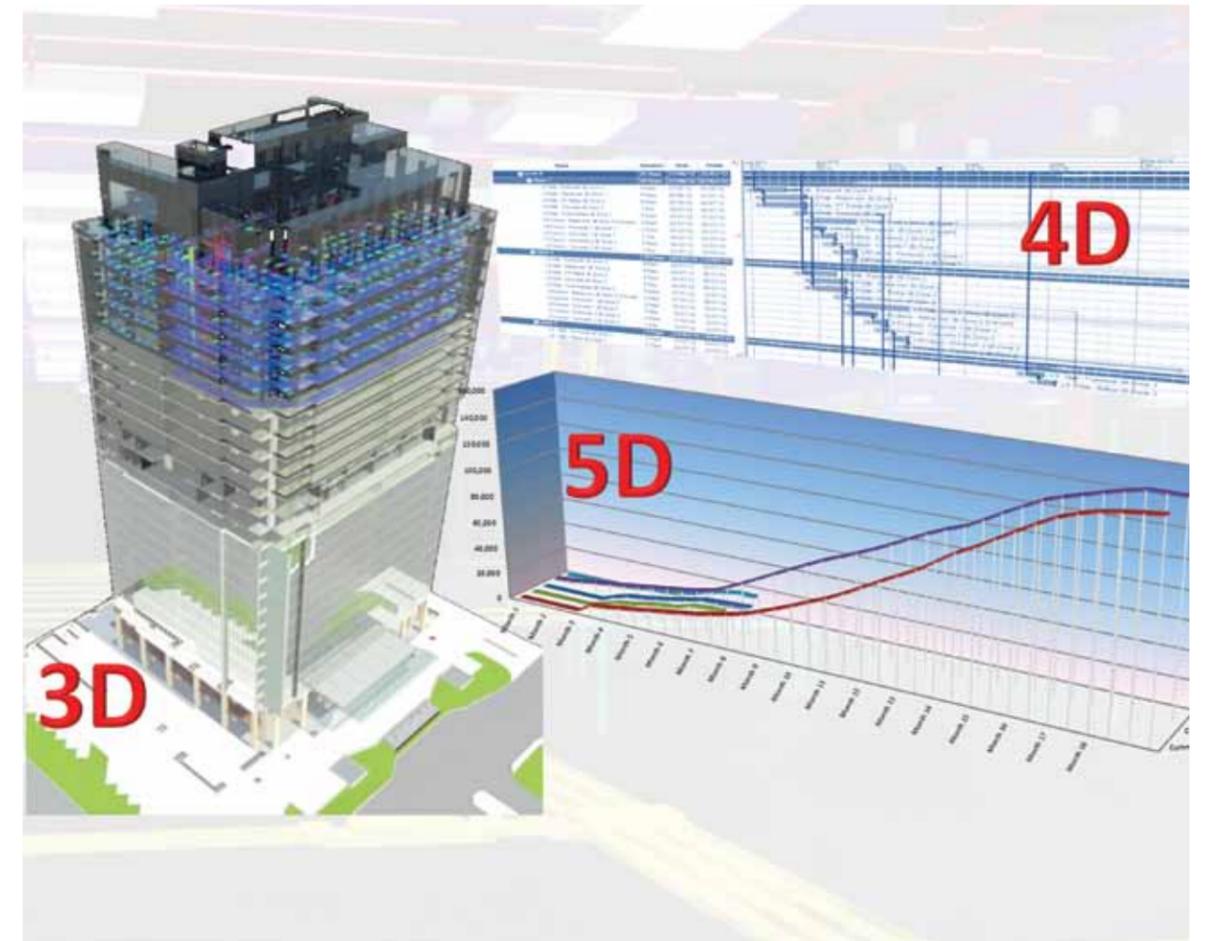
This implementation has enhanced our competitive edge in providing innovative designs and construction solutions that meet challenging demands with increased complexity within shorter timeframe. We are confident that full BIM capabilities will enable faster delivery, cost effective procurement, reduced wastage, increased quality and reliability, and reduced lifecycle costs.



PARCEL F ARCHITECTURAL MODEL GENERATED THROUGH VDC



VDC IN CONSTRUCTION CYCLE



INTEGRATION OF 3D, 4D & 5D UNDER VDC



# SUSTAINABILITY

## CHANGING THE FUTURE

In today's changing world, a lot needs to be done to protect it. SunCon believes in creating a better tomorrow, just like how sustainable items are used to ensure that the environment is forever secured for the future. SunCon aims to make a difference in everything that we do, to benefit all.

- 64 Materiality Matters
- 66 Stakeholder Engagement
- 68 Economic
- 75 Environment
- 88 Social: Labour Practices & Decent Work
- 114 Social: Society
- 117 Social: Product Responsibility

VELOCITY PHASE 1A,  
VELOCITY PHASE 2 MALL, HOTEL & OFFICE  
AERIAL VIEW

# SUSTAINABILITY

## ABOUT THE SUSTAINABILITY STATEMENT OF THIS REPORT

We are a listed group that aims to create a sustainable society. This sustainability statement is divided into three main chapters covering our economic, environmental and social initiatives. Social initiatives comprise labour practices, society, human rights and product responsibility.

This statement provides a summary of the Group's operating performance including financial and non-financial measures. Detailed information on the scope and criteria used when preparing this statement is presented below.

## SCOPE OF THIS STATEMENT

### REPORTING PERIOD

1 January 2015 to 31 December 2015

### REPORTING CYCLE

Annually

### ORGANISATIONS COVERED

This sustainability statement covers Sunway Construction Group Berhad and its active subsidiaries Sunway Construction Sdn Bhd, Sunway Engineering Sdn Bhd, Sunway Geotechnics (M) Sdn Bhd, Sunway Precast Industries Sdn Bhd and Sunway Concrete Products (Singapore) Pte Ltd.

More detailed information on Sunway's divisions and subsidiaries can be found in the Organisational Structure section of this annual report. References to 'SunCon', 'SunCon Group', 'the Group', 'the Company', 'the Organisation' and 'we' refer to Sunway Construction Group Berhad and/or its divisions and subsidiaries.

Group data and information are presented whenever possible. However, initiatives and/or data by particular divisions or subsidiaries have been highlighted as indicated in the text.

## REFERENCES AND GUIDELINES

### PRINCIPAL GUIDELINE

- Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines

### ADDITIONAL GUIDELINES

- Bursa Malaysia's Sustainability Reporting Guide
- Association of Chartered Certified Accountants (ACCA) Malaysia
- Sustainability Reporting Awards (MaSRA) Guidelines for Malaysian Companies
- International Organisation for Standardisation (ISO) 26000:2010 Guidance on Social Responsibility

## RELIABILITY AND RELEVANCE OF INFORMATION DISCLOSED

We engaged an external consultant to conduct a detailed materiality study with our senior management. This study helped identify the most important aspects of sustainability for our stakeholders and the Group. Armed with this information, we are confident that we are disclosing the most important aspects of sustainability.

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SUNCON RETRO NIGHT 2016

## SUNCON'S SUSTAINABLE FOOTPRINT

Through our projects in Malaysia and Singapore, we have succeeded in generating sustainable positive stakeholder value. We continue to provide excellent working and living standards for our employees. We are proud to assert that our commitment to career development has become an industry benchmark.

We have remained close to our communities, supporting them in their everyday lives and when extraordinary events happen. Our work does not end with the construction of infrastructure and we recognise we must also contribute to the social development of communities. We listen to local communities and respond to any concerns they may have regarding our on-going projects.

In producing this statement, we have been guided by the international reporting standards for sustainability reporting, the Global Reporting Initiative (GRI) G4 Framework. This approach is also aligned with Bursa Malaysia's Guideline on Sustainability, which suggests reporting the economic, environmental and social aspects of our sustainability management.

## MATERIALITY MATTERS

Engaging with our stakeholders helps build trust in the company and brand. It also improves our reputation and increases customers' loyalty. Understanding their expectations helps us meet their needs more effectively. For example, stakeholder feedback is used to conceptualise more efficient construction processes and stay ahead of the competition.

These insights also allow us to examine emerging risks. In the last quarter of 2015, we conducted a materiality review to assess the trends and issues identified by our stakeholders. This analysis was used to prioritise the most important issues for reporting.

### WHAT IS A MATERIAL ISSUE?

We define material issues as those that would be likely to have a significant impact on SunCon and are relevant to our key stakeholders.

### THE METHODOLOGY

The most effective way of prioritising sustainability aspects for inclusion in our report is by considering stakeholders' views. A comprehensive evaluation of stakeholder concerns was reviewed including a focus group with senior management and heads of department who deal with stakeholders on a daily basis. Feedback from the following stakeholder groups was sought:



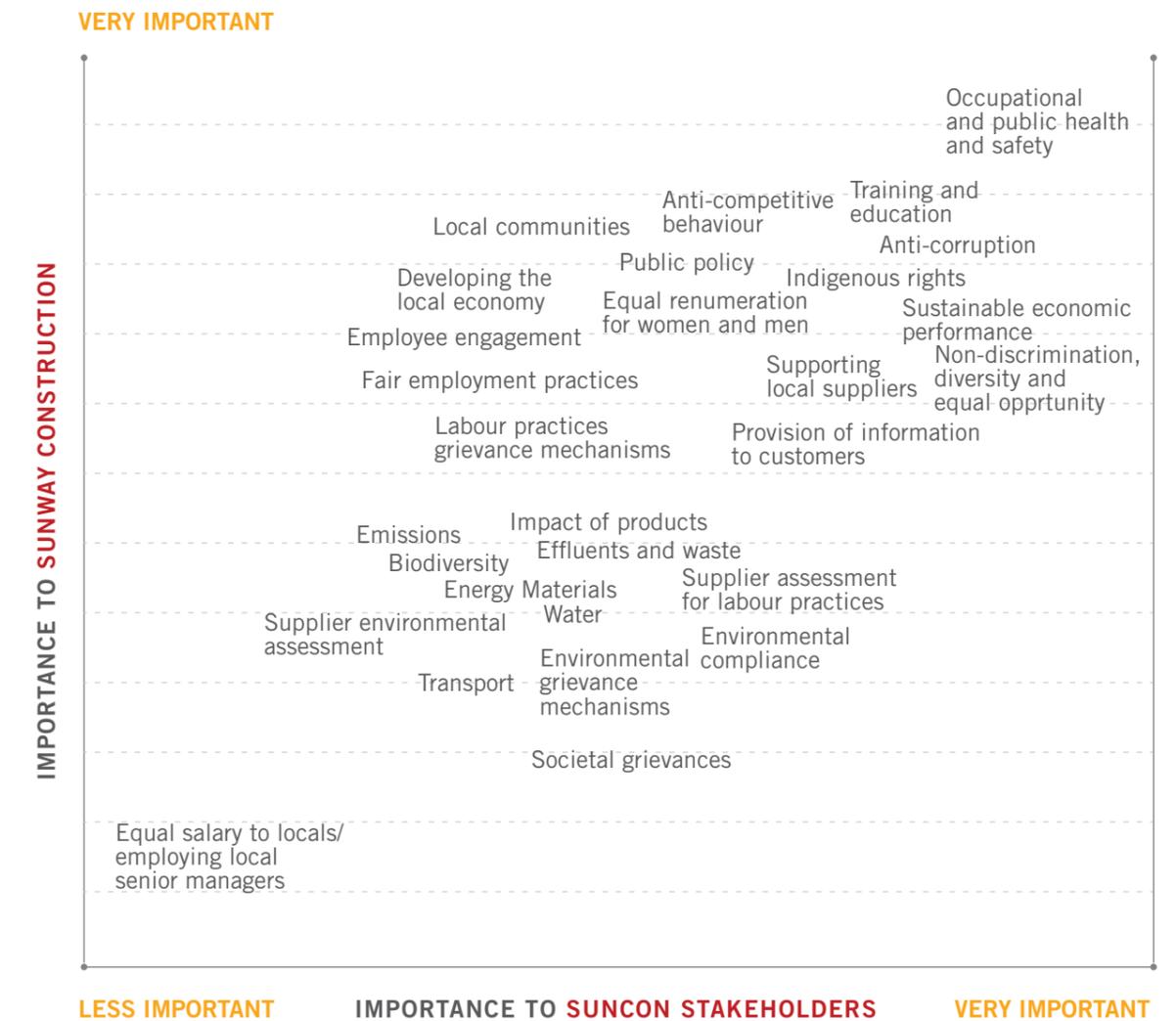
Stakeholder concerns were evaluated from direct stakeholder input during the focus group. Focus group participants considered the potential impact and importance of each issue included in the analysis.

We also considered indirect source materials such as rating and rankings surveys, customer satisfaction reports, industry peer reports and frequent engagement with various stakeholder groups. Issues were assessed and ranked according to several criteria such as the potential impact on revenue, brand, reputation and employee engagement. We examined each criterion in relation to the impact on sustainability, holistically.

We rated the importance placed on 30 economic, environmental and social issues. These issues are categorised in the chart below:

<b>Economic</b>	Sustainable economic performance; equal salary to locals/employing local senior managers; developing the local economy; supporting local suppliers
<b>Environmental</b>	Materials; energy; water; biodiversity; emissions, effluents and waste; impact of products; environmental compliance; transport; supplier environmental assessment; environmental grievance mechanisms.
<b>Social: Labour Practices and Decent Work</b>	Fair employment practices; employee engagement; occupational and public health and safety; training and education; equal remuneration for women and men; supplier assessment for labour practices; labour practices grievance mechanisms.
<b>Social: Human Rights</b>	Non-discrimination, diversity and equal opportunity
<b>Social: Society</b>	Indigenous rights; local communities; anti-corruption; public policy; anti-competitive behaviour; societal grievances
<b>Social: Product Information</b>	Provision of information to customers

The results of the focus group were then used to develop a materiality matrix. The level of importance to stakeholders was plotted along the X axis and importance to SunCon along the Y axis. The matrix is presented in the following diagram.



This matrix depicts the relevant reporting importance of all identified sustainability issues, with the most important being located in the upper right-hand corner. These areas are discussed in greater depth in the report. This analysis will be revised in the future and feedback from all stakeholders is welcomed.

### USE OF THE ANALYSIS

SunCon is passionate about addressing all issues analysed during the materiality process. Sustainability issues are not discrete and have a tendency to overlap and interconnect in a complex system. These issues are difficult to capture in isolation. Analysing content from blogs, social media and news channels gives us a broad understanding of the issues that are important to a wide group of stakeholders.

Gaps can also be filled through targeted primary or secondary research in the future. Research may be in the form of online customer reception surveys or interviews with subject matter experts.

## SUNCON'S SUSTAINABILITY'S STATEMENT

### HEALTH, SAFETY & ENVIRONMENT

We will manage and utilise resources and operations in a manner that secures the safety and health of our people, neighbours, customers and visitors. Our safety, health and environmental responsibilities extend beyond protection and improvement of our own facilities.

### INNOVATION

Our success requires a continuous stream of breakthrough ideas that lead to improved solutions and services.

### ETHICS & INTEGRITY

We care how results are achieved, demonstrating honest and ethical behaviour in all activities. We maintain the highest professional and personal standards as a well-founded reputation for scrupulous dealing is a priceless asset.

### COMMUNITY & SOCIETY

A successful business affects the economy of the local community far more than philanthropy. Engaging with key community stakeholders is key to sustainable business development.

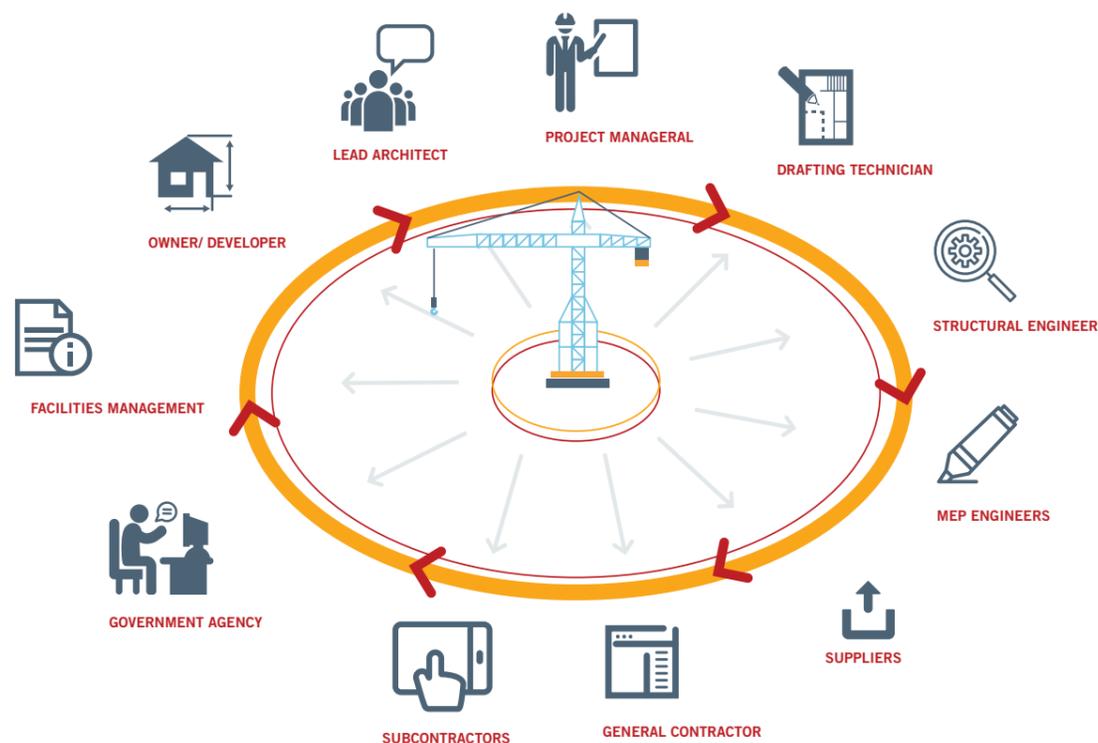
### OUR PEOPLE

We affirm the dignity of people and treat one another with respect. We strive to create an organisational environment in which individuals are fairly treated while being empowered to contribute to the development of the workforce. We do not tolerate any form of harassment or discrimination.

### STAKEHOLDER ENGAGEMENT

A diverse, sustainable supply chain is vital to our success as an integrated solutions provider of challenging projects. We work closely with our stakeholders and insist that they operate in a safe and environmentally responsible manner. We ensure that they understand, support and contribute to our sustainability objectives.

We take pride in having great working relationships with all our stakeholders. Our range of stakeholders comprises many different parties across our supply chain. Our client pool itself consists of the Government through the Public Private Partnership project undertaken by SunCon, Government-Linked Companies (GLCs) and private clients. Maintaining good relationships with suppliers and subcontractors ensures projects can progress with minimum disruptions. We also take care of employees' welfare as this is our largest stakeholder group.



In the current competitive market, we recognise it is our duty to engage with stakeholders beyond national borders. Dealing with such a diverse group of stakeholders comes with its own set of complexities. However, considerable effort is devoted to continuous stakeholder engagement. We invite various stakeholders to attend internal corporate functions such as the SunCon Safety Week and the KAIZEN Conference. Feedback is obtained through several formal stakeholder engagement surveys conducted throughout the year.

STAKEHOLDER GROUP	ENGAGEMENT METHOD	FREQUENCY
<b>Clients</b>	Customer satisfaction surveys	Annually
<b>Government Authorities</b>	Formal meetings	Ad-hoc
	Memorandum of Understanding (MoU) with Construction Industry Development Board Malaysia (CIDB) on 1 July 2015	Ad-hoc
	Site inspections	Ad-hoc
	Engagement events (Safety Week, KAIZEN conference)	Ad-hoc
<b>Shareholders &amp; Investors</b>	Investor Relations meetings	Ad-hoc
	Annual reports	Annually
	Annual General Meetings	Annually
	Extraordinary General Meetings	Annually
	Shareholders updates	Regularly
	Quarterly reports	Quarterly
<b>Business Partners</b>	Progress reports	Monthly
	Annual reports	Annually
	Corporate presentations	Ad-hoc
	Signing ceremonies	Ad-hoc
<b>Employees</b>	Employees Engagement Surveys	Once every 2 to 3 years
	Dialogue and engagement	Regularly
	Employee engagement events:	Regularly
	• Club: SunCon Social Club	
	• Event: SunCon Managers Conference, Safety Week, KAIZEN Conference	
	Newsletters	Regularly
	Dialogue with top management	Ad-hoc
	Intranet and departmental meetings	Regularly
<b>Suppliers/Subcontractors</b>	Supplier relationship management	Regularly
	Joint events	Regularly
	Dialogue and engagement	Regularly
	Subcontractors assessment	Annually
<b>Trade Union &amp; Professional Bodies</b>	Consultation and negotiations	Ad-hoc
	Joint events	Regularly
	Dialogue and engagement	Regularly
	Site visits	Ad-hoc
<b>Analysts</b>	Analyst briefings	Regularly
	Investor Relations*	Regularly
<b>General Public</b>	SunCon website	Daily
	Annual reports	Annually
	Quarterly reports	Quarterly
<b>Media</b>	Press releases	Regularly
	Media coverage	Ad-hoc
<b>Non-Governmental Organisations (NGOS)</b>	Sponsorship and donations	Ad-hoc

\* Details of our meetings with analysts can be found in the Investor Relations section of this report.

## ECONOMIC

As a caring corporate citizen, we understand the effect our organisation has on the economic conditions of all our stakeholders. Although providing a good return for our shareholders is important, we are also mindful of how our operations affect the economies of employees, suppliers and customers.

### SUSTAINABLE SUPPLY CHAIN

Supply chains are critical links that connect SunCon's inputs with its outputs. Sustainable supply chains are more profitable. In addition to focusing on materials and services that are more cost-effective, we also work symbiotically with our suppliers for the betterment of all.

Construction services offered by SunCon, in terms of commercial and infrastructure development projects, consist of the following steps:

## TENDERS

We learn of tenders through direct or indirect invitations. Indirect invitations refer to media tender postings. We must participate in a pre-qualification exercise before being allowed to tender in some situations. The tender is handled by the tender department, which prepares proposals and costings for management approval before it is submitted.

We may be invited to present our proposal or clarify its technical details or commercial terms. If our tender is successful, we are awarded the project and the client issues a Letter of Award prior to the signing of the contract.

## PRE-CONSTRUCTION

The assigned project team submits and procures the relevant approvals and permits from the government authority before the project commences. Once all are approved, the project team is mobilised throughout the construction period. During this stage, we also undertake Environmental Aspects and Impacts Assessments.

- Pre-tendering
- Tendering and estimating procedure

- Identifying project
- Appointing PIC
- Determining applicable legal and other requirements
- Undertaking Environmental Aspects & Impacts Assessment

### TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS

**Our purchases include raw building materials such as steel, cement and concrete. Generally, these principal raw materials are widely available and sourced from local suppliers. Only a few elements are sourced from overseas such as specialised mechanical engineering fittings specifically required by the client.**

## PROCUREMENT

Our procurement department obtains quotations from our pre-approved suppliers. Once a supplier is identified that meets our cost and quality requirements, the procurement department issues purchasing documents with details of the required materials. Our supply chain and contract management team also sources and appoints subcontractors that meet our cost and quality requirements. We audit and assess both current and potential suppliers and subcontractors periodically for inclusion on our approved supplier and subcontractor list.

We adopt stringent procurement policies and procedures that guide the selection of subcontractors and suppliers. All subcontractors and suppliers are evaluated on their financial performance and production capacities. Importantly, they must be able to deliver products that meet our quality and requirements in a timely manner.

We have developed stringent policies and procedures that guide our selection of subcontractors and suppliers. All selected subcontractors and suppliers are evaluated on their financial performance, production capacities, ability to deliver products that meet our quality requirements, and ability to deliver in a timely manner. We appoint experienced subcontractors and suppliers that are reliable and financially secure to ensure the quality of services that we deliver to our customers.

## CONSTRUCTION WORKS

Construction work commences once all required approvals have been obtained from the local authority. Our project team acts as site administrators throughout the entire construction works phase. The team also prepares an inspection and test plan, environmental monitoring plan and job safety analysis. It is important to prepare a Project Quality Plan (PQP) and Project Environmental, Safety and Health Plan (PESHP), Environmental Management Programme, OSH Management Programme and Emergency Response Plan (ERP) before any construction works begin.

## POST CONSTRUCTION

Our team performs the final inspection, testing and commissioning at the end of construction works and prior to demobilising resources from the construction site. The project manager is responsible for preparing the final project documentation such as project costing, blueprints, and operations and maintenance manuals. A complete set of documents is presented to the client during handover.

- Procuring materials, consultants and subcontractors.

- Inspecting and testing
- Handling of storage of materials and equipments
- Carrying out construction and installation works
- Carrying out relevant operational controls, environmental, safety and health monitoring as well as relevant monitoring
- Carrying out site clearing and obtaining Certificate of Practical Completion (CPC)

- Demobilising
- Monitoring project throughout defects liability period
- Obtaining Certificate of Making Good Defects (CMGD) from client

## EFFICIENCY AND QUALITY MANAGEMENT

An organisation that focuses strictly on compliance while ignoring inefficiency will not succeed. We have introduced several initiatives to improve efficiency including a plant renewal plan and changes to our system formwork.

### PLANT RENEWAL PLAN

We decommissioned machinery that was not economical to repair or did not meet our safety standards such as:

- Backhoe loaders
- Crawler cranes, mobile cranes and tower cranes
- Hydraulic excavators
- Concrete pump trucks
- Vibrating rollers
- Low loaders, trailers and prime movers

### SOME INTERESTING FACTS

In **2012**, **75%** of our plant was over 10 years old

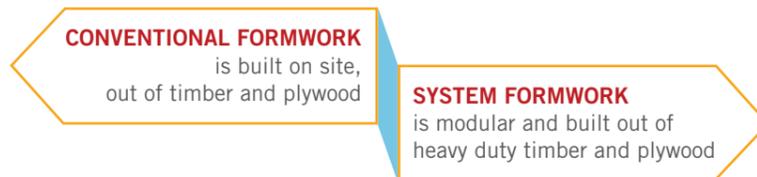
In **2014**, only **25%** of our plant was aged more than 10 years

**65%** of our machines are now less than 5 years old

**32%** revenue increased from **2012** to **2015**

### SYSTEM FORMWORK

SunCon has a team that specialises in the supply, design and maintenance of formwork and scaffolding systems for various types of concrete structure. Our system formwork shortens construction times, saves costs and increases the speed of construction.



The conventional system takes a longer time to commission larger structures and has a shorter lifespan. Our system formwork is designed for speed and efficiency. It is also able to minimise construction waste.

CHARACTERISTIC	SYSTEM FORMWORK	CONVENTIONAL FORMWORK
<b>Price</b>	<ul style="list-style-type: none"> <li>• Shorter formwork erection time</li> <li>• Greater productivity and efficiency when erecting large area structures</li> </ul>	<ul style="list-style-type: none"> <li>• Greater formwork erection time</li> <li>• Less productivity and efficiency when erecting large area structures</li> </ul>
<b>Cost</b>	<ul style="list-style-type: none"> <li>• Higher investment costs</li> <li>• Longer lifespan which reduces long-term costs</li> </ul>	<ul style="list-style-type: none"> <li>• Lower investment costs</li> <li>• Shorter lifespan which increases long-term costs</li> </ul>
<b>Quality</b>	<ul style="list-style-type: none"> <li>• Easier to maintain consistency due to high-quality materials</li> <li>• Fewer instances where touch ups or redoing work are required</li> </ul>	<ul style="list-style-type: none"> <li>• Harder to maintain consistency due to the quality of materials</li> </ul>
<b>Safety</b>	<ul style="list-style-type: none"> <li>• Safe working platform is integral to the system</li> <li>• Consistently maintains greater safety</li> <li>• Less components resulting in better access</li> </ul>	<ul style="list-style-type: none"> <li>• Working platform must be erected separately</li> <li>• Safety factors vary subject to different materials</li> <li>• More components may obstruct some access routes</li> </ul>
<b>Environmental</b>	<ul style="list-style-type: none"> <li>• Reduced wastage due to stronger components that can be reused more times</li> <li>• Longer lifespan which minimises disposal</li> </ul>	<ul style="list-style-type: none"> <li>• Increased wastage due to weaker components that can be reused fewer times</li> <li>• Shorter lifespan which increases disposal</li> </ul>

## VERTICAL TYPE OF SYSTEM FORMWORK

### Column Formwork

This system is modular and allows quick assembly and erection on-site. It is available in steel, aluminium and timber and are designed to increase construction speed and efficiency. It is easy to assemble and disassemble which reduces skilled labour requirements.

### Modular Formwork

This system consists of "Table" formwork that can be reused for multi-storey buildings without being dismantled. It is available in steel, aluminium and timber. This type of formwork is most suitable for large area slabs and structures. Time, labour and wastage are greatly reduced.

### Jump Formwork

This system is often described as climbing form. This is suitable for the construction of multi-storey vertical concrete elements in high-rise structures. Construction time can be reduced with the detailed planning of the construction sequences. The formwork is independently supported, so the shear walls and core walls can be completed ahead of the slab structure. It is easier to plan construction activities due to the repetitive nature of the work. Keeping the usage of scaffolding and temporary working platforms to a minimum reduces site congestion. This system requires only a small team of skilled workers to operate.

## KAIZEN FOR WORKPLACE EFFICIENCY

Sunway Machinery adopted KAIZEN to solve operational difficulties arising from using a Sany Placing Boom with the Doka X Climb 60 Automatic Climbing Formwork. The wall formwork could not retract fully during operations as it was obstructed by the boom platform placement.

These issues were solved by making structural modifications to the Sany Placing Boom. Structures on the placing boom platform were raised to act as a counterweight and the existing platform was made foldable. Slower conventional tower crane methods did not need to be adopted, which saved time and money.

### PROBLEM

The Sany Placing Boom is used to pump concrete to the desired elevation and location. It is not fully compatible with a Doka X Climb formwork, the best automatic climbing formwork for the job.

Two components, selected on their individual merits, were not fully compatible with each other. The Doka X-Climb formwork was unable to retract fully. It was obstructed by the Sany Placing Boom Power Pack Platform at the lift lobby during construction of the core wall. A hard limit was imposed on the formwork's auto climbing process. This limitation delayed the usual casting cycle time and may have forced the project to cast using a conventional tower crane.

The team performed a **Political, Economic, Social, Technological, Legal and Environmental (PESTLE) analysis** before modifying the platform of the placing boom.

### PESTLE ANALYSIS



#### POLITICAL

- Not applicable



#### TECHNOLOGICAL

- Advancement in placing boom design to work with DOKA system formwork
- Design eventually adopted by SANY China



#### ECONOMIC

- Shorter casting cycle times than conventional unmodified boom placement
- Expected reduction in utilisation of manpower requirements due to ease of jacking



#### LEGAL

- Health and safety certification by authorities and SunCon HSE



#### SOCIAL

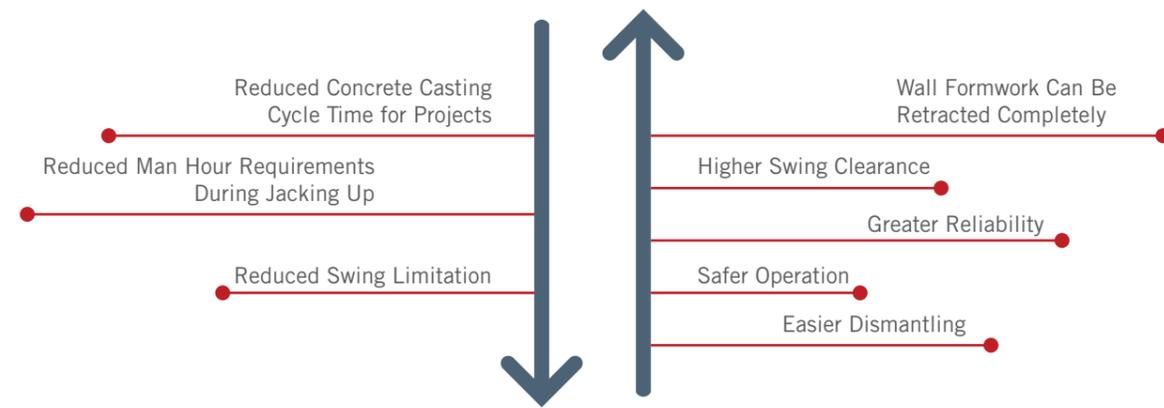
- Increased emphasis on occupational safety and work efficiency



#### ENVIRONMENTAL

- Similar use of natural resources during casting cycle as conventional method

**MODIFIED BOOM PLACEMENT RESULTED IN IMPROVED EFFICIENCY, LOWER COSTS AND HIGHER SAFETY STANDARDS**



**MAXIMISING OUR MATERIALS THROUGH WET SOIL MIXING**

We continue to provide innovative technologies, solutions and services of value to our customers while being mindful of their environmental impact.

Wet Soil Mixing (WSM) is a cost-effective technique for the construction of walls for groundwater control (cut-off walls), walls for excavation support (retaining walls) as well as for ground improvement. We have developed our WSM method for walls with shallow depths. Soil is loosened and immediately mixed with a self-hardening suspension by three adjacent slightly overlapping augers and mixing paddles. By loosening, conveying and mixing the soil, friction between the rods and mixed soil is minimised. Therefore, it is possible to construct walls effectively with a medium power supply. A very homogeneous soil-cement mixture can be achieved to build a good quality wall.

WSM improves the characteristics of weak soils by mechanically mixing them with cement-based binder slurry. Columns are constructed by using a powerful drill with radial mixing paddles near the bottom of the drill string. The binder slurry is pumped through the drill steel to the tool as it advances. Additional soil mixing occurs as the tool is withdrawn.

The binder slurry is injected through a feed pipe attached to the arm. The process constructs individual soilcrete columns, rows of overlapping columns or 100% mass stabilisation, all with a designed strength and stiffness. The technique has been used to increase bearing capacity, decrease settlement, increase global stability, and mitigate liquefaction potential for planned structures, tanks, embankments and levees. WSM has also been used to construct in-situ gravity retaining structures, and to facilitate tunnel construction or correct the impact tunnelling may have on nearby structures. Soil stabilisation by WSM can provide structural support and/or greatly reduce lateral loads on bulkhead walls.

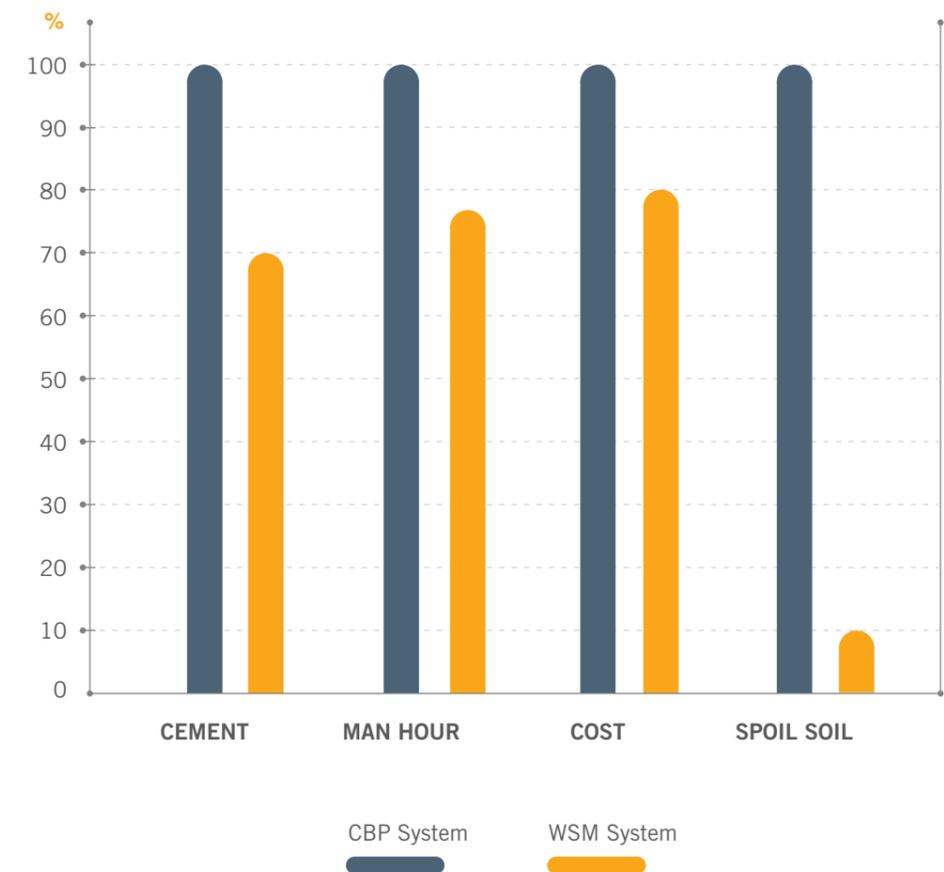
Mixing shaft speed, penetration rate, batching and pumping operations are typically adjusted after constructing one or more test columns in a convenient area on site. Pre-production laboratory testing is used to prescribe mix methodology, energy and the grout slurry system. SunCon has developed proprietary special equipment and software for the real-time monitoring of all mixing parameters during the WSM process. Wet sampling in fresh columns and coring of cured columns can be used to verify strength. Test columns can be excavated for visual inspection of the soilcrete. Visual inspection is possible with a camera lowered into a corehole.

The main advantages of the method are:

- Small to medium size rigs can be used
- The in-situ soil is used as a construction material
- Very little generation of spoil (important factor in contaminated areas)
- No vibrations induced during construction (WSM can be used in immediate vicinity to buildings)

WSM uses resources much more efficiently than the conventional Contiguous Bore Pile (CBP) system. WSM requires fewer materials as well as less manpower, productivity and cost. It also results in less spoil soil being disposed of during construction, which reduces the CO<sub>2</sub> produced by transportation. A comparison of the CBP and WSM systems are summarised in the table below.

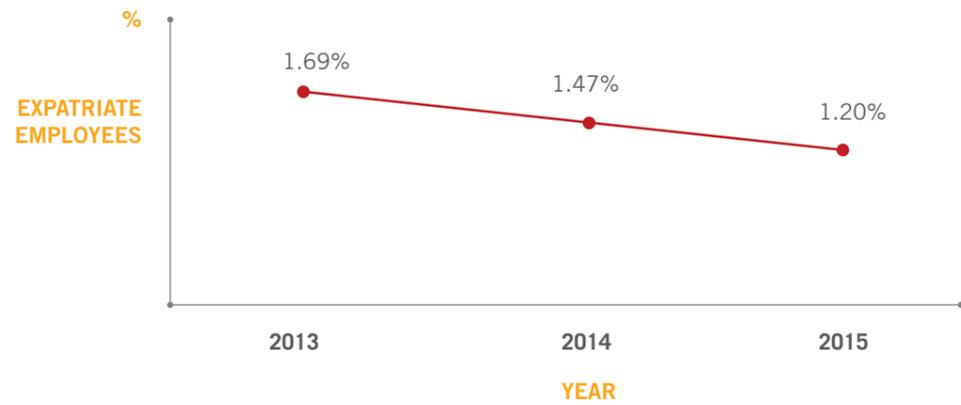
**COMPARISON OF THE CBP AND WSM SYSTEMS**



## LOCAL HIRING

SunCon continues to promote local economic growth in line with becoming a high-income nation by 2020. We prioritise locals when hiring technical specialists, engineers and knowledge workers. The following data illustrates the percentage of full-time expatriate employees that are part of our workforce. The downtrend from 2013 to 2015 illustrates a slow down in the hiring of our Expatriate workforce as a number of projects were completed in 2014 and 2015.

### PERCENTAGE OF FOREIGN EXPATRIATES TO LOCAL EXECUTIVE LEVEL EMPLOYEES



## DEPENDENCE ON FOREIGN WORKERS

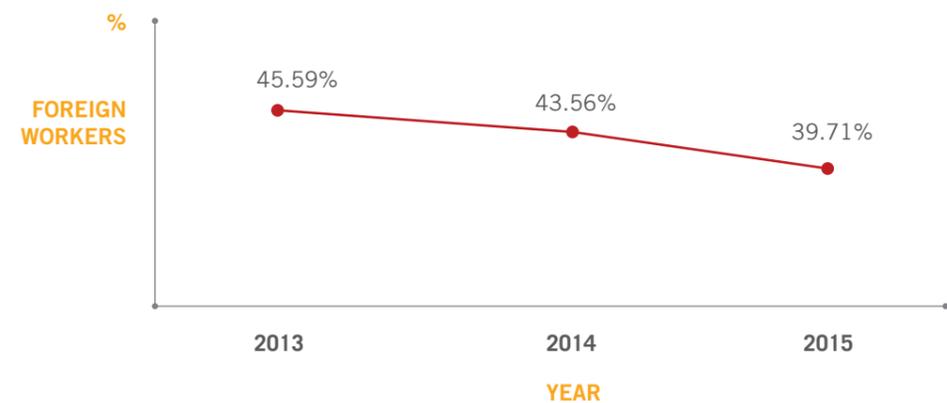
The construction industry relies heavily on the employment of foreign workers. There is a shortage of local workers, which we expect to remain in the future. Currently, employing foreign workers is allowed, but only from specific countries determined by the Malaysian and Singaporean governments. Generally, approval is granted on a case-by-case basis and is subject to conditions imposed by the relevant authorities. These governments may amend related policies and/or introduce new conditions.

A reduced supply, or delays in registering foreign workers, would be detrimental to our business. Increases in the levy or minimum wages for foreign workers, or other costs to be paid to the respective governments, would increase our overheads and directly affect our financial performance.

Our business operations have not been significantly affected in the past. However, they may be in the future, should these governments amend their policies and impose any restrictions or limits on the employment of foreign workers. This may delay our construction projects while affecting our business plans and financial performance.

The ratio of foreign and locally-hired non-executive workforce is presented in the graph below. In 2015, 461 of 1,161 employees were foreign. In 2014, the number was higher with 632 out of 1,451 employees being foreign workers.

### PERCENTAGE OF FOREIGN WORKERS TO LOCAL NON-EXECUTIVE EMPLOYEES



Note: These statistics cover foreign workers employed by SunCon and do not include those hired by our external contractors.

Nevertheless, we are still dependent on foreign workers for manual labour although the data does not adequately explain this. The percentage of foreign workers has reduced for the last three consecutive years due to resignations, terminations of contract and abscondment and these workers were not immediately replenished.

Foreign workers are generally non-Malaysian unskilled, semi-skilled and skilled workers who receive daily wages under non-executive terms of employment. They perform manual labour at our respective construction projects.

## ENVIRONMENT

“We do not inherit the earth from our ancestors, we borrow it from our children”

The development of projects is always balanced with the need to maintain a sustainable environment. We preserve and restore the surrounding habitats for local communities to enjoy for generations to come. We advocate initiatives that preserve the surrounding environment by:

- Promoting the use of green products;
- Reducing industrial materials wastage; and
- Incorporating green building features at the design stage.

### OUR COMMITMENT TO THE ENVIRONMENT

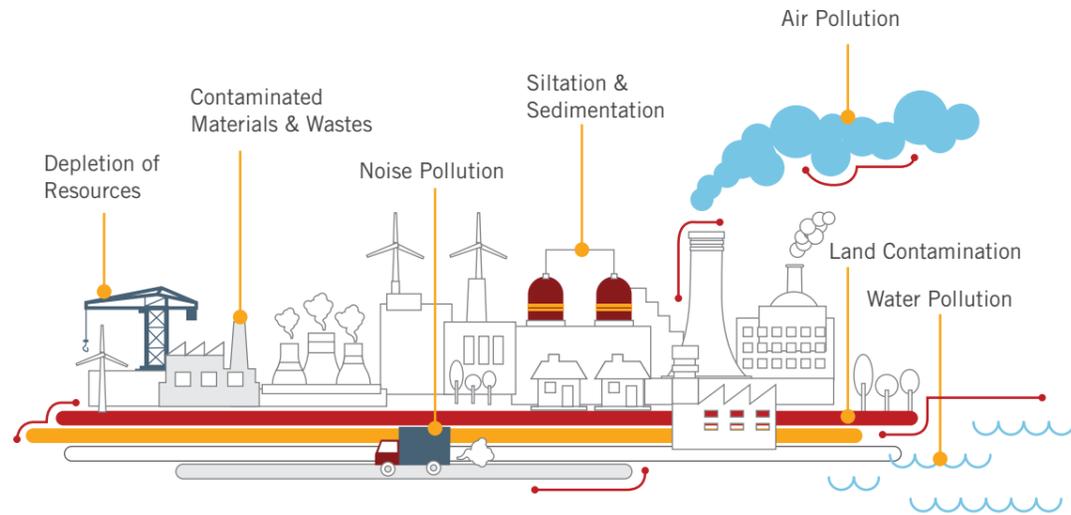
The construction industry plays an important role in driving Malaysia to achieve its Vision 2020. We are aware of the impact our operations cause to existing flora and fauna. To avoid irreversible damage to the environment, we have set key targets to:

- Prevent environmental pollution;
- Manage construction waste;
- Conserve resources through systematic environmental aspects and impacts evaluation; and
- Implement operational controls and training.

We take an organised approach to initiating, implementing, monitoring and continuously improving environmental plans. Establishing our Environmental Management System (EMS), helps us comply with ISO 14001 and other stipulated legal requirements. In 2009, we attained ISO 14001 Environmental Management Certification and fully comply with all environmental management system requirements.

Our green strategies are deep-rooted in our daily operations. We have introduced concerted measures to reduce our carbon footprint. We consistently minimise wastage, recycle materials and have adopted other best practices to control and prevent environmental pollution.

## RISK MANAGEMENT: POTENTIAL ENVIRONMENTAL IMPACTS



## ENVIRONMENTAL MITIGATION AND CONTROL MEASURES

- Strictly implementing an erosion and sediment control plan
- Stabilising slopes to prevent erosion through temporary groundcover, turfing and hydro-seeding
- Controlling surface water run-off with temporary drainage systems
- Constructing sedimentation ponds, silt traps or silt fences before construction work commences
- Monitoring water, air and noise quality regularly
- Containing machinery spillages with drip trays to avoid pollution of waterways
- Allocating a proper storage area with prerequisite containment capacity for chemicals management
- Discarding waste chemicals as scheduled waste
- Covering stockpiles to prevent cement and sand from being washed away
- Prohibiting open burning at all project worksites
- Controlling dust by dampening down worksite access routes with water
- Washing troughs at worksite egress route to clean vehicles' wheels and prevent public roads from being soiled
- Using suitable piling methods during sub-structure works to reduce noise pollution
- Installing noise curtains to attenuate noise
- Erecting hoardings at worksites to contain dust and reduce noise levels
- Regularly maintaining construction machinery and vehicles to prevent excessive dark smoke emissions

TARGET	STATUS	WHERE ARE WE NOW
To receive zero compounds and fines from federal and local authorities for pollution at project sites	✓	No compounds were received for environmental pollution
To manage construction waste at project sites by segregating construction waste by type for 3R and disposal	✓	Waste segregation was implemented at 9 of 15 project sites
To raise awareness of good environmental practices at project sites. Monthly environmental inspection is targeted to achieve a score of 70% and above	✓	An overall average monthly inspection score of 74.44% was achieved
To raise awareness of good environmental practices by organising an annual 3R campaign at project sites	✓	3R campaigns were conducted at 9 of 15 project sites

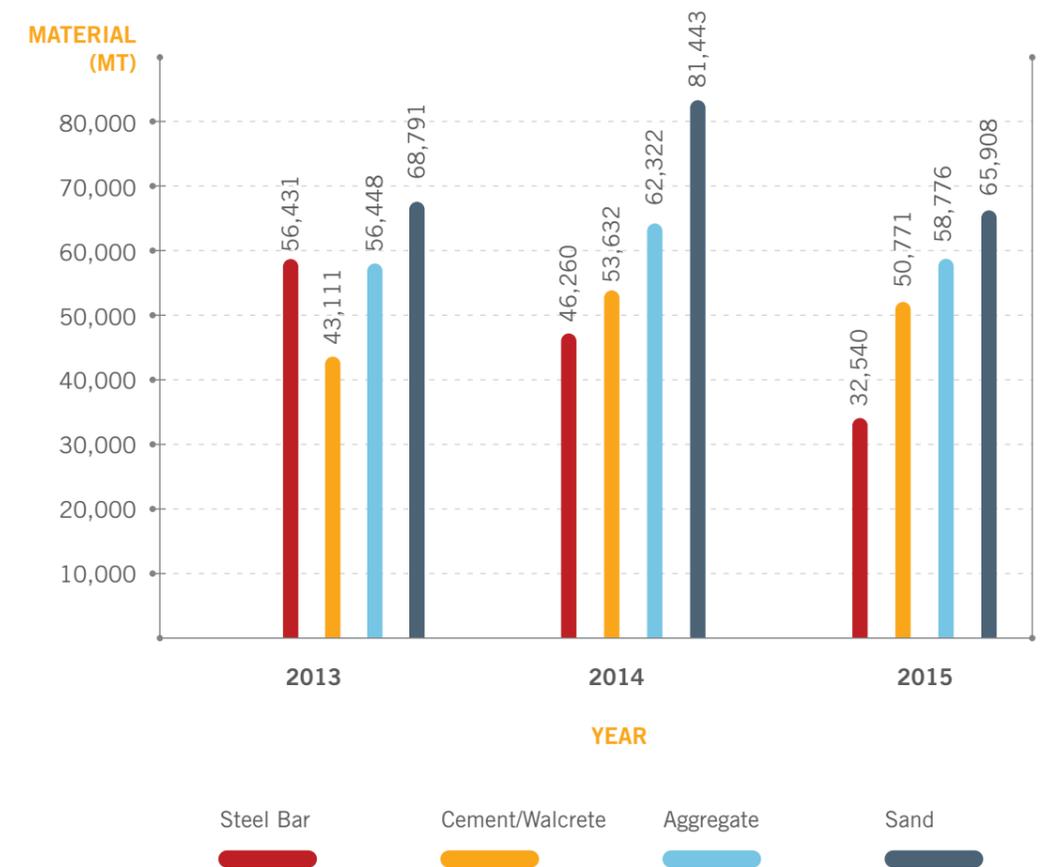
## MATERIALS MANAGEMENT

Materials management plays a significant role in SunCon and the operational efficiency of its supply chain. We use large amounts of sand, aggregate and cement in construction.

The principal raw materials we use are generally widely available and sourced from local suppliers. The prices of our raw materials such as steel, cement and concrete are subject to price fluctuations as a result of demand and supply conditions. We generally purchase raw materials on a project or per purchase order basis. Our suppliers may grant us credit terms of up to three months.

Additionally, we engage our subcontractors for various labour-intensive and specialist trade works as well as the hire of plant and machinery. Although our Group is supported by a large fleet of machinery and equipment, it remains insufficient to meet our Group's total requirements. As such, a substantial part of our Group's machinery and equipment needs are rented/leased from external third parties when required. However, for strategic reasons, our Group owns specialist machinery such as launch girders to ensure timely completion of projects.

## RAW MATERIALS USED IN MALAYSIA AND SINGAPORE



## HANDLING OF CHEMICAL MATERIALS

SunCon ensures the proper handling, storage, use and disposal of chemical materials from its construction activities and complies with applicable legal and other requirements. Chemical materials are referred to as possessing any of the properties below:



Flammable



Oxidant



Corrosive



Harmful



Irritant

SunCon deals with various chemical materials including diesel, lubricants, paints, solvents, acids and curing compounds.



CHEMICAL STORAGE AREA

## OPERATIONAL CONTROL MEASURES WHEN HANDLING MATERIALS

- Materials delivered are prominently labelled so they can easily be identified as hazardous.
- A chemical safety data sheet is enclosed with delivered materials.
- Hazardous materials are stored in a clearly designated area.
- Designated areas or stores are well ventilated and brightly lit.
- Materials are stacked orderly for easy access.

## ALL HAZARDOUS MATERIALS MUST BE LABELLED WITH THE FOLLOWING INFORMATION



Name of hazardous material



Name, address and telephone number of the supplier



The danger symbol and indication of danger



The nature of risk associated with the hazardous material



Safety precautionary measures

## ENVIRONMENTAL MONITORING

We are committed to mitigating and minimising the environmental impact from all of our construction activities. Environmental site inspections are conducted weekly and monthly using the Environmental Inspection Checklist.

Our general practice is to conduct environmental aspect and impact assessments for all construction before work commences. Through systematic assessments, specific measures can be taken to mitigate environmental risk.

Our comprehensive environmental monitoring programme captures parameters such as air quality, water quality, daytime and night-time noise.

## ENVIRONMENTAL POLLUTION CONTROL AND SUSTAINABILITY OVERVIEW OF ENVIRONMENTAL MONITORING AT SUNCON

ENVIRONMENTAL MANAGEMENT	DESCRIPTION
Erosion and Sediment Control (ESC)	<ul style="list-style-type: none"> <li>• Silt traps, silt fence and sedimentation ponds</li> <li>• Slope protection</li> <li>• Perimeter drains</li> </ul>
Waste management	<ul style="list-style-type: none"> <li>• Scheduled waste</li> <li>• Construction waste</li> <li>• Domestic waste</li> <li>• Wastewater</li> </ul>
Environmental monitoring	<ul style="list-style-type: none"> <li>• Ambient air</li> <li>• Boundary noise</li> <li>• Water quality</li> </ul>
Chemical management	<ul style="list-style-type: none"> <li>• Designated storage area</li> <li>• Chemical labelling and signage</li> <li>• Secondary containment for temporary storage</li> <li>• Control measures for spills and leaks</li> </ul>
Awareness and training	<ul style="list-style-type: none"> <li>• ESH induction</li> <li>• Chemical handling and management</li> <li>• Waste segregation and 3R</li> <li>• ESC</li> </ul>

## AIR MONITORING

We monitor the total suspended particulates (TSP) at each site. Readings are taken each month at various monitoring stations as stated in the Environmental Assessment Plan. To comply with Department of Environment (DOE) limits, TSP must be below 260 µg/m<sup>3</sup>.

The results of our air quality monitoring are presented in the table below. The chart shows the minimum, maximum and average readings. We are pleased to report that no readings exceeded the DOE limits in 2015.

### TOTAL SUSPENDED PARTICULATES (µg/m<sup>3</sup>)

PROJECT	MINIMUM	MAXIMUM	AVERAGE
Afiniti Medini	82	99	92
Sunway Iskandar Citrine Residence	53	57	55
Sunway Geo Retail & Flexi Suites	26	199	88
KLCC North East Carpark	53	254	108
KLCC Package II	17	243	96
Light Railway Transit Package B	27	190	69
Mass Rapid Transit Package V4	70	110	85
Sunway Medical Centre Phase 3A & 3B	59	176	122
Sunway Velocity Shopping Mall Phase II	48	92	77
Parcel F Putrajaya	42	194	108

## WATER MONITORING

We monitor the total suspended solids at each site. Monthly readings are taken at various monitoring stations as stated in the Environmental Assessment Plan. Total suspended particulates must remain below 100 mg/l to comply with DOE compliance limits.

The results of our water quality monitor are presented in the table below. The chart shows the minimum, maximum and average readings.

### TOTAL SUSPENDED SOLIDS (mg/l)

PROJECT	MINIMUM	MAXIMUM	AVERAGE
Sunway Iskandar Citrine Residence	6	96	56
Sunway Geo Retail & Flexi Suites	22	95	63
KLCC North East Carpark	3	82	34
KLCC Package II	2	98	24
Mass Rapid Transit Package V4	2	185	27
Sunway Medical Centre Phase 3A & 3B	6	93	49
Sunway Pyramid Hotel West	2	19	12
Coastal Highway Southern Link	75	98	92
Parcel F Putrajaya	8	89	32

Unfortunately, the total suspended particulates exceeded DOE limits at our MRT site during substructure works. The exposed surface caused a considerable amount of surface runoff to flow into the silt trap during heavy rain.

We maintained the silt trap more frequently to ensure optimum capacity during the rainy season. There were no additional cases of noncompliance once this corrective action had been taken.

## NOISE MONITORING

Construction sites are a very common source of noise pollution. Sometimes we build in areas that were quiet beforehand, which exaggerates the perceived volume of the noise. Noise is an inevitable part of any construction project. However, SunCon and its subcontractors minimise this nuisance as much as possible.

We monitor the noise levels in real time at several stations at each of our construction sites. Separate readings are taken in the day and night. Monthly readings are submitted to the DOE as required by the Environmental Assessment Plan.

The noise levels at our project sites are summarised in the table below. Although monthly readings were taken, the minimum, maximum and average readings are presented here.

### BOUNDARY NOISE LEVELS (dB(A))

PROJECT	NOISE MONITORING (DAY) GENERAL LIMIT: 65 dB(A)				NOISE MONITORING (NIGHT) GENERAL LIMIT: 55 dB(A)			
	MINIMUM	MAXIMUM	AVERAGE	BASELINE	MINIMUM	MAXIMUM	AVERAGE	BASELINE
Afiniti Medini	57	60	58	67	47	49	48	55
Sunway Iskandar Citrine Residence	50	59	56	50	42	49	45	48
Sunway Geo Retail & Flexi Suites	64	71	67	73	59	66	62	66
KLCC North East Carpark	60	69	65	71	55	65	59	64
KLCC Package II	62	78	70	82	58	78	64	81
Light Railway Transit Package B	48	71	63	76				
Mass Rapid Transit Package V4	53	71	66	72	47	68	57	72
Sunway Medical Centre Phase 3A & 3B	57	71	63	74	45	65	53	74
Sunway Pyramid Hotel West	49	62	54	64	30	50	38	54
Sunway Velocity Shopping Mall Phase II	62	69	64	69	50	56	53	62
Coastal Highway Southern Link	54	65	60	62	45	58	53	64
Parcel F Putrajaya	60	64	61	62	47	57	51	62

The boundary noise levels exceeded DOE compliance at many of our project sites in 2015. However, baseline noise levels are a better representation of the ambient noise levels of project sites. Baseline values were taken prior to work commencement at our project sites. These readings show that ambient noise levels exceeded those set by the DOE before our construction work commenced.

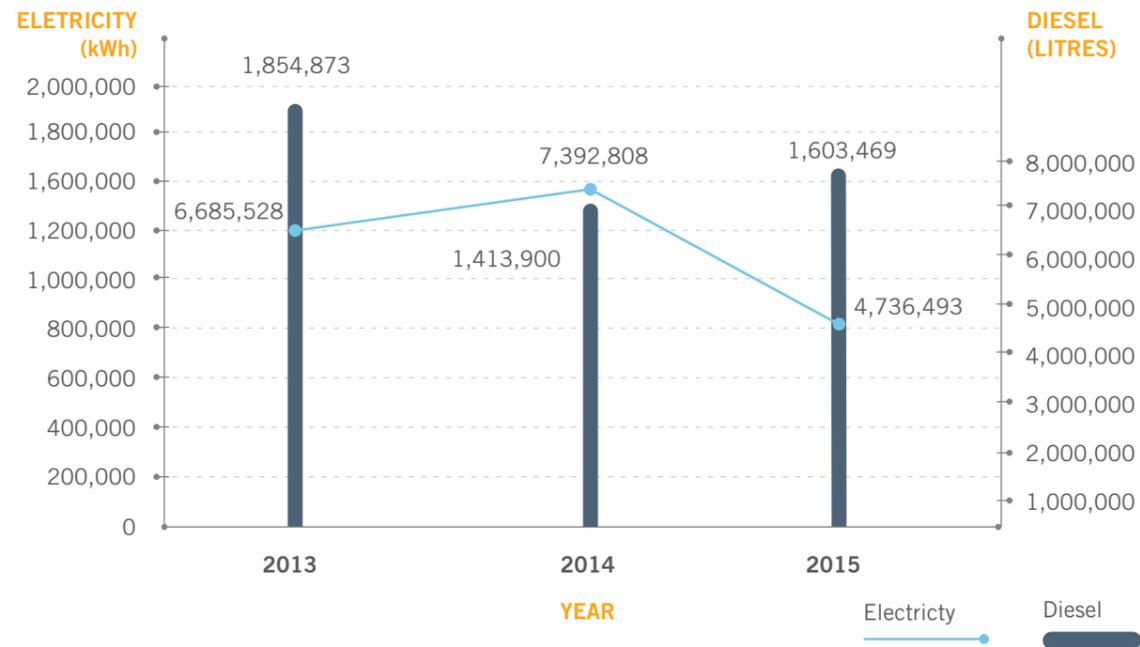
## ENERGY MANAGEMENT

Energy management is the key to saving energy in SunCon. Reduced energy saves money for the company and also reduces demand for fossil fuels such as coal, oil and natural gas. Less burning of fossil fuels results in lower carbon dioxide emissions, the primary contributor to global warming.

Electricity from the national grid is used to power our offices. Our machinery also consumes a significant amount of diesel during construction.

In August 2015, the Sunway Group Data Centre was relocated to Hitachi-Sunway Pinnacle. This new building has been certified with the Green Building Index. As a result, a 30% reduction in electricity consumption was achieved. SunCon occupies 36% of the total floor space of this building on average. This relocation resulted in a significant reduction in electricity consumption in 2015.

Our electricity and diesel consumption is presented in the table below:



### CARBON FOOTPRINT

The greenhouse effect is a natural function of the Earth's atmosphere that insulates the planet, preventing the sun's heat from escaping. Without it, the Earth would not stay warm and life would die. Human activity, especially the burning of fossil fuels, has increased the amount of greenhouse gases (GHG) in the atmosphere. This greenhouse effect brings negative consequences to Earth's systems and life. SunCon's emissions accounting is based on the internationally recognised GHG Protocol established by the World Business Council for Sustainable Development (WBCSD) and World Research Institute (WRI). Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

SCOPE	CATEGORY	INDICATORS MEASURED	EMISSIONS SOURCE
Scope 1	Direct GHG Emissions	Machinery	Direct GHG emissions are emissions from sources that are owned or controlled by SunCon
Scope 2	Indirect GHG Emissions	Electricity	Indirect GHG emissions are emissions that are a consequence of SunCon's activities
Scope 3	Other indirect GHG Emissions	Air travel	Other indirect emissions cover transport-related activities that are not owned by SunCon

### SCOPE 1

All fuel purchases are monitored and recorded to calculate GHG emissions from company-owned vehicles and machinery. Significant amounts of diesel are required to run SunCon's construction machinery such as cranes, backhoes and piling equipment.

CO<sub>2</sub> emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.

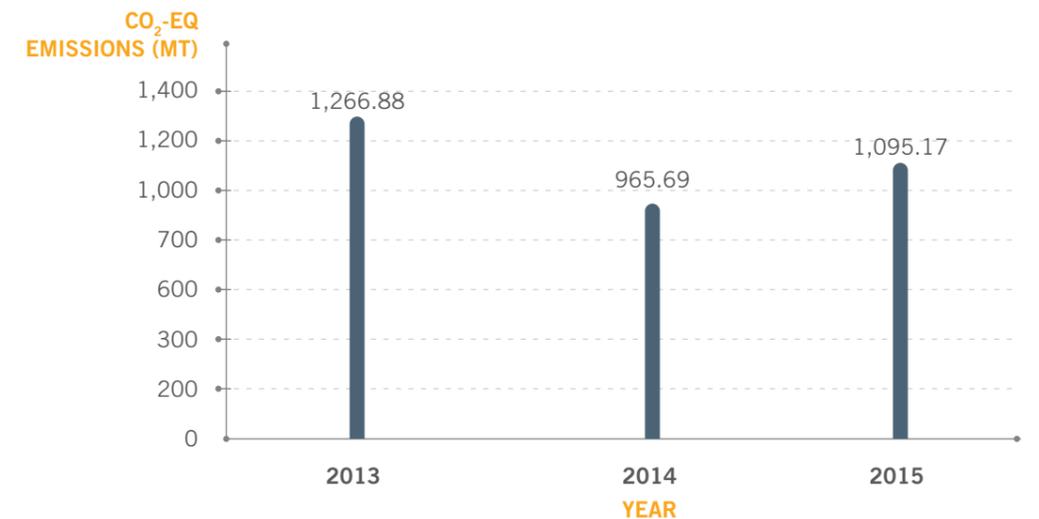
### CO<sub>2</sub> EMISSIONS FROM COMPANY-OWNED VEHICLES AND MACHINERY



### SCOPE 2

Indirect GHG emissions are produced as a consequence of our activities but occur at sources owned or controlled by another entity. Scope 2 emissions are in the form of purchased electricity. The CO<sub>2</sub> emissions from the use of electricity were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular grid.

### CO<sub>2</sub> EMISSIONS FROM PURCHASED ELECTRICITY



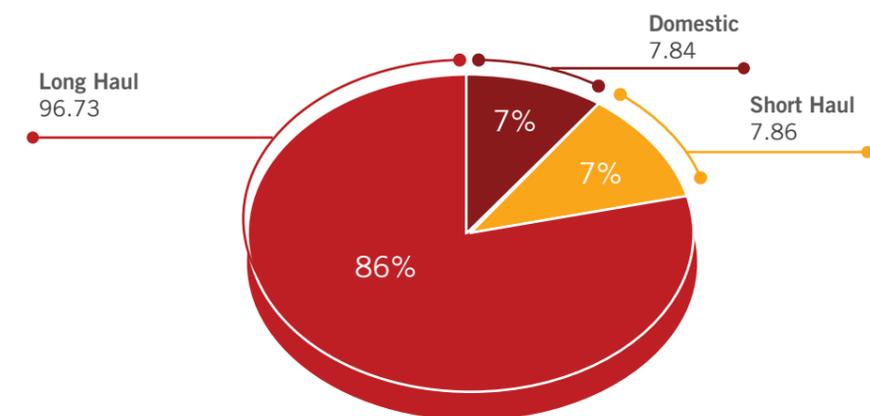
In 2015, SunCon's CO<sub>2</sub> resulting from purchased electricity increased by 23.04% despite electricity consumption only increasing by 13.41%. This increase was due to an 8.49% upward revision of the emission factor produced by the Malaysian Green Technology Corporation for the Peninsular Grid this year.

### SCOPE 3

Air travel GHG emissions were calculated point to point including the number of employees on board and the distance travelled. Air travel data was extracted from a centralised booking system used for all SunCon flights.

The GHG Protocol tool for mobile combustion (version 2.0) by the WRI was used to calculate the CO<sub>2</sub> emissions from air travel. In 2015, SunCon air travel was responsible for emitting 112.43 MT of CO<sub>2</sub> into the atmosphere.

### CO<sub>2</sub> EMISSIONS FROM AIR TRAVEL



Carbon emissions are produced at every stage in the supply chain. Carbon reduction is a complex challenge for all organisations, especially for those in the construction industry. We take a cradle-to-grave view of the construction sector value chain. All aspects of the design, construction, use and demolition of buildings and infrastructure are considered rather than merely the occupancy itself. Our central energy management team continues to work with sites to help plan, manage and reduce energy and fuel use. We also work with our customers and design teams to deliver low carbon buildings.

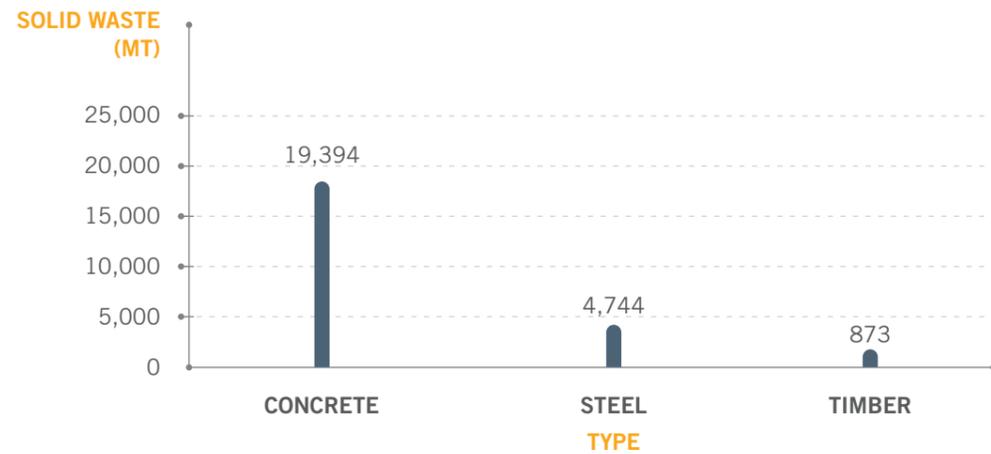
## WASTE MANAGEMENT

Generating some waste in construction is unavoidable. However, we try to minimise waste wherever possible. Cost and environmental benefits result from reducing and managing waste. We review current waste levels and try to reduce wastage in all aspects of the construction process such as procurement, site management and supplier selection. The majority of our waste is solid waste from construction although we also generate small amounts of scheduled waste.

### SOLID WASTE

Solid waste is a useless and unwanted product derived from our construction activities. Construction waste typically comprises concrete, steel and timber. Our construction waste disposed of in 2015 is summarised in the chart below.

### CONSTRUCTION WASTE DISPOSED OF IN 2015



Timber waste is reused on other SunCon project sites. Timber waste that is not suitable for reuse is collected by an appointed licenced collector and disposed of in designated landfill. Concrete waste is reused as crusher runs at our project sites. Steel waste is collected and recycled by appointed partners.

We also reuse some of our rejected panels. Steel moulds are stored for use on future projects that require a similar shape or profile. Custom-shaped steel moulds are sold as scrap. An appointed contractor processes the sludge produced by the batching plant, regularly. We have also introduced several green initiatives aimed at minimising our waste.

### REDUCING METAL WASTE

In 2013, we purchased a Schnell Bar Wiser 28 Pack 0. This machine is able to cut and bend rebars for diameters ranging from 8mm to 28mm. With this machine, we are able to reduce manpower and our reliance on workers. Previously, we assigned 28 workers and with this machine, eight can now handle this part of the construction process. This equates to a manpower saving of 71%.

### SCHEDULED WASTE

In Malaysia, scheduled waste is defined as any waste falling within the categories of waste listed in the First Schedule of the Environmental Quality (Scheduled Wastes) Regulations 2005. All scheduled waste at SunCon is disposed of according to methods described by MS ISO 14001 (Environmental Management System).

### CONSTRUCTION SCHEDULED WASTE DISPOSED OF IN 2015

WASTE TYPE	SCHEDULED WASTE CODE	AMOUNT (KG)
Spent lubricating oil	SW 305	695.00
Spent hydraulic oil	SW 306	380.00
Spent mineral oil-water emulsion	SW 307	100.00
Oil-water mixture such as ballast water	SW 309	0.01
Waste oil or oily sludge	SW 311	2,076.02
Contaminated soil, debris or matter resulting from cleaning-up of a spill of chemical, mineral oil or scheduled wastes	SW 408	376.57
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW 409	93.63
Rags, plastics, papers or filters contaminated with scheduled wastes	SW 410	193.91
<b>TOTAL</b>		<b>4,005.14</b>

### WASTE REDUCTION INITIATIVES



3R • REDUCE, REUSE & RECYCLE ON SITE

#### 3R • REDUCE, REUSE AND RECYCLE

Workplace recycling is a continual effort undertaken by SunCon. We instil resource conservation practices in our workforce stationed at the corporate headquarters and project worksites.

At Menara Sunway, waste generated is segregated by paper, glass and aluminium and plastics. These wastes are collected by an appointed recycling contractor.

Construction waste at our project worksites consists of steel bars, ready-mixed concrete and timber materials. These materials are also segregated accordingly. We minimise construction waste generation through proper planning, strict supervision and effective communication.

#### GO GREEN HABITS

The SunCon workforce is also encouraged to practice 'Go Green' habits by managing office resources efficiently. Go Green habits consist of staff:

- Using double-sided or used paper for printing;
- Using used paper for internal notes and memos;
- Switching off office lights during the lunch hour;
- Reusing envelopes for interdepartmental mail; and
- Bringing their own containers for takeaway meals to reduce plastic and styrofoam use.

## ENVIRONMENT VALUE CREATION THROUGH SUSTAINABLE PRODUCTS

SunCon promotes the use of 'green' products in its constructed infrastructure. The Group devotes considerable effort to create 'greener' buildings and a sustainable environment.

SunCon's journey towards becoming a Green Contractor gained momentum in 2010 when it began integrating Green Building initiatives into its projects. To date, we have worked closely with Green Building consultants to achieve Green Building accreditation for The Everly Hotel on Plot Z10, Putrajaya, Sunway Pinnacle and Sunway Pyramid Hotel West in Bandar Sunway.

We ensure our employees acquire green building knowledge so our projects are accredited as required by our clients. Presently, we have four Green Building Index Facilitators (GBIF) and two qualified Commissioning Specialists (CxS). Every GBIF is a qualified professional with proven capabilities in implementing green building projects.

In addition to the initiatives being steered by qualified GBIF and CxS, it is company policy to ensure project managers and site personnel understand Green Building requirements. A series of green awareness programmes is delivered for all projects. These programmes provided sufficient on-the-job training and exposure as part of our efforts to develop human capital.



GREEN BUILDING INDEX CERTIFICATES FOR HOTEL AND OFFICE TOWER ON PLOT Z10

In 2014, The Pinnacle in Bandar Sunway was completed with a plethora of 'green' features. It was designed to become Green Building Index (GBI) certified and Building and Construction Authority (BCA) Greenmark Rated (Gold).

This is one example of how we promote sustainable products by adopting environmentally-friendly features in construction projects. We have developed various energy-reducing technologies and highly-efficient engineering optimisation to reduce the environmental impact of our buildings.

## SUNWAY PINNACLE GBI FEATURES

### Energy Efficiency

- Excellent energy efficient performance
- High-performance glazing to reduce building heat gain
- Individual lighting zoning allows occupants to have flexible control over lighting to reduce energy consumption
- Electrical submetering for major systems, lighting and power at each floor
- Energy Management System to control, monitor and integrate building equipment
- Sustainable maintenance and commissioning

### Indoor Environmental Quality

- Providing good indoor air quality through optimum ventilation system design, environmental tobacco smoke control and carbon dioxide monitoring and control
- Reducing indoor air pollutants through low VOC materials
- Preventing mould growth in the building
- Achieving optimum thermal comfort through system design and controllability
- Implementing good levels of daylight and electric lighting in accordance with local standards and installation of high-frequency ballasts
- Reducing occupants' eyestrain by allowing long distance views and visual connection with the outdoors
- Maintaining internal noise at an acceptable and tolerable levels

### Sustainable Site Management

- Developing on any land that does not affect biodiversity
- Redeveloping and rehabilitating existing damaged sites
- Reducing pollution by controlling soil erosion, waterway sedimentation and airborne dust generation during construction
- Achieving quality of workmanship in construction works through QCLASSIC
- Controlling pollution from waste and rubbish from workers during construction
- Controlling pollution from private car use by being within a 1km radius from public transport
- Providing preferred parking to occupants using low-emitting and fuel-efficient vehicles and no overprovision of parking
- Limiting disruption of natural hydrology by reducing impervious cover, increasing on-site infiltration and managing storm water runoff
- Providing a building user manual which records all passive and active features that should not be downgraded during occupation

### Materials & Resources

- Reusing building materials and products to reduce demand for virgin materials
- Encouraging the use of recycled content materials during the design phase
- Using regional suppliers to reduce environmental impacts from transportation
- Recycling and reducing waste generation during construction
- Using non-CFC and non-HCFC refrigerants that have no ozone depleting potential

### Water Efficiency

- Rainwater harvesting
- Water efficient fittings
- Water submetering and leak detection system
- Potable water consumption reduction for landscape irrigation by  $\geq 50\%$  through native or adaptive plants or system design

## SOCIAL: LABOUR PRACTICES AND DECENT WORK

Our employees are our most important asset. We treat each and every member of our team with respect regardless of their background or position. The safety and wellbeing of our workers are vital and each is given the necessary equipment and training to keep them safe. Our comprehensive training programme, including our academy, provides the right calibre of staff for our operations.

### OCCUPATIONAL SAFETY & HEALTH

We consider occupational safety and health (OSH) management an extremely important management function. Directors, managers and stakeholders agree that OSH is also the most material aspect of materiality reporting. It is the Company's responsibility to provide a framework that promotes, stimulates and encourages the highest OSH standards at work. All employees and visitors, including subcontractors and workers, comply with the Company's safety and health regulations. By working together, we can achieve a healthy and safe working environment for the betterment of all.

All employees are required to:

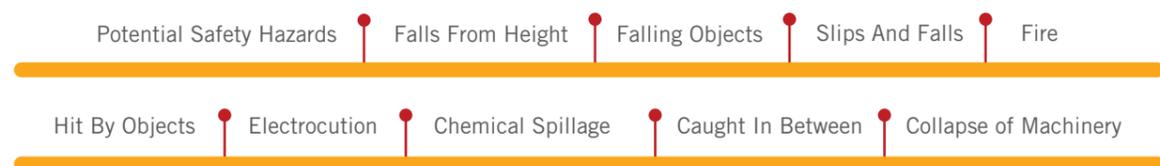
- Assure the safety of themselves and those around them whilst engaged in company activities.
- Conform to the legal requirements and codes of practice stipulated in the Occupational Safety & Health Act (OSHA) 1994.
- Incorporate OSH policies into the planning and evaluation of all projects, operations and other business activities.
- Prevent occupational accidents, injuries, sickness, loss of life and damage to company property and equipment.
- Familiarise themselves with fire precautions such as the location of the fire-fighting equipment, emergency exits and assembly area.
- Promote safety and health to the public through company meetings and publications.
- Review and evaluate operations, measure progress and comply with the safety policy.
- Promote employee cooperation to achieve and monitor safe and healthy working condition in all areas.

We plan and implement safety measures at all stages of our operations to minimise possible work-related accidents or injuries. As a responsible contractor, we also protect public safety by implementing prudent safety measures.

We monitor the safety and environmental protection practices of our subcontractors' operations as we value them as our business partners. All leadership levels must complete a safety induction course as a prerequisite to performing work at project sites. To enhance safety education in our workforce, we deliver regular safety training sessions as safe practices are essential for protecting employees.

We have integrated safety standards into purchasing, installing and operating new equipment and machinery. These standards cover new constructions and the renovation of existing facilities. We invest in employee training that formulates and implements measures to comply with occupational health, safety and environmental protection issues. We help such personnel attain certificates so they are qualified and have up-to-date expertise to manage high risk activities.

### RISK MANAGEMENT • POTENTIAL SAFETY HAZARDS



### ESH STANDARDS COMPLIANCE

SunCon has been certified with OHSAS 18001 Occupational Safety and Health Management System standards since 2001. We are implementing a robust and integrated QESH Management System throughout the organisation and at all projects that we undertake. We have established OSH-related procedures, specific OSH plans, safety and health instructions and relevant guidelines to ensure that the OSH Management System is well defined, structured and communicated to all parties. A review of the effectiveness of the management system is carried out periodically to ensure its requirements meet current business needs and drive continual improvement. We are committed to complying with all relevant OSH and environmental requirements. We began implementing a safety, health and environmental management system as part of our continuous system improvement efforts. Currently, we have achieved certification for OHSAS 18001 and ISO 14001.

## SUMMARY OF ISO 14001 AND OHSAS 18001 CERTIFICATION

YEAR FIRST ACHIEVED	CURRENT VALIDITY PERIOD	CERTIFICATION	SCOPE	AWARDING BODY
<b>SUNWAY CONSTRUCTION SDN BHD</b>				
2001	26 June 2015 – 25 June 2018	OHSAS 18001: 200	Provision of construction services for building and civil engineering works excluding works undertaken by subsidiaries of Sunway Construction Sdn Bhd	SIRIM QAS International Sdn Bhd and IQ Net
2009	26 June 2015 – 25 June 2018	ISO 14001: 2004	Provision of design management and construction services for building and civil engineering works	SIRIM QAS International Sdn Bhd and IQ Net
<b>SUNWAY GEOTECHNICS (M) SDN BHD</b>				
2015	16 February 2015 – 15 February 2018	ISO 9001: 2008	Provision of design management and construction services for geotechnical engineering works	SIRIM QAS International Sdn Bhd
2015	16 February 2015 – 15 February 2018	OHSAS 18001: 2007	Provision of design management and construction services for geotechnical engineering works	SIRIM QAS International Sdn Bhd
2015	16 February 2015 – 15 February 2018	ISO 14001: 2004	Provision of design management and construction services for geotechnical engineering works	SIRIM QAS International Sdn Bhd
<b>SUNWAY CONCRETE PRODUCTS (S) PTE LTD</b>				
2009	8 October 2015 – 7 October 2018	OHSAS 18001: 2007	Design, production and supply of precast components	TUV SUD PBS Pte Ltd
2012	7 February 2015 – 6 February 2018	ISO 14001: 2004	Design, production and supply of precast components	TUV SUD PBS Pte Ltd
<b>SUNWAY ENGINEERING SDN BHD</b>				
2011	21 December 2014 – 20 December 2017	ISO 14001: 2004	Provision of design management and construction services for mechanical, electrical and information technology engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
2015	27 October 2015 – 26 October 2018	OHSAS 18001: 2007	Provision of design management and construction services for mechanical, electrical and information technology engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
2011	21 December 2014 – 20 December 2017	ISO 9001: 2008	Provision of design management and construction services for mechanical, electrical and information technology engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd

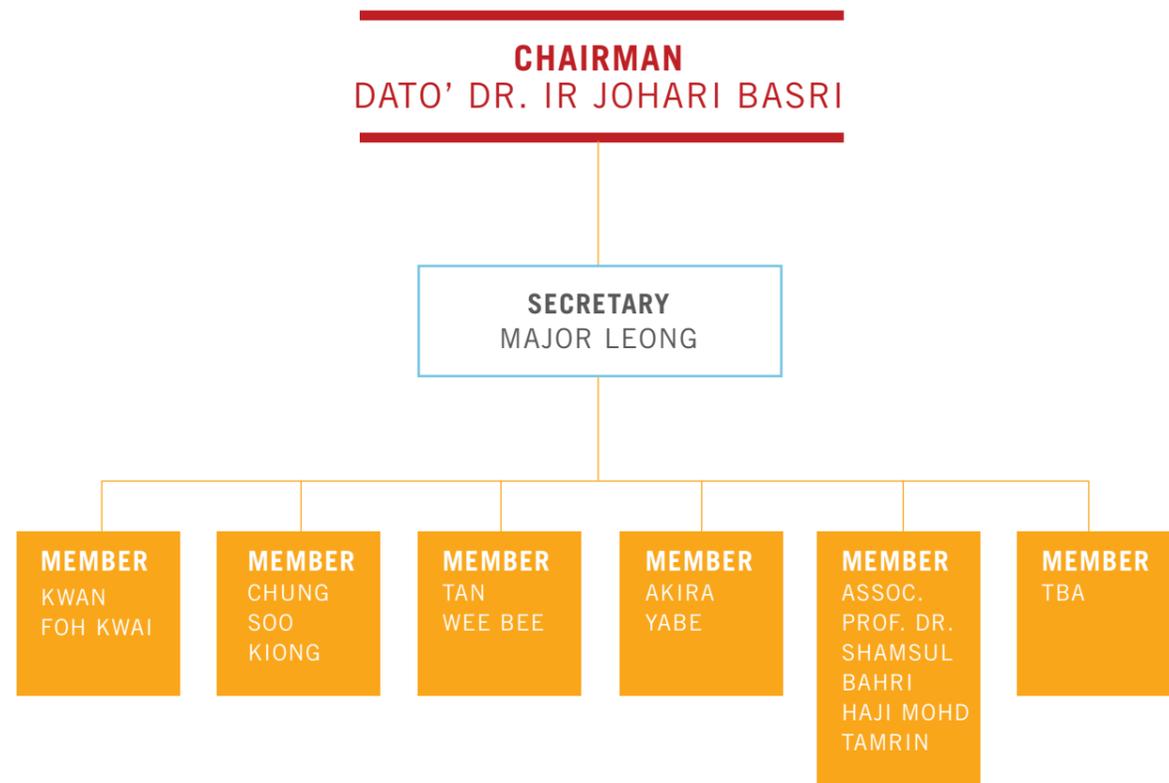
**Our precast concrete business secured the bizSAFE Level Star certification in Singapore. bizSAFE is a five-step programme that assists companies in building up their OSH capabilities so that they can improve safety and health standards in the workplace.**

### HIGH- LEVEL ENVIRONMENTAL, SAFETY AND HEALTH COUNCIL (HLEC)

SunCon has its own High-Level Environmental, Safety and Health Council (HLEC). HLEC meets quarterly and is led by YBhg. Dato' Dr. Ir Johari bin Basri, Non-Executive Director of SunCon Board of Directors. HLEC members are from SunCon and Sunway Property's top management.

HLEC is a platform to identify, articulate and provide feedback on strategic environmental, safety and health issues in SunCon. The council provides advice on ESH matters of national or international significance, support requirements and interests within and across stakeholder representatives. HLEC also advises on medium to long-term implementation opportunities and strategies to achieve world-class ESH standards.

Prior to his retirement in 2014, Dato' Dr. Ir Johari served as Director General, Department of Occupational Safety and Health of Malaysia from 2007 to 2014. He also held important appointments in various agencies such as the National Institute of Occupational, Safety and Health (NIOSH), the Construction Industry Development Board (CIDB), the Industrial Standard Committee of Occupational Safety and Health (ISCW), SIRIM Berhad, Malaysia National Standards Committees (MyNSC) and Standards Malaysia.



HLEC ORGANISATION CHART

### CORE ACTIVITIES OF HLEC

- Discussing ESH matters of strategic significance for improvement
- Providing an independent perspective on ESH Transformation Strategy (ETS)
- Developing policies as well as providing feedback and advice on strategic ESH issues
- Acting as a sounding board to ensure consistency in ETS implementation
- Reviewing and advising on incident reports and workplace injury statistics
- Reviewing and providing recommendations on existing SOPs and QESH Manual
- Identifying and recommending research areas for ESH best practices and continual Improvement

### ESH COMMITTEE ORGANISATION CHART

SunCon is committed to complying with the Occupational Safety and Health (Safety and Health Committee) Regulations 1996. It is compulsory to establish an ESH Committee at all project work sites. The ESH Committee comprises a chairman who is the project manager; a secretary who is the ESH Officer; members of SunCon site management; and representatives of site staff and workers.



### ROLES AND RESPONSIBILITIES OF THE ESH COMMITTEE

- Review the effectiveness of ESH management programmes
- Investigate accidents, incidents, near misses, environmental impacts, dangerous occurrences, occupational poisoning or occupational disease, discuss the findings and propose recommendations for corrective and preventive action
- Evaluate results of analysis and trends of accidents, incidents, near misses, environmental impacts, dangerous occurrences, occupational poisoning or occupational diseases
- Inspect workplace at least once a month to observe ESH practices and noncompliance

### SAFETY AND HEALTH PERFORMANCE

SunCon's OSH performance is measured through incident rates, frequency rates and severity rates, monthly inspection scores and man-hours without lost time injury. We conduct thorough investigations to identify the root cause of workplace incidents. Solutions are implemented to prevent recurrence. Lessons learnt are embedded into existing OSH management procedures to improve standards. These revisions are shared company-wide through internal platforms.

We emphasise stringent safety and health measures and deliver customised awareness training for staff, suppliers and business associates. This approach has resulted in an overall reduction of occupational mishaps.

## OSH TARGETS AND ACHIEVEMENTS

TARGET	STATUS	WHERE ARE WE NOW
To strive towards a ZERO lives lost at all work sites	✗	Two workers were fatally injured in 2015
To achieve an Accident Frequency Rate (AFR) of less than 0.3	✓	The recorded AFR was 0.27
To achieve a monthly inspection score of 75% and above	✓	An overall average monthly inspection score of 81.94% was achieved
To achieve 3 milestones: 3.9 million, 7 million and 10 million man-hours without lost time injury	✓	The highest man-hours achieved in 2015 was 10,442,768

SunCon included AFR as an OSH target. The target of an AFR of less than 0.3 was determined by averaging AFR data for three years. The Department of Occupational Safety and Health Malaysia (DOSH) recorded a National Occupational Incident Rate of 1.06 in 2014; SunCon's incident rate was 2.27, which is lower than the national benchmark.

SunCon is committed to achieving these objectives. Extensive measures ensure all workplaces maintain OSH standards, regardless of the nature or complexity of the activity through strategic management programmes.

OSH promotional activities and initiatives include:

- A collaboration with Construction Industry Development Board Malaysia (CIDB)
- The annual Sunway Safety Week Campaign
- A management review to evaluate the effectiveness of existing management systems and proposals for continual improvement
- A comprehensive audit programme
- SunCon's Environmental, Safety and Health Pledge
- Monthly inspections
- Sunway Safety Merit System (SSMS)
- A reward and award scheme
- An effective ESH Committee at headquarter and project levels
- OSH communication through ESH Bulletins, safety alerts, daily observations report, weekly anti-dengue reports and ESH notice boards updates
- Training workshops to improve employees' OSH competency and knowledge to empower them to achieve ESH excellence

## OSH INCIDENT STATISTICS

DETAILS / YEAR	2013	2014	2015
Worked Man-hours	15,384,615	16,376,137	14,676,640
Fatalities	2	2	2
Lost Time Injuries	5	5	2
Total Recordable Cases	7	7	4
Accident Frequency Rate (AFR)	0.46	0.43	0.27

We recorded some accidents in 2015. All the cases were reported to DOSH and investigations have been completed. As a result, corrective and preventive actions have been taken to prevent future recurrence across all SunCon work sites. Current standard operating procedures have been reviewed to ensure all hazards and risks associated with all work processes have been assessed and mitigated. KAIZEN studies were also conducted to examine alternatives that are economical yet safe to use.

## OTHER AWARDS AND ACCOLADES

- National Occupational Safety and Health Excellence Award 2005
- MSOSH Gold Class II Award 2009 for project Parcel 17, Ministry of Housing and Local Government and Ministry of Women, Family and Community Development, Putrajaya
- Rihan Heights, Abu Dhabi Project achieved 10 Million Man-Hours Without Lost Time Injury in 2010
- Achieved 4 Star SHASSIC rating for various projects including Parcel 7 and 8 Phase 2 Package A, Putrajaya and The Everly Hotel Putrajaya in 2011
- Achieved 5 Star SHASSIC rating for Klang Valley MRT Package V4 project, viaduct guideaway and associated works from Section 17 Petaling Jaya to Semantan Portal with a score of 90% in 2014
- Achieved 5 Star rating in Safety and Health Assessment System in Construction (SHASSIC) championed by CIDB for CP 4 project with a score of 93% in 2015
- Achieved 5 Star SHASSIC rating for Sunway M1 Citrine project with a score of 85% in 2015
- Achieved 4 Star SHASSIC rating for KLCC Package 1 project with a score of 82% in 2015
- 11 million man-hours accumulated without Lost Time Injury company-wide in 2015

## SAFETY HAZARDS PREVENTION, CONTROLS AND MITIGATION

SunCon takes safety and health seriously and aims 'to achieve ZERO lives lost' at all project work sites. We have adopted best safety practices and refined these through continual improvements and innovation.

All safety implementations have been studied for their feasibility, effectiveness and compatibility. A balance between cost and benefits is desired. Standardised safety practices subscribed by all SunCon workplaces include daily morning toolbox meetings; compulsory safety inductions; a mobile platform for unloading materials; heavy duty industrial plugs and sockets; edge barricade and catch nets. All risks from the nature of our activities are minimised while meeting the statutory requirements.

### SUNCON ENVIRONMENTAL, SAFETY AND HEALTH PLEDGE

SunCon ESH Pledge was officially introduced during the Sunway Safety Week 2015 launch ceremony. All SunCon workforces, stakeholders, suppliers and business partners pledged to:

- Strive for excellence and take ownership of ESH as our culture
- Care for public safety and reduce public inconvenience
- Wear Personal Protective Equipment (PPE) at work at all times
- Ensure a clean and safe working environment by adopting 5S principles of Sort, Set in Order, Shine, Standardise and Sustain
- Prevent workplace accidents, injuries and environmental pollution through continuous learning and training
- Identify, control and minimise all work hazards
- Use fall protection equipment and safe working platforms when working at height
- Follow our Lifting Plan when lifting
- Immediately cease and eliminate all unsafe acts and conditions
- Act according to the Emergency Response Plan as and when required

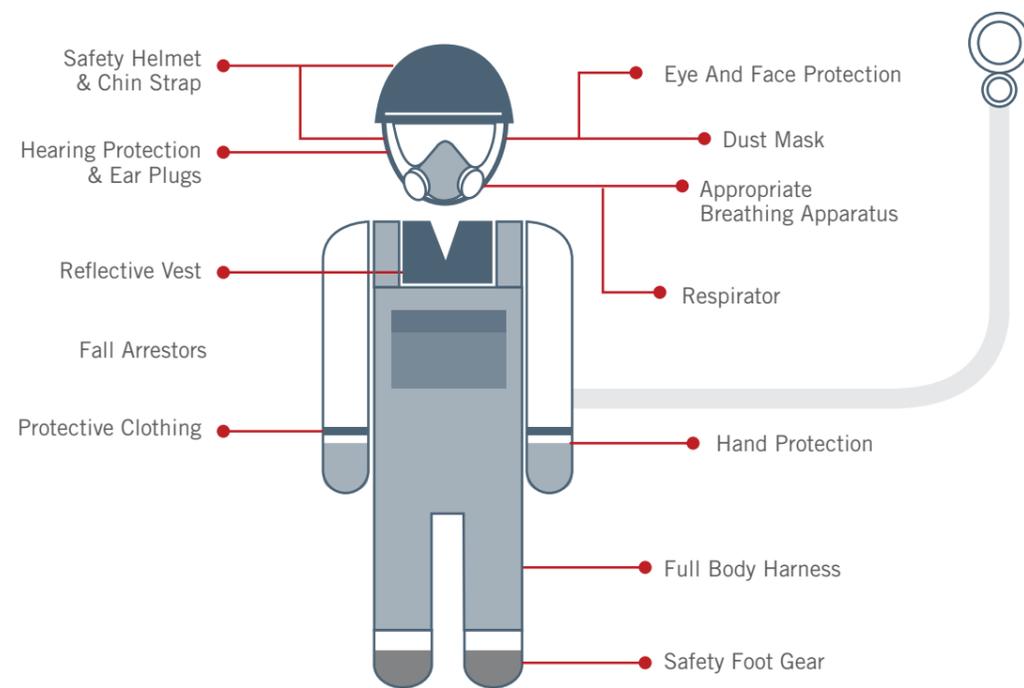
## SAFETY FIRST AT WORK

CIDB Green Card is an integrated programme that registers and drives construction personnel to improve safety levels at construction work sites. All local and foreign workers must have valid work permits and CIDB Green Cards to work at our sites. We set these minimum standards as the Green Card reassures us that they are equipped with basic construction site safety knowledge and are aware of relevant legal requirements.

We deliver toolbox talks every morning for all personnel working at our project sites. Toolbox talks outline the risks of specific on-site health and safety issues. Suggested ways to deal with them are discussed and workers are reminded of all potential hazards. It helps to foster a good health and safety culture. Penalties are imposed on anyone failing to attend the daily morning toolbox meeting.

Personal Protective Equipment (PPE) is designed to be worn or held and protects individuals against health and safety hazards. We ensure that all site workers are suitably dressed and equipped to perform their duties safely without interfering with their vision, hearing or free use of their hands and feet. All workers must wear the appropriate PPE.

## PPE WORN ON SUNCON SITES



A permit must be obtained before workers can use equipment that is specialised or high risk.

## PERMITS REQUIRED FOR SPECIALIST OR HIGH RISK WORK



The two most common high-risk jobs at SunCon are working at height and lifting. Examples of protection extended to workers performing this type of work are summarised below.

### WORKING AT HEIGHT

- Proper fall protection at all open edges
- A properly secured life line
- A full body harness
- Anchorage points to hook safety harness angle
- Safety lanyard
- Permit required for working at height
- A stepladder or commercial stepstool for high access

### LIFTING

- Proper lifting methods and techniques established
- Designated trained signal man available during lifting
- Use of correct sling for lifting:
  - With approved certificate and tagging
  - That is inspected and recorded periodically
  - With valid date tagging

## ESH AWARENESS AND TRAINING

SunCon QESH policy covers safety guidelines for works and activities that are associated with identified risks and significant environmental aspects. These works and activities include design development, construction works, waste management, chemical handling and control, and preventive maintenance of plant and machinery.

ESH training has been conducted for staff and workers. Training topics covered include:

- ESH management system internal auditor training;
- ESH awareness training;
- Hazard Identification, Risk Assessment and Risk Control (HIRARC) training;
- Slings and rigging training;
- Basic occupational first aid and CPR training; and
- Basic forklift training

Appointed staff have attended competency training delivered by competent employees to ensure the minimum qualification for respective works is achieved. Course titles include:

- Competent Scaffolder;
- Authorised Gas Tester (AGT);
- Authorised Entrant & Standby Person for Confined Space (AESP);
- Safety and Health Officer (SHO);
- Site Safety Supervisor (SSS);
- Certified Erosion, Sediment and Storm Water (CeSWI);
- Certified Environmental Professional for Scheduled Waste Management (CePSWAM);
- Lead Auditor for ESH Management System;
- Safety Induction for Construction Workers (CISW);
- Train the Trainer Competency;
- Master Trainer for Lifting; and
- Master Trainer for Scaffold.

SunCon has recorded a total of 30,400 training man-hours in 2015 for all ESH training conducted at project workplaces and competency training attended by nominated employees. In line with the requirements by Department of Occupational Safety and Health on the Continuous Education Programme (CEP), SunCon also ensures that all its Safety and Health Officers (SHO) fulfil the stipulated 30 CEP points per annum through various safety & health related conferences, seminars, workshops, training and etc.

## COMMITMENT TO WIPING OUT DENGUE

Alarming, dengue cases in Malaysia have been rising. Construction sites have been identified as the main breeding grounds for Aedes mosquitoes. We have adopted a four-pronged anti-dengue strategy to eradicate breeding grounds in our project sites, regularly.

### FOUR PRONGED ANTI-DENGUE STRATEGY

<b>Coordinated Fogging</b>	<ul style="list-style-type: none"> <li>Fogging of project sites around Bandar Sunway is conducted concurrently at the appointed time</li> <li>This coordinated effort will eliminate a higher percentage of mosquitoes</li> <li>Fogging is also carried out at other project sites as scheduled</li> </ul>
<b>Search and Destroy Patrols</b>	<ul style="list-style-type: none"> <li>Patrol team comprising 3 to 4 workers search for all potential larvae breeding areas such as in stagnant water on uneven ground, material storage areas, canvas sheets, trenches, drains, lift wells, sump pits, silt traps, toilets, concrete tanks and sinks.</li> <li>Breeding grounds are eliminated by larviciding</li> <li>Daily patrolling is conducted and all water ponding sources are removed</li> </ul>
<b>Gotong-royong</b>	<ul style="list-style-type: none"> <li>Massive weekly gotong-royong initiatives are conducted</li> <li>Gotong-royong exercises involve all staff and workers, focusing on workplace areas and the perimeter of project sites</li> <li>Daily gotong-royong is conducted in workplaces after the day's activities</li> </ul>
<b>Anti-Dengue Awareness and Communication</b>	<ul style="list-style-type: none"> <li>Awareness talks are delivered to all staff and workers on methods to eliminate breeding grounds during the daily morning toolbox sessions</li> <li>Posters to raise awareness of dengue fever as well as its signs and symptoms are displayed at all ESH Information Corners</li> <li>Anti-Dengue commitment banners are displayed at strategic locations in the workplace serve as a continuous reminder of SunCon's commitment to eradicating dengue</li> </ul>



SAFETY BANNERS AT SITE

All action taken as part of our four-pronged strategy must be documented with photographic evidence. A weekly anti-dengue report must also be submitted to our headquarters.

### ESH INFORMATION CORNER

SunCon has a dedicated information corner at its project worksites and headquarters. ESH office information is displayed and showcased at various strategic areas throughout the company headquarters such as by the pantry and on the information board. Awareness of ergonomics, ESH bulletins and office-related information is displayed.

ESH Information Corners at project work sites are key communication tools. They help raise awareness of sound ESH workplace practices. Due to the dynamic nature of construction workplaces and a vibrant work culture, relevant information must be updated regularly and translated into multiple languages to ensure it is understood by all.

## PUBLIC RELATIONS AND INITIATIVES

### Collaboration between SunCon and Construction Industry Development Board Malaysia (CIDB)

On 1 July 2015, SunCon signed a Memorandum of Understanding (MoU) with CIDB Malaysia during its annual Sunway Safety Week launch ceremony. This strategic collaboration aims to elevate the standard of ESH practices in SunCon and its industry partners. Both parties will cooperate to implement ESH programmes, training and best practices in construction and related technology. All SunCon projects will be assessed based on CIDB's Safety and Health Assessment System in Construction (SHASSIC). SunCon is the first Malaysian construction conglomerate to sign an MoU with CIDB.

SHASSIC covers three main thrusts: documents check, site inspections and employee interviews. Based on the respective SHASSIC scores, customised training programmes or remedial measures are arranged to improve contractor safety and health management. SunCon has adopted the SHASSIC framework in Malaysia's first elevated Bus Rapid Transit (BRT-Sunway Line). SHASSIC has also been incorporated into the ongoing development of Sunway Velocity, which is scheduled for completion by 2018.

**“ I believe that the MoU to be signed today between CIDB and Sunway Construction will further strengthen the commitment made by Sunway in putting “Safety First” in all of their projects.”**

*- YB Dato' Sri Haji Fadillah, Minister of Works Malaysia, Sunway Safety Week 2015 Launch Ceremony*



MORNING TOOLBOX BRIEFING

### Sunway Safety Week

The Sunway Safety Week is a significant event of the SunCon annual calendar from 1 to 7 July. It is participated by all SunCon stakeholders including employees, suppliers and business partners. Sunway Safety Week 2015, with the theme 'Partnering Towards ESH Excellence', was organised for the fourth consecutive year.

The Safety Week culminates with a top management site walk to all SunCon workplaces. Top management inspected all areas and discussed ESH problems encountered during construction with project team members. They provided sound advice for further improvement. The SunCon Safety Week demonstrates the top management's commitment to ESH in the company.

### Sunway Safety Merit System

The Sunway Safety Merit System (SSMS) is a self-regulated programme to raise ESH awareness. SSMS inculcates ESH culture in SunCon's workforce and those of its business partners. This programme runs concurrently with the monthly inspection of the respective workplace.

Inspection scores are complemented with merit based on the inculcation of good practices, innovation and other initiatives. Bad practices, unsafe acts and conditions result in demerit points. The quarterly SSMS score is computed and compared with other workplaces. Four champions for each quarter and an overall champion are chosen for each fiscal year. Quarterly and overall winners will receive cash prizes and a champion trophy.

## Continual Improvement

Innovation in safety and health measures and implementations is vital to accommodate advancing construction technology. It also addresses the increasing complexity of construction arising from customers' expectations and cutting edge designs. We accentuate continuous OSH training and coaching to ensure all personnel are equipped with the right knowledge au courant with their job requirement training needs and competency.

We consistently implement corrective and preventive measures across all workplaces to mitigate the risk of unwanted incidents. We review and upgrade the current QESH Manual, Standard Operating Procedures (SOPs), Safety and Health Instructions and Guidelines regularly. We show zero tolerance towards unsafe acts and conditions.

Worksite improvements such as designing a Cage Fabrication Protection Frame (CFPF), ensure work risks are minimal. The CFPF's design and implementation were significant for fabrication of large-diameter bore pile cages. Such sizes were uncommon before we undertook the construction of the Klang Valley MRT Package V4.

Consistency in OSH implementation is key to reducing OSH incidents. Top management acknowledges that although safety is an intangible cost, it is a consequence of broader initiatives that target social responsibility, improved productivity, competitiveness and profitability. Visible OSH leadership has been developed at each management level.

## COMPLIANCE WITH LAWS AND REGULATIONS

The nature of our operations creates inevitable risks and hazards for workers and the general public. Air pollution, noise, hazardous materials, water pollution and solid wastes are common byproducts of our processes. We are subject to ESH protection laws and regulations in Malaysia, the most significant being the:

- Factory and Machinery Act 1967
- Environmental Quality Act 1974
- Occupational Safety and Health Act 1994
- The Destruction of Disease-Bearing Insects Act, 1975
- The Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994
- The Street, Drainage and Building Act, 1974

We are committed to complying with these relevant laws and regulations. We have established an Environmental, Safety and Health Centre of Excellence at our head office. Officers located at the centre and all project sites:

- Advise, establish, evaluate, monitor and enforce policies and procedures to ensure the Group's operations comply with all local ESH legislation;
- Review, standardise and implement ESH management systems within the Group;
- Supervise and examine safety and health control measures for all construction activities carried out by the Group and its subcontractors;
- Monitor compliance with statutory environmental protection laws relating to air, water, noise and solid waste pollution;
- Regulate labour, hygiene and safety conditions; and
- Monitor the Group's ESH performance.

Our operations are subject to laws and regulations relating to workplace safety and workers' health. Currently, we are unaware of any breaches of applicable workplace safety and health requirements that would have a material adverse effect on the financial position and business of our Group.

Previously, incidents at our construction worksites resulted in stop-work orders being imposed. We have acted promptly and satisfactorily addressed the problem. Worksites have been closed by authorities due to vector control. Each time, we have resolved the issues to prevent the propagation of disease-bearing insects.

We remain exposed to workplace safety and health liabilities and workplace accidents. These incidents are typically caused by human error, particularly when performing complex and large-scale construction works such as the MRT. We may be considered to be in breach of workplace safety and health regulations irrespective of the cause of such incidents.

All our construction activities generate dust, waste and noise pollution. We are required to comply with various related environmental laws and regulations relating to water, air and noise pollution, and the disposal of waste materials. Failure to comply may result in penalties and construction site closure, which adversely affect our operating profits. More stringent environmental laws may require us to purchase additional equipment or implement new processes to meet the new legislation. Nevertheless, we have not yet been affected by this nor experienced any breaches of workplace safety and health requirements that have materially impacted business operations.

## BEING AN EMPLOYER OF CHOICE

Our employment practices are aligned with the Group's corporate slogan 'Our People are Our Strength'. It underscores our firm belief that employees collectively determine the Company's strength, character and performance. We recognise that a highly motivated and disciplined workforce is a valuable resource. A working environment is created so employees enjoy their work, achieve their full potential and desire to remain and grow with the company. We are also committed to attracting and retaining competent, dedicated and loyal employees.

## BUILDING TALENT PIPELINE

Our Talent Management strategy is aligned with presenting ourselves as an employer of choice to talented young graduates. Our employer branding efforts were recognised in 2015 when we entered the top 15 of Malaysia's 100 Leading Graduate Employers. This is due to our relentless effort in driving the following initiatives:

## UNIVERSITY COLLABORATIONS & PARTNERSHIPS

We have formed several partnerships with various prestigious local and international universities to date. Our construction sites provide learning opportunities that prepare students for a real working environment upon graduation. We participated actively in both small key university events and larger annual events such as the UKEC-GRADUAN Fair 2015 in London. We also supported the M100 Mega Careers and Study Fair at KLCC Convention Centre and Mid Valley Megamall.

## INDUSTRIAL TRAINING OPPORTUNITIES

We employ up to 100 internship students from 10 private and local universities in Malaysia each year. These interns are based at our headquarters and project sites in both the Central and Southern Regions (Sunway Iskandar). We engage with the students and involve them in various cross learning activities. During the three to six month placement, interns benefit from evening talks and mentorships with experienced project engineers on site.

## FUTURE LEADERS PROGRAMME

The Sunway Future Leaders Programme aims to recruit and retain the best Malaysian graduates. This approach ensures our talent pipeline receives a continuous supply of dynamic, progressive and innovative individuals. Job exposure is provided via a construction simulation programme and our talents benefit from hands-on learning.

Building a talent pipeline internally begins with discovering talent in our existing employees. Typically, this process includes business unit heads, line managers, HR leaders and sometimes the employees themselves. Throughout the year, employees of different levels are identified at the Sunway Annual Talent Review (ATR) and MFE Moderation. Tools such as 360-degree assessment and assessment centres are also employed.

These processes and tools help us categorise employees. They may be technical experts, core contributors or high potentials. Following this categorisation, line managers devise a clear learning and development plan. A career plan will also be developed, especially for high-performing employees and those showing potential.

Typically, high potential employees consistently exceed expectations and demonstrate leadership potential. These talents are also considered for accelerated career progression with support from internal mentors and external coaches. Differentiated rewards are applied to recognise performance and potential, provided performance standards are sustained.

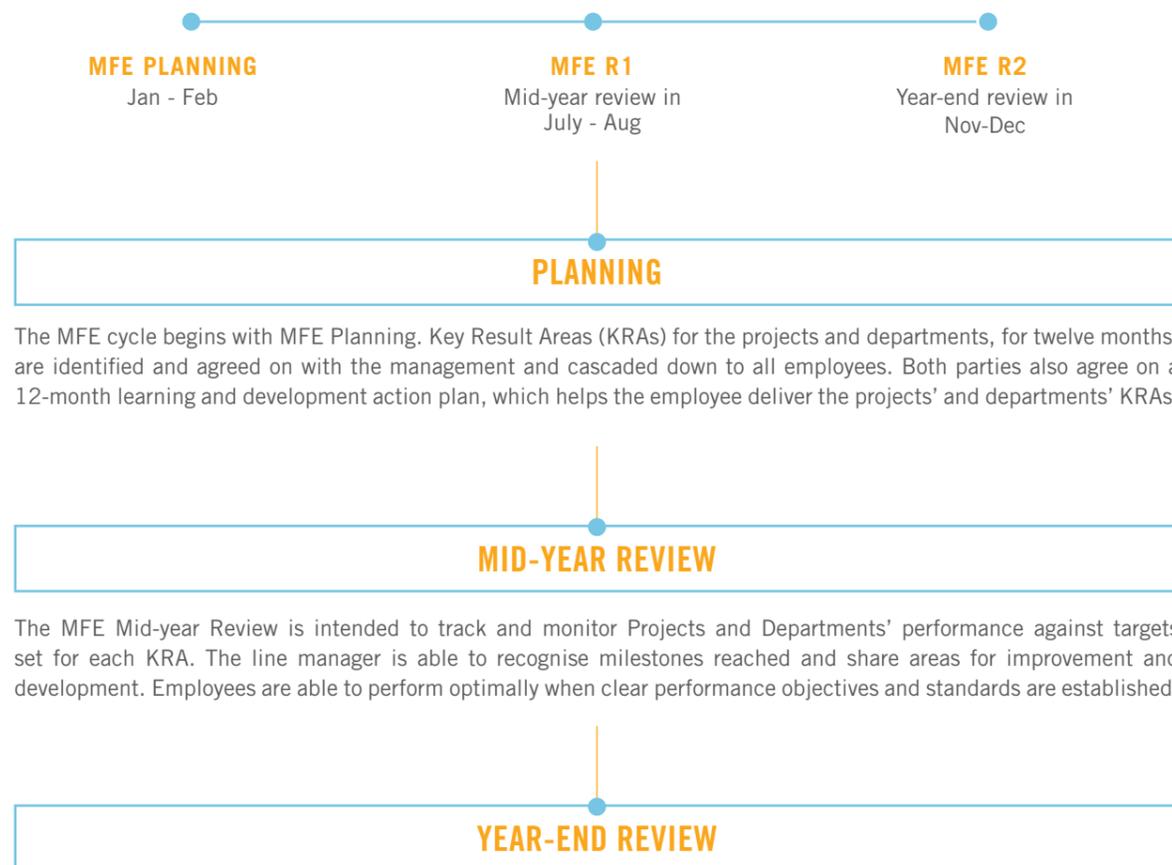
## PERFORMANCE MANAGEMENT

Our performance management system is also known as Managing For Excellence (MFE). MFE is a platform for setting goals and the evaluation of job performance and behavioural competencies. It facilitates discussions about performance improvement, challenges faced, learning/development actions and career planning between the employee and line manager.

Coaching sessions are conducted periodically throughout the year. These sessions are useful as they help provide continuous feedback and support to employees. SunCon managers are trained to coach their team to achieve optimal performance levels.

We believe that when performance evaluation is conducted objectively, the MFE promotes fairer and more equitable recognition, providing appropriate rewards, compensation and promotion. This supports our performance-oriented culture.

All confirmed employees are required to adhere to the MFE cycle which is summarised below.



The MFE cycle begins with MFE Planning. Key Result Areas (KRAs) for the projects and departments, for twelve months, are identified and agreed on with the management and cascaded down to all employees. Both parties also agree on a 12-month learning and development action plan, which helps the employee deliver the projects' and departments' KRAs.

The MFE Mid-year Review is intended to track and monitor Projects and Departments' performance against targets set for each KRA. The line manager is able to recognise milestones reached and share areas for improvement and development. Employees are able to perform optimally when clear performance objectives and standards are established.

The MFE concludes the year's performance evaluation at the end of the year. The final rating is used as a basis for determining a bonus and increment.

## REWARDING OUR EMPLOYEES

We practise a "Pay for Performance" philosophy. Salaries of confirmed employees are reviewed on the first day of every year. Increments are awarded based on both the individual employee's performance and the company's profitability. If management believes an employee's work performance is unsatisfactory, his or her increment may be withheld until their performance improves. In the future, this increment may later be approved without retrospective effect. Bonus payments are at the discretion of the management based on the company's financial performance, the employee's performance and contribution to SunCon's success. Management determines the quantum and timing of bonus payments.

### BONUS AND INCREMENT

SunCon believes that a good, fair and well-designed bonus scheme is a perfect way to increase employees' productivity. Our bonus schemes and employee rewards strategies increase employee motivation by:

- Establishing a clear link between pay and performance; and
- Creating the desired workplace culture.

SunCon HR and Sunway Group HR analyse compensation and benefits data to propose an increment to the compensation committee. Factors considered include the:

- Company's performance
- Company's current salary benchmark against the market (construction industry)
- Industry's expected increment based on inflation and market movements

We offer fair benefits and remuneration packages regardless of age, race and gender. The ratio of women and men salary average remained between 1:0.97 and 0.99. The following basic salary costs exclude foreign workers' daily wages. Only permanent and contract employees, who are paid monthly, are included.

## COMPARISON OF PAY

INDICATOR / YEAR	2013	2014	2015
Total Men Basic Salary (RM)	58,568,479.74	67,119,307.48	55,368,861.03
Average Annual Men Basic Salary (RM)	48,013.51	49,081.76	43,676.63
Average No. of Men Paid	1219.83	1367.50	1267.70
Total Women Basic Salary (RM)	14,689,242.12	16,996,792.59	14,228,263.04
Average Annual Women Basic Salary (RM)	48,626.46	50,837.86	44,855.81
Average No. of Women Paid	302	334	317

### BONUS RETENTION PLAN

In 2015, SunCon's top management decided to spread the total bonus payout for the performance year of 2014 over a period of three consecutive years in three tranches. The economic outlook for the construction industry in 2015 and 2016 was the main reason for this.

The first tranches of 75% were paid in January and March 2015. An additional 15% and 10% are scheduled for January 2016 and January 2017 respectively. Employee bonus payments have been staggered to ensure that the bonus quantum is consistently high. This is important during these challenging years in the construction industry where bonus quantum are expected to reduce.

The implementation of this Bonus Retention Plan is at the discretion of the management. This plan is only implemented when the total quantum of bonus exceeds a certain average threshold determined by our management. If the total quantum of bonus payout is below the average threshold, a full bonus amount is paid to all employees.

### EMPLOYEE SHARES OPTIONS SCHEME

In September 2013, Sunway Berhad introduced an Employee Shares Options Scheme (ESOS), which will run until September 2019. ESOS helps entice employees to stay with the Sunway Group for longer and work towards increasing shareholder value.

Certain employees were eligible for ESOS based on specific criteria to purchase a certain number of shares at a fixed price for a set period of time. A minimum of one year's service prior to the end date is required. The fixed price of the ESOS shares is pre-determined based on market price of the shares on the date of grant. Obviously, this is more attractive than purchasing company stock at market prices. This ESOS scheme was for the purchase of Sunway Group Berhad stock.

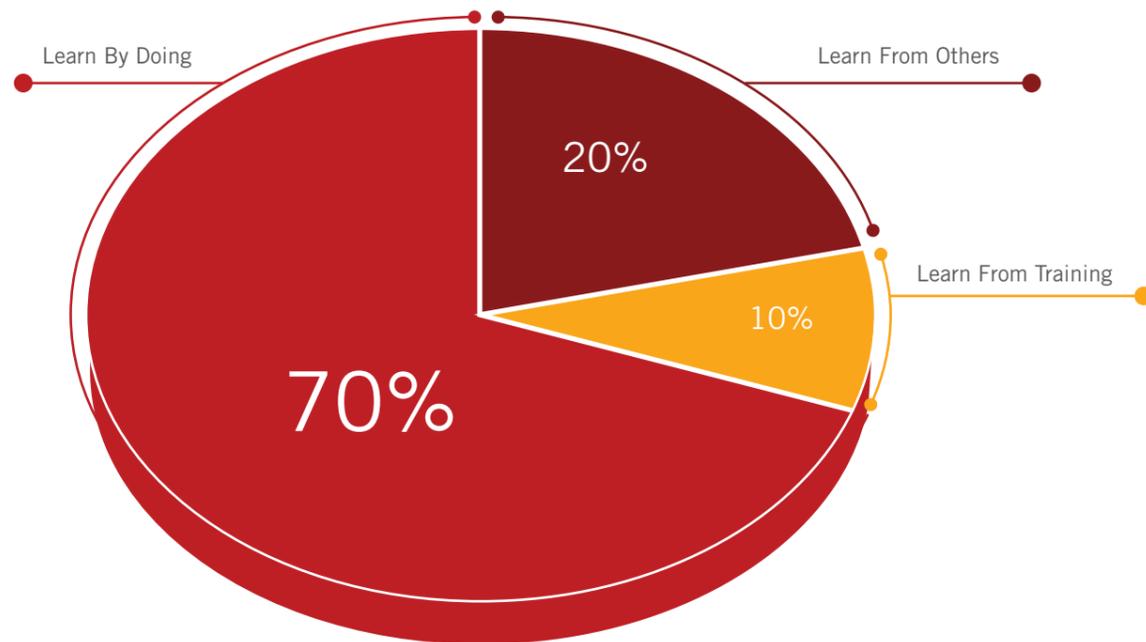
## OTHER BENEFITS

LEAVE	HEALTH BENEFITS	EDUCATION ASSISTANCE
<ul style="list-style-type: none"> <li>• Annual leave</li> <li>• Special leave</li> <li>• Examination/study leave</li> </ul>	<ul style="list-style-type: none"> <li>• Medical &amp; hospitalisation leave</li> <li>• Maternity leave</li> <li>• Prolonged illness leave</li> </ul>	<ul style="list-style-type: none"> <li>• Tuition refund scheme</li> <li>• Tuition fee discount</li> </ul>
MEDICAL	STAFF DISCOUNT	OTHER BENEFITS
<ul style="list-style-type: none"> <li>• Medical treatment and insurance coverage</li> <li>• Health screening programme</li> <li>• Dental and optical benefits</li> </ul>	<ul style="list-style-type: none"> <li>• Discount on room rates at Sunway Group Hotels</li> <li>• Property developed by the Group</li> <li>• Sunway Lagoon entrance tickets</li> </ul>	<ul style="list-style-type: none"> <li>• Company car and/ or fixed car allowance</li> <li>• Club membership</li> <li>• Mobile device (subject to business needs)</li> </ul>

## LEARNING & DEVELOPMENT

We are committed to employee development. We invest in programmes that promote employee advancement to meet our business needs. Continuously improving employees' qualifications help us increase our competitiveness as the company continues to grow.

We have adopted a three-pronged approach to employees' training and development based on the following learning principles:



### THREE-PRONGED APPROACH TO EMPLOYEES' TRAINING AND DEVELOPMENT

#### LEARN BY DOING On-the Job Training

We believe that involving employees in cross-department and/or industry projects, short and/or long term assignments and job scope enlargement benefit our employees the most in terms of exposure and experience.

#### LEARN FROM OTHERS Coaching & Mentoring

We conduct mentoring programmes that allow employees to learn from senior management. We facilitate the transfer of tacit knowledge and experience through these mentoring sessions. Coaching by managers is also adopted as an effective way of developing others.

#### LEARN FROM TRAINING Formal Learning Interventions & Structured Workshops

We provide intensive employee training programmes in addition to exposing them to on-the-job training, coaching and mentoring. These programmes not only emphasise employees' technical or functional skills but also their managerial capability and knowledge.

Our employees are encouraged to attend training courses relevant to their roles. Our training and development programmes are customised according to the needs of our diverse employees. We empower them and ensure that their career pathways are customised.

Career development is a top priority for our employees while structured career paths clarify their progression in the organisation. SunCon considers many aspects of career development.

We encourage employees to discuss their career aspirations and opportunities with their line managers, regularly. Transparent organisational communication is important so employees can be in control of their career paths and benefit most from their work. We also sponsor high-performing employees who wish to pursue academic programmes. Sponsorships cover diplomas, tertiary, professional and postgraduate qualifications.

We encourage knowledge sharing within the organisation. Sending employees for formal external training may be relevant, but it is also important that this knowledge is shared with other members of the team. We train our management staff and subject matter experts as internal trainers who can cascade the knowledge down to the rest of the team.

This initiative shares knowledge throughout the organisation while preparing employees to competently develop course content and presentation skills. This approach ensures that knowledge will keep flowing.

### OUR TRAINING INCLUDES THE FOLLOWING TWO PROGRAMMES:

#### PROJECT MANAGEMENT DEVELOPMENT PROGRAMME (PMDP)

SunCon endorsed the PMP Programme in 2013 to sustain the company's competitive edge. This programme accelerates employees' career development and progression for talents. It keeps them abreast with the best project management knowledge and practices. PMP is aligned with the Project Management Institute's (PMI) Project Management Body of Knowledge (PMBOK). Ultimately, it leads to internationally-recognised PMP certification.

Eligible managers who aspire to pursue project management as a career goal attend a Project Management Fundamental Workshop. The experiential training teaches the fundamentals of project management based on 10 PMBOK knowledge areas. Competency gaps are identified during the workshop for development purposes. Since 2013, a total of 70 managers had been enrolled in this workshop.

Following the workshop, recommended managers prepare to sit for the PMP certification examination by attending a series of PMP preparation weekend classes. Out of 35 managers recommended to pursue PMP certification, eight have been certified to date, which represents a 22% certification rate.

#### CONSTRUCTION CORE PROGRAMME (CCP)

We introduced the CCP in June 2015. This programme equips our engineers with overall knowledge of the construction industry. CCP topics consist of:

- Project management
- Construction management
- Planning and organising
- Contractual management
- Engineering
- Quality management
- Environmental, safety and health management
- Human resource management
- Finance management

The CCP topics conducted in 2015 are listed on the following page; the remaining will commence in 2016. A target of 143 employees has been set for each module. We achieved an average attendance rate of 60% across all sessions, with 86 employees attending each session on average. A total of 2,856 man hours were utilised for this CCP programme.

## CCP INTERNAL AND EXTERNAL TRAINING TOPICS

● Internal ● External



● Basic Machinery



● Basic Survey



● Project Management Introduction



● Environmental, Safety & Health Awareness



● HIRARC



● Cross Learning Programme (CLP)

### TRADE SUPERVISORY TRAINING

We have also introduced Trade Supervisory Training to our supervisors and trade foremen. The training is delivered by the respective project site managers. Course materials are reviewed by SME from our quality team. We are targeting the concreting and waterproofing trades as a start. A pilot session on concreting commenced in July 2015 where 25 supervisors and trade foremen took part.

### SUNWAY MACHINERY TRAINING ACADEMY

The Sunway Machinery Training Academy was established in October 2010. It is accredited by the Department of Skills Development (Jabatan Pembangunan Kemahiran) under the Ministry of Human Resources Malaysia.

Our academy delivers certified technical training for heavy construction machinery mechanics. The training also benefits employees by teaching the skills, knowledge and expertise required to repair heavy construction machinery.

Leveraging on Sunway Machinery Training Academy's training facilities and expertise, we were accredited by CIDB in January 2014 to deliver our first operator competency training programme for hydraulic bored piling machines.

#### Programmes provided

- Mechanic of Heavy Construction Machinery (NDTS & Full Time Training Programme)
- Hydraulic Bored Piled Machine Operator Competency Training Programme
- Hydraulic Excavator Operator Competency Training Programme
- Backhoe Loader Operator Competency Training Programme
- Forklift Operation & Safety Training

#### Training objectives

- Improving safety awareness when operating, repairing and maintaining heavy construction machinery
- Minimising machine repair costs
- Increasing machine efficiency
- Skills competency recognition and certification
- Reducing machine operating downtime
- Increasing pool of skilled and competent workers

In 2014, the Construction Industry Development Board (CIDB) Malaysia awarded Sunway Machinery Sdn Bhd with an "Appreciation Certificate" for achieving **The 1st Hydraulic Bored Pile Machine Operator Competency Training Programme accreditation in Malaysia.**

In January 2014, Sunway Machinery Training Academy was accredited by CIDB Malaysia for the following Machine Operators Competency Training Programmes:

#### LEVEL 2

- Backhoe Loader Operation
- Hydraulic Excavator Operation

#### LEVEL 1

- Hydraulic Bored Pile Operation

### TRAINING ACADEMY ACHIEVEMENTS IN 2015

**49** PARTICIPANTS

Graduated from our Backhoe Loader Machine Operator Competency and Hydraulic Excavator Machine Operator Competency training programmes. CIDB issued certificates of competency to all course graduates.

TWO COACHES AND  
**45** APPRENTICES

Graduated from our Hydraulic Bored Pile Machine Operator Competency apprenticeship training programme. CIDB and Sunway issued certificates of competency and attendance to all graduated coaches and apprentices.

OVER **20** PARTICIPANTS

Graduated from our Forklift Operations and Safety training programme. Sunway issued certificates of recognition to all course graduates.

### COMPETENCY TRAINING

We have issued a list of competency training programmes, especially for site workers and engineers. These programmes disseminate quality and safety knowledge before performing their jobs including:

- Construction occupational competency development for construction trade supervisors and foremen by the Master Builders Association Malaysia (MBAM);
- Scaffolding erection training;
- Quality assessment system in construction awareness and assessor training, targeting quality engineers and the operations team; and
- Rigging and slinging / forklift competency training for workers and subcontractors.

### EVENING TALKS AND SHARING SESSIONS

We also delivered a series of evening talks and sharing sessions including:

- Cross Learning Programme (CLP): cross-project learning for employees and top management across project sites and departments.
- SunCon Academy Evening Talk: technical talk by our consultants, vendors and suppliers, and at the same time, we also employed video conferencing technology to transmit these talks to our Southern Region colleagues.
- Sharing sessions by our subject matter expert on topics such as MEP Design at Project Site and Green Design.

### SPONSORED ACADEMIC PROGRAMME

As part of employees' development, we sponsored academic programmes including:

- MBAM-OUM Executive Industrial Diploma, Bachelor in Construction Management and Contract Administration Programme (Part Time)
- Safety and Health Officer Course (Part Time)
- Site Safety Supervisor Course (Part Time)



GRADUATES FROM THE IPD OUM-MBAM PROGRAMME



THE PRESIDENT AWARD RECIPIENT • MAU CHE PEAN

### LEADERSHIP/MANAGEMENT/SKILL TRAINING

We also place emphasis on developing managers' leadership and managerial skills and knowledge through the following programmes:

#### BUILD 1 PROGRAMME

This programme is designed for our future leaders. It provides participants with the core managerial skills required and those attending gain a better understanding of their roles as managers. They are able to drive performance within their respective teams while executing plans aligned to business objectives. They are also able to motivate teams through effective communication and better engagement. Participants embrace a culture of coaching for improved business unit development and performance. Currently, we are working on the BUILD 2 Programme as a successor to the BUILD 1 Programme.

#### COACHING FOR EXCELLENCE WORKSHOP

This workshop inculcates a coaching culture in our managers. By practising coaching at work, we hope to:

- Improve employee satisfaction and engagement
- Improve individual performance
- Improve company performance
- Reduce turnover of good, high performing employees
- Create an internal pipeline of high potentials for career and succession planning
- Present a positive leadership perception in the company
- Deliver a positive value proposition to external talents

We also engage internal trainers to deliver workshops including the Seven Habits of Highly Effective People and Managing Poor Performance.

### TRAINING PERFORMANCE

PERFORMANCE/YEAR	2013	2014	2015
Employee participation in training	1,197	1,332	1,163
Average attendance per training programme	20	24	23
Average training budget per employee (RM)	1,257.59	1,854.79	2,029.31
Average man days of training per employee	2.88	3.23	3.60
% of employees with a minimum of 3 man days of training (An employee development target set by management)	31%	38%	39%



OUR PEOPLE • OUR STRENGTH

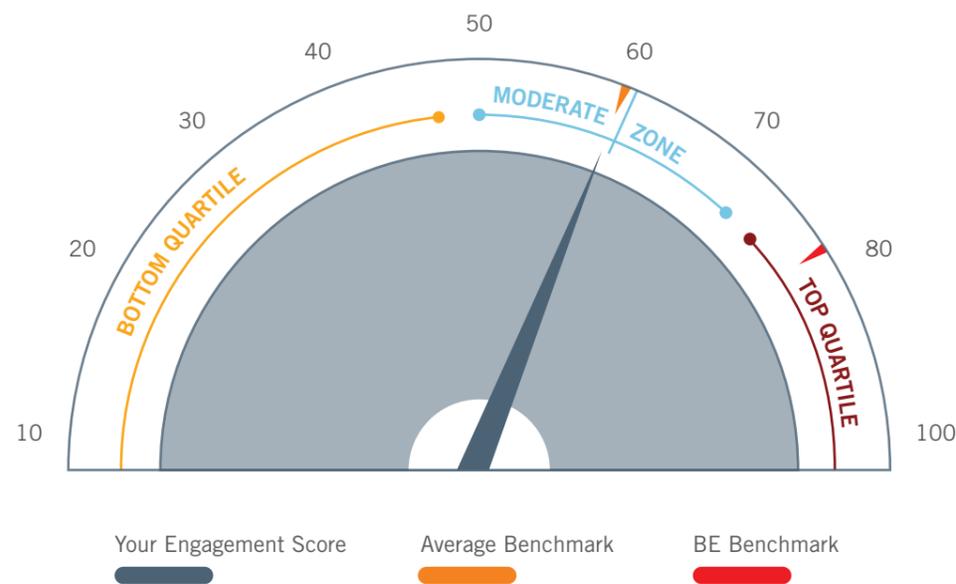
## EMPLOYEE COMMUNICATION AND ENGAGEMENT

We coordinated several townhall sessions and conferences in 2015. This employee engagement ensures employees are on board with our organisation's direction and strategy.

MONTH (2015)	SUBJECT	ATTENDEES
March	Townhall with Senior Managing Director	Management Team
April	Sunway Construction Managers Conference 2015	Management Team
May	SE Townhall	All staff from MEP Division
September	MFE Roadshow for Year End Review EES Focus Groups	All employees SCCM, SMC 3, HR, Southern & SCP, CP 3 & 4 employees
October	EES Focus Groups	SP 3, KLCC 1 & 2, Velocity, Geotechnics, Technical (Design), Parcel F, Finance, Sunway Engineering employees
December	KAIZEN Conference Sunway Group Managers Conference EES Townhall Sessions	All employees All employees Southern Region, Velocity, SP 3 and Parcel F employees

In 2015, we launched an employee engagement survey to measure current employee engagement and satisfaction levels. The survey covered various engagement drivers, which help us to identify and prioritise focus areas to improve employee engagement.

Aon Hewitt was engaged as an independent consultant for transparency. The study was designed to obtain employee opinions and reactions. In total, 972 of our employees participated in the survey, achieving a response rate of 69%. The survey was administered through a combination of online, kiosk and printed copies. The survey comprised 62 multiple choice questions and two open-ended questions.



## GRIEVANCE PROCEDURE

We define a grievance as a complaint or a strong feeling by an employee that he or she is being treated unfairly. Our grievance procedure treats complaints fairly and impartially by ensuring prompt consideration and action. The process below summarises our grievance procedure.

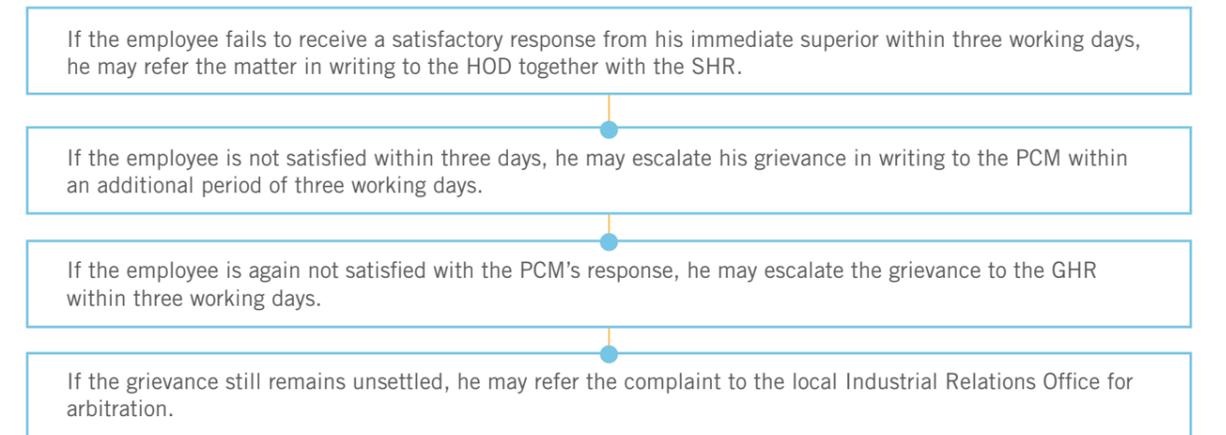
In addition to the formal grievance procedures, there are also numerous other informal channels in which Human Resource Business Partners are able to hear feedback from employees via exit interviews, casual conversations, townhalls and Employee Engagement Survey Questionnaires.

## CENTRALISED LABOUR QUARTER "CLQ"

One of the main components in the construction industry is its workforce, which includes foreign workers. As a responsible employer, we acknowledge the importance of providing adequate necessities to safeguard the welfare of these individuals. Proper rest areas, toilets and canteens are made available on site.

CLQ is one of the facilities provided at specific sites when there is a need to house all workers at centralised lodgings. The CLQs eliminate makeshift construction workers' quarters, which helps curb petty crimes and other socially irresponsible behaviour. CLQs are equipped with basic facilities such as double bunk beds, wardrobes and fans. Workers also have access to a cafeteria and centralised kitchen. We provide the CLQs with 24-hour security and a strict identification process is practiced by the CLQ enforcement team to address the concerns of the public. CLQs not only house SunCon's foreign workers but are also rented to subcontractors' foreign workers.

## SUNCON GRIEVANCE PROCEDURE



## SEXUAL HARASSMENT

Sexual harassment is a form of sex discrimination that occurs in the workplace. It encompasses unwelcome sexual advances, requests for sexual favours and other verbal or physical conduct of a sexual nature. This creates a hostile, offensive or bothersome work environment.

SunCon's Sexual Harassment Policy is intended to ensure that all employees are free from sexual harassment in the workplace. Management aims to provide a safe and conducive working environment. Sexual harassment of any nature in the workplace is prohibited and will not be tolerated or condoned by the management. Management investigates all complaints of sexual harassment in confidence and administers appropriate disciplinary action based on available evidence.

Disciplinary action is not confined to the harasser; it also includes the complainant if a complaint is found to be fictitious. If the punishment for sexual harassment is dismissal, the same applies to a complainant who makes false accusations.

Sexual harassment includes any employment-related sexual harassment occurring outside the workplace as a result of employment responsibilities or relationships.

There has been no cases of sexual harassment reported in 2015.

## RESPECTING EMPLOYEES PRIVACY

SunCon respects and is committed to protecting its employees' information and privacy. We abide by the Group's Personal Data Protection Code, which outlines procedures for collecting and handling employees' personal information. These processes comply fully with the Malaysian Personal Data Protection Act 2010. Access to personal information is restricted to employees who are contractually required to process employees' personal information in their respective job requirements. Information is only released when necessary to relevant employees.

Personal information is only released to third parties when required by law such as to the embassy of the country of secondment, law enforcement agencies and government bodies such as SOCSO and Lembaga Hasil Dalam Negeri.



SUNCON EMPLOYEES DRESSED IN TRADITIONAL INDIAN COSTUME FOR THE DIWALI OFFICE CELEBRATION

### NURTURING DIVERSITY

We encourage diversity and inclusion in the workplace. We have a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realise their full potential. This is closely tied to our core values of integrity, humility and excellence which are embedded into every facet of our business and goals. At SunCon, diversity is what makes us unique. It includes visible differences in age, gender, ethnicity, religion, language, abilities, physical appearance and cultural background. There are also underlying differences such as thinking styles, beliefs, religion, nationality and education.

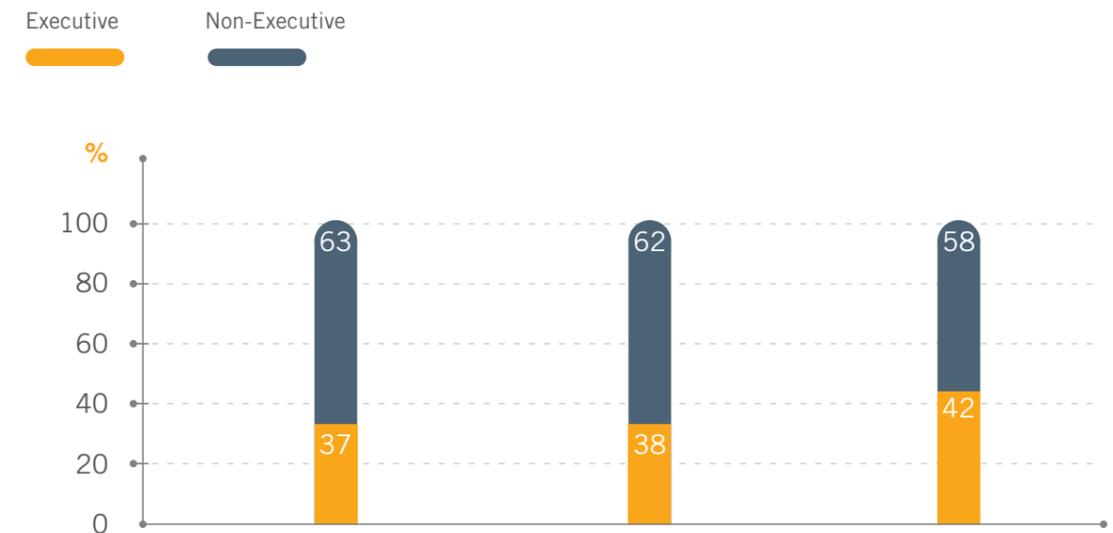
Factors of difference must be addressed when managing diversity and inclusion. The potential contributions from employees at all levels are fully utilised to achieve greater performance outcomes. It also means removing barriers that prevent full participation and encouraging creativity that comes from different ideas and experiences. This makes SunCon an organisation where people feel involved, respected and connected by leveraging on the diversity of ideas, backgrounds, experiences and perspectives to create business value.

We are guided by a strong belief in building strong succession planning through our talent management processes. As a testament to our effort, 68% of our workforce is between the ages of 26 to 40 years. We are a truly Malaysian company with a good mix of ethnic groups in true 1Malaysia spirit. However, the construction industry is male dominated and over 80% of our general workforce and management team are male.

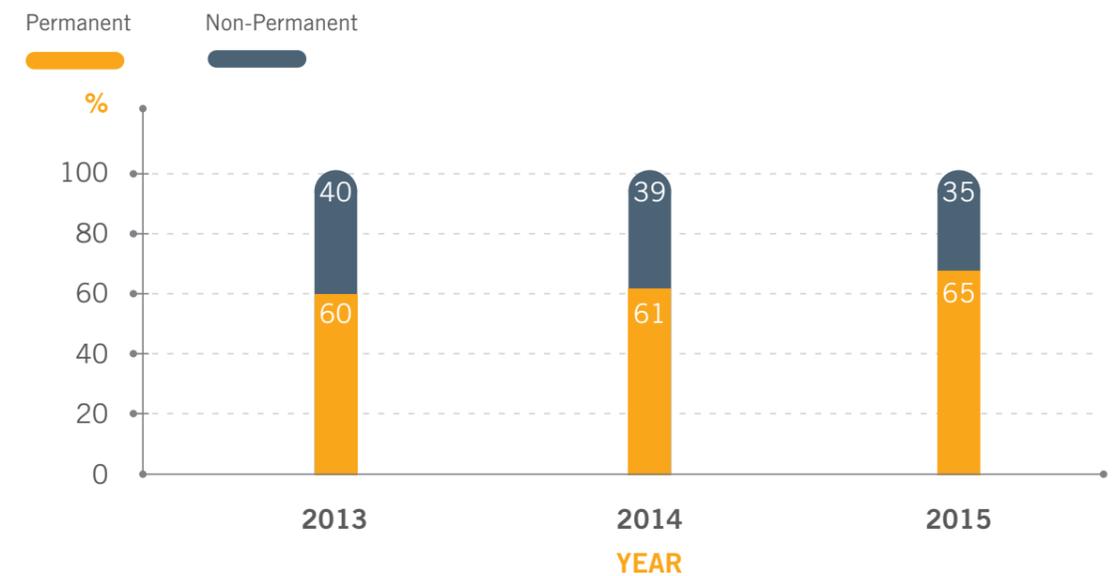


YEE SANG TOSSING AT SUNCON RETRO NIGHT

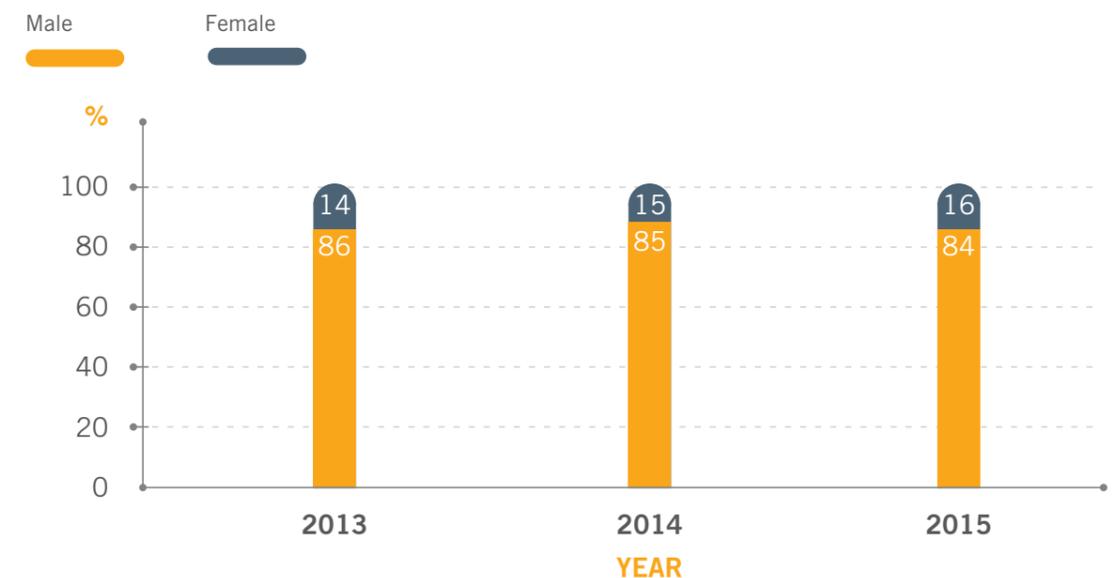
### WORKFORCE BREAKDOWN BY TYPE



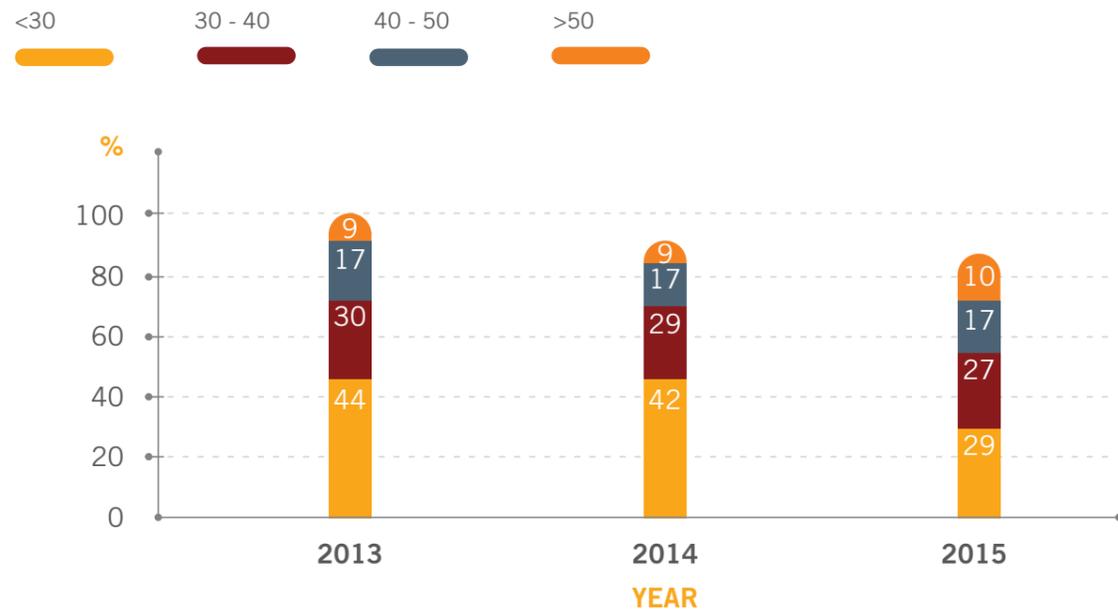
### WORKFORCE BREAKDOWN BY CONTRACT



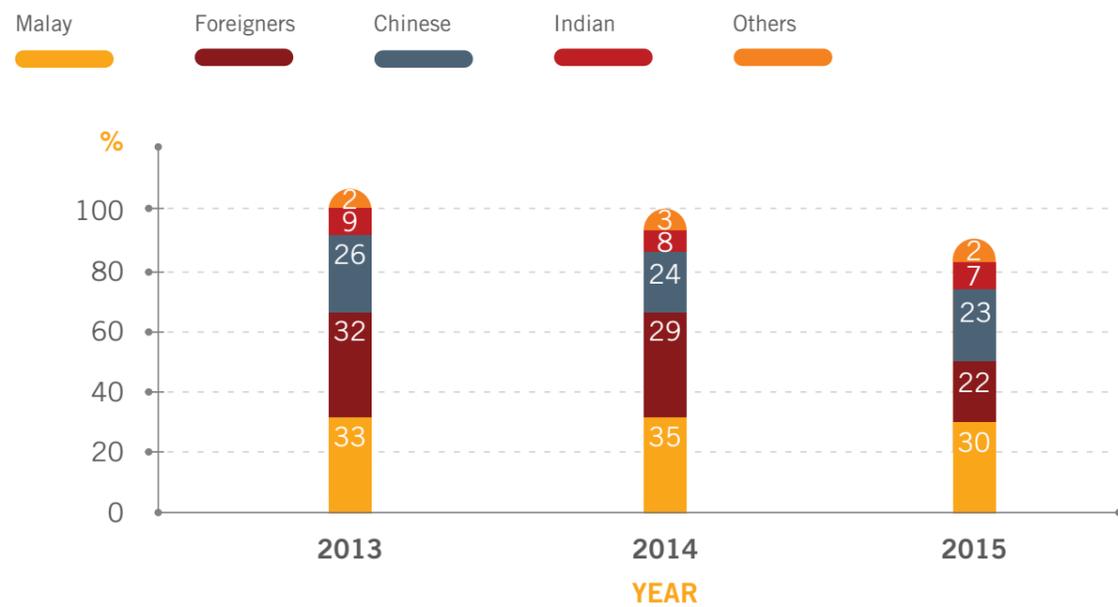
### WORKFORCE BREAKDOWN BY GENDER



## WORKFORCE BREAKDOWN BY AGE GROUP



## WORKFORCE BREAKDOWN BY RACE



## PERCENTAGE OF WOMEN IN MANAGEMENT



## EMPLOYEE TURNOVER RATES

BREAKDOWN TYPE/YEAR	2013	2014	2015
<b>BY REGION</b>			
In Malaysia	12%	17%	14%
Outside Malaysia	Information Not Available	1%	1%
<b>BY GENDER</b>			
Female	2%	4%	4%
Male	11%	14%	11%

## IMPROVING EMPLOYEE'S WELFARE

We are devoted to providing a comfortable working environment with convenient facilities that allow employees to balance their work and personal lives. SunCon Social Club (SSC) and Kelab Social Sunway (KSS) provide an avenue for inter-departmental collaboration between employees. These clubs encourage better relationships and improved health for a stronger workforce. Each year, KSS organises various activities that improve employees' health.

## SPORTS CARNIVAL 2015

SunCon actively competes in the annual Sunway Sports Carnival organised by KSS. Employees are encouraged to participate in the event to strengthen teamwork spirit. They socialise with colleagues from various departments across the Group. Sports training and selection are organised for employees to improve their skills and fitness levels. Sports included badminton, ping pong, tennis and darts.



SUNCON FAMILY SITE WALK AT SP3

## SUNCON FAMILY SITE WALK

SunCon organised its first Sunway Family Site Walk at the Sunway Pyramid 3 project site. The event promoted the spirit of togetherness and allowed friends and family to experience construction site work. It was a fun day for children and several construction site technicalities were introduced.

This event also introduced some important safety aspects to promote a safe working environment. Given the event's success, the management is looking forward to opening other public educational site walks in the future. This community engagement programme allows stakeholders to gain a better understanding of how a construction site works.



REACHING THE PEAK OF MOUNT KINABALU

## MOUNT KINABALU EXPEDITION

SSC organised various local and international leisure trips for group employees; the Mount Kinabalu Expedition perhaps being the most significant. This annual expedition tests employees' endurance to reach the summit while strengthening the spirit of teamwork. This event is highly supported by the Group's Managing Director, Mr Chung Soo Kiong, who also takes part.

Unfortunately, the Mount Kinabalu 2015 expedition was cancelled due to an earthquake in the region. However, this event will be organised again in the future as it brings eminent value to the Group.



SUNCON EMERGED AS THE CHAMPION OF BOWLING TOURNAMENT AT SUNWAY SPORTS CARNIVAL 2015

## SOCIAL: SOCIETY

Working together for good causes promotes wellbeing and supports our local communities. It allows us to demonstrate our values, particularly our care in the community.

### LOCAL COMMUNITIES

#### SUNCON'S RESPONSE TO THE FLOOD'S CRISIS

Heavy seasonal rain and strong winds caused severe flooding across the East Coast of Peninsular Malaysia and Sabah in East Malaysia. Torrential rain, starting in mid-December 2014, reportedly caused the worst flooding in three decades. MBAM established a Flood Relief Donation Drive in response to the disaster. The drive received overwhelming support from more than 40 companies and individuals. SunCon supported this good cause by donating RM10,000 to these flood victims to help with their loss.

Another disaster struck on 25 April 2015. A 7.8 magnitude earthquake struck near Kathmandu in Nepal followed by a series of large aftershocks. On 12 May 2015, another 7.3 magnitude earthquake struck northeast of Kathmandu, near the Chinese border. This second earthquake caused more damage and loss of life to areas including those already affected by the April 25 earthquake.

Harvard's oldest and finest acapella group, the Harvard Krokodiloes or the Kroks, performed at a charity dinner on 3 July 2015. It was the first time the group had performed in Malaysia. The money raised from this event was channelled to the Nepal Relief Fund of MERCY Malaysia and the Jeffrey Cheah Community Scholarship through the Jeffrey Cheah Foundation. SunCon contributed RM6,000 to this charity event to support relief and recovery efforts for the earthquake victims.



VOLUNTEERS DONATING BLOOD

#### BLOOD DONATION CAMPAIGN

Our annual Blood Donation Campaign was organised to save lives on 8 December 2015. The Group partnered with the National Blood Bank, KSS and Sunway Medical Centre and the campaign was held in Menara Sunway.

SSC also organised free simple medical checks such as glucose, blood pressure and cholesterol tests for all its employees.

Many Group employees and members of the public attended the campaign. Blood donors were rewarded with gifts and a certificate as a token of appreciation for their generous contribution to society.



EAST COAST FLOOD RELIEF

#### SUNCON'S CONTRIBUTIONS TO THE MBAM NEW BUILDING FUND

The MBAM has represented the Malaysia construction industry for the past six decades. It has been through various key phases on its path to reaching its status today as the 'Prime Mover and Recognised Voice of the Construction Industry'. MBAM plays an important role in the development and advancement of the construction industry in Malaysia. It is a single unifying voice to the relevant government authorities and various professional bodies. SunCon donated RM300,000 to the MBAM New Building Fund to continue serving its members and the country better.



HRH SULTAN SELANGOR CELEBRATING HIS 70<sup>TH</sup> BIRTHDAY WITH THE UNDERPRIVILEGED CHILDREN

### TRICKSTARS – MASTERS OF TRICKERY AT SUNWAY LAGOON

The Jeffrey Cheah Foundation (JCF) hosted 'Trickstars – Masters of Trickery' at Sunway Lagoon in conjunction with the Sultan of Selangor's 70<sup>th</sup> Birthday Celebration. This year-end special evening entertained 2,000 underprivileged children from homes around the Klang Valley, Kajang and Seremban. This show by JCF stems from the founding principle of giving to society. It brings underprivileged children closer to arts and culture at a young age through this quality production.

The Royal Patron of JCF, HRH Sultan of Selangor was present to grace the magical evening. SunCon took part in this event by hosting four underprivileged homes:

- 50 children from Vivekananda Home Rembau;
- 22 children from Rhema Homes Seremban;
- 39 children from New Life Care Centre Port Dickson; and
- 40 children from Joseph Abraham Home, Kajang.

### PUBLIC POLICY DEVELOPMENT AND LOBBYING

The Master Builders Association Malaysia (MBAM) is an extensive umbrella organisation that represents the Malaysian construction industry and services sector. It was founded in 1954 by a group of pioneer Malaysian Master Builders led by the late Tan Sri Dato' Low Yat.

MBAM is devoted to promoting and developing the construction industry and SunCon has actively supported it for a number of years.

- Dato' Tan Kia Loke former Senior Managing Director for Sunway Construction Sdn Bhd from 2001 to 2014 has been an Honorary Adviser for MBAM since 2002;
- Mr Kwan Foh Kwai, Senior Managing Director from 2014 to 2015 and presently a Non-Independent Executive Director has held the position of the Immediate Past President for MBAM since 2012;
- Mr Thomas Samuel, Executive Director of Sunway Geotechnics Sdn Bhd since 2015, has held the position of Vice President in MBAM since July 2012; and
- Mr Steven Shee, General Manager – Legal Division has been an MBAM council member since 2012.

MBAM is the oldest organisation representing construction in Malaysia and it positively influences the growth of the industry. It promotes improving techniques, procedures and methods. Having representatives on the MBAM Committee, demonstrates our dedication to promoting and developing the construction industry in Malaysia.

### MEMBERSHIPS IN ASSOCIATIONS

SunCon is registered with the Construction Industry Development Board (CIDB) as a Grade '7' contractor. SunCon is also registered with the CIDB for the procurement of Government works and as an international registered contractor. CIDB promotes and stimulates the development, improvement and expansion of the construction industry. Construction companies are classified according to their technical and financial abilities with Grade '7' being the highest. Achieving the highest possible classification allows SunCon to tender for contracts of unlimited value. This is an important consideration, particularly when vying for government contracts.

SunCon has an advantage in being able to tap the combined resources of the Sunway Group, one of Malaysia's most dynamic and integrated conglomerates. SunCon is able to access the invaluable experience and expertise of the Group's management team, its financial strength, and also reliable sources of materials and services from companies within the Group. This synergy adds strength to SunCon's capabilities, providing it with an advantage in terms of competitive pricing, assured quality and shorter project completion periods.

## SOCIAL: PRODUCT RESPONSIBILITY

Product Responsibility concerns the products and services that directly affect our stakeholders and customers in particular. Quality is instrumental in elevating customer satisfaction levels and our Quality, Environmental, Safety and Health policy is aligned with ISO standards. We monitor customer satisfaction and use feedback to improve our products and services.

### TOTAL QUALITY MANAGEMENT

We place emphasis on quality management to ensure that our projects comply with relevant regulations. It allows us to maintain our excellent reputation and market standing.

In 2009, we developed and implemented a Quality, Environment, Safety and Health (QESH) Management System. This internal integrated management system optimises resources and standardises processes throughout our organisation for both domestic and overseas projects. Our QESH Management System meets the requirements of international standards. As a result, our products and services are well defined at every stage of construction in terms of quality, environmental, safety and health requirements.

We adopted the KAIZEN philosophy of innovation and efficiency in 2007. KAIZEN helps us incorporate advanced technologies in our operations such as system formwork technology that improves productivity and efficiency. In January 2010, we piloted an internal Total Quality management (TQM) initiative. TQM prioritises QESH in our business. In 2014, we formalised and implemented TQM initiatives in our operations.

We also ensure that our subcontractors, technical consultants and other building professionals have relevant experience and proven track records. We conduct regular inspections at each stage of the construction up to project handover. This approach ensures that each stage is constructed according to the specifications as well as the prescribed procedures and methods.

### SUNCON QESH POLICY

It is the policy of SunCon Group of Companies to meet and satisfy the quality, environmental, safety and health requirements of its clients through the following:-

- To ensure that all staff are effective, efficient and consistent in the performance of their duties and responsibilities by providing requisite leadership, training, support and motivation.
- To optimise total costs by doing things right the first time and every time.
- To strive towards a ZERO life loss at all project work sites.
- To continually improve and innovate to achieve the highest standards of work quality and service excellence.
- To continually improve environmental, safety and health management practices.
- To comply with applicable, environmental, safety and health laws, legal and other requirements.
- To prevent environmental pollution, managing construction waste and conserving resources through systematic environmental aspects and impacts evaluation, implementing operational controls and training.
- To prevent accidents, near misses and health hazards through systematic hazard identification, risk assessments, determining controls and training.

QESH is becoming a prime societal concern. As a responsible corporate citizen, we emphasise QESH in all of our construction activities.

SunCon supports the nation's aspiration to reach fully developed status by the 2020. SunCon has inculcated relevant QESH-friendly practices into its business process. SunCon is committed to developing, implementing and maintaining a QESH Management System that conforms to ISO 9001, ISO 14001 and OHSAS 18001.

Our QESH Management System is in accordance with:

- MS ISO 9001:2008, Quality Management Systems Requirements
- MS ISO 14001, Environmental Management System Requirements with Guidance for Use
- OHSAS 18001, Occupational Health and Safety Management Systems Requirements

### INTERNAL AUDIT

SunCon conducts internal audits at planned intervals to determine whether its practices adhere to ISO 9001, ISO 14001 and OHSAS 18001 standards as well as its own QESH Management System requirements. Additional and unscheduled audits are conducted in the event of a serious breakdown in the QESH management.

### SUNWAY QUALITY MERIT SYSTEM (SQMS)

AREAS BEING ACCESSED	KEY PERFORMANCE INDICATOR (KPI)	ASSESSMENT METHOD
<b>Product Workmanship</b> • <b>Workmanship</b>	Finished workmanship should comply with CONQUAS/QLASSIC requirements and contract specifications	Assess samples of works based on CONQUAS/QLASSIC standards. Tools such as a 1.2m spirit level, L-angle, tapping rod, steel gauge and measuring tape are used during assessment.  New assessment criteria are established for trades not covered by CONQUAS/QLASSIC standards such as brickwork, blockwork, premix, piling work and soil compaction.
• <b>Materials Used</b>	All materials used must follow the approved sample	Materials used are randomly checked against TMS register.
<b>Work Inspection And Test</b>	Project in-process inspection and tests are carried out at each stage of construction as outlined in the approved Inspection and Test Plan	Verify Request for Work Inspection (RIN) and corresponding inspection checklists have been completed and authorised by relevant parties.
<b>Non-Conformance Report (NCR) Closure Rate</b>	To achieve 90% NCR closures at any time	The scoring is based on the percentage of NCRs closed at the time of assessment.
<b>Quality Infrastructure</b> • <b>Designated Samples Display Area</b>	The samples must be segregated by trade, neatly arranged and labelled with their approval statuses for easy reference and retrieval	Check availability of the Samples Display Area and its condition.
• <b>Concrete Cube Collection Area</b>	Designate a suitable area for cube/mould storage and curing tank with clear signage and good housekeeping to facilitate the preparation and curing of concrete cube samples	Check availability of the Concrete Cube Collection Area and its condition.
• <b>Material Storage</b>	The designated areas must be sufficiently protected to prevent damage to the materials	Check storage areas and condition of the materials.
<b>Document And Record Management And Control</b>	Adhere to document management procedure	Check records and documents including correspondence, drawings, Request for Information (RFI), Request for Inspection (RIN), Safe Work Method Statement (SWMS), Technical/ Material Submission (TMS) and minutes of meetings to ensure they are controlled and available in both soft and hard copies.

### QUALITY ASSURANCE AND DOCUMENT CONTROL

We have established in-process quality assurance and document control systems to ensure that our products and services meet our clients' requirements. These control systems are aligned with our integrated QESH management system and in accordance with ISO 9001, OHSAS 18001 and ISO 14001 accreditations, which demonstrates our commitment to operational excellence.

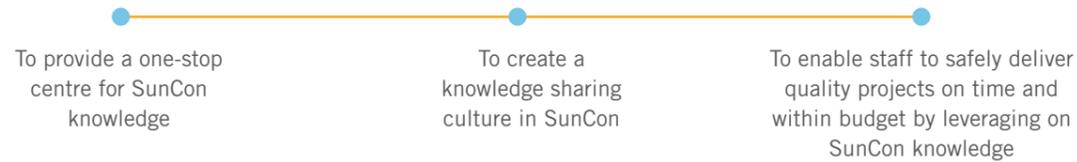
Our integrated QESH Manual is used internally. It guides employees through the various requirements of ISO and OSHAS standards that must be met. This approach helps ensure client satisfaction and continuous improvement while giving the necessary instructions to create an empowered workforce.

### KNOWLEDGE MANAGEMENT (KM PORTAL)

We recognise the importance of proactively managing our knowledge assets. Effective knowledge management, aligned with our business strategies, can potentially improve our construction project delivery processes. It may also provide our organisation, clients, projects, project teams and employees with a competitive advantage.

The TQM-KM Team was established in the fourth quarter of 2014. It enabled us to achieve superior performance through knowledge management.

### THREE MISSIONS OF OUR KNOWLEDGE MANAGEMENT INITIATIVES



In the second quarter of 2015, SunCon KM Portal was established as a one-stop centre. It links SunCon Group of Companies, supporting departments and every project e-document management system with SunCon Knowledge hub. This web-based platform allows every SunCon employee to share and retrieve cross-functional knowledge from anywhere. The contents of SunCon KM Portal are being uploaded progressively. SunCon knowledge consists of how-to guides, key methodologies, innovative solutions, good and bad practices, cost overruns, mistakes and reworks.

We aim to adopt mechanisms that capture, share and apply the knowledge gained from experiences and lessons learned in our construction projects. This knowledge will help improve future projects.

### KAIZEN INITIATIVES

In our journey to excellence, SunCon introduced the concept of "KAIZEN". KAIZEN promotes continuous improvement, based on the Japanese philosophy of quality management. This approach involves systematic problem-solving using various tools and has been adopted across the Group. The culture of KAIZEN uses a structured approach to continually refine internal processes to meet external and internal customers' needs.

At the beginning of each year, Top Management conducts a brainstorming exercise. This critical review identifies areas for business improvement that will improve the Company's competitiveness. The suggestions are entered as potential KAIZEN topics and cross-functional teams are assigned to each.

SunCon's KAIZEN strategy has a two-pronged approach:

- Top-down KAIZEN teams focus on policy-level improvements; while
- Bottom-up KAIZEN teams focus on daily operational improvements.

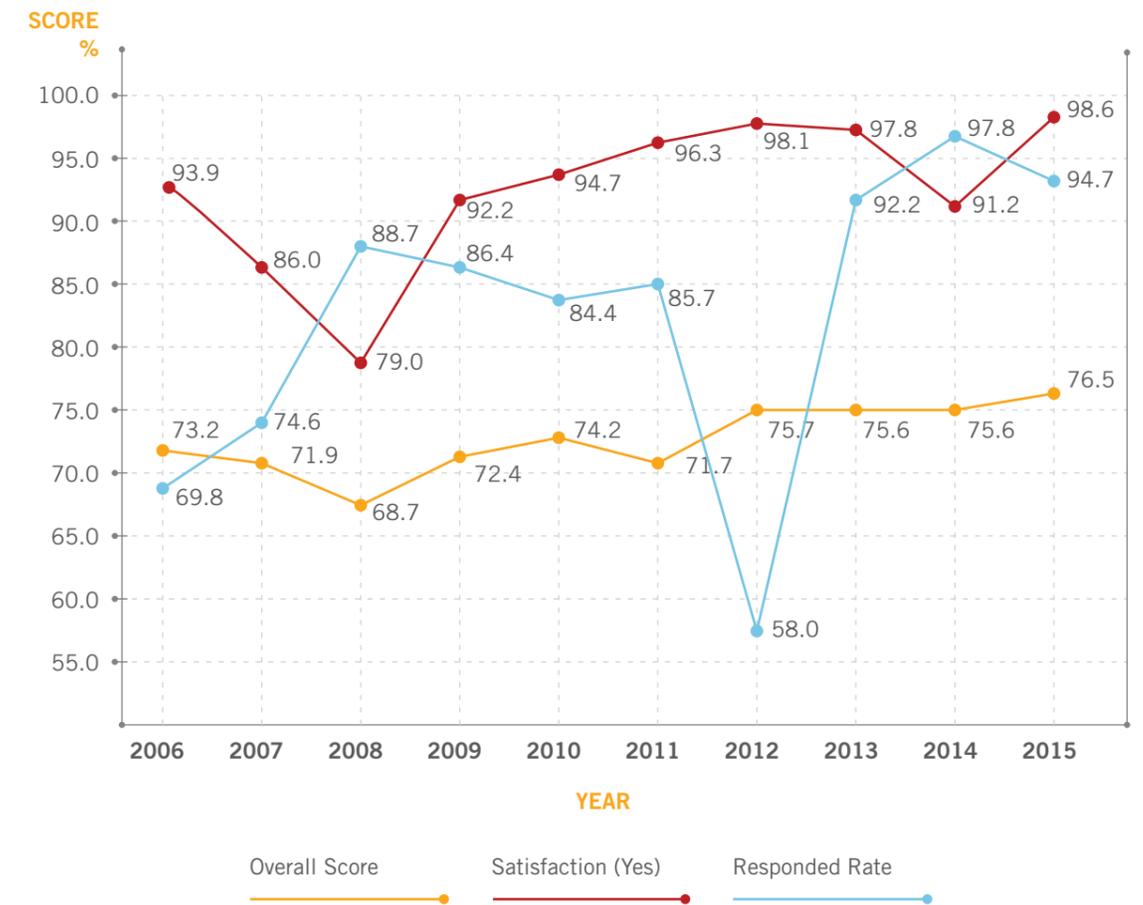
This approach effectively involves all levels of staff in structured continuous improvement initiatives. KAIZEN teams are guided by facilitators throughout the entire KAIZEN process to systematically study, brainstorm and analyse the root causes of quality issues until a solution is implemented. KAIZEN activities have resulted in reduced waste as well as increased productivity and efficiency. The improved processes are also adopted as standardised best practices across the Company. On 2 December 2015, the KAIZEN Conference was held as a platform for teams to share and showcase KAIZEN initiatives carried out in the year. Teams were also recognised for their contributions to the Company's KAIZEN initiatives.

### ENSURING SATISFACTION

SunCon monitors client perceptions to ensure their requirements have been met. Information is obtained through:

- Client complaints during the defect liability period;
- Annual client satisfaction surveys; and
- Client comments during the construction stage

### 10 CRITERIA MEASURED IN OUR CLIENT AND CONSULTANT SATISFACTION SURVEY



CLIENTS/ CONSULTANT SATISFACTION SURVEY



## GOVERNANCE WITH INTEGRITY

### COMMITMENT WITH PRINCIPLES

When creating a building, true strength lies not only in the planning but also in its materials. Sunway Construction believes in only using authentic products and materials that will uphold the standards and quality of the building. Sunway Construction places emphasis in its commitment to good ethics and principles in all processes.

- 124 Corporate Governance Statement
- 136 Audit Committee Report
- 142 Statement on Risk Management and Internal Control
- 144 Enterprise Risk Management
- 148 Additional Compliance Information
- 150 Investor Relations

KLCC NORTH EAST CARPARK  
KLCC PACKAGE 2 & 2A AERIAL VIEW

# GOVERNANCE WITH INTEGRITY

## CORPORATE GOVERNANCE STATEMENT

The Board is committed to ensure that high standards of corporate governance is upheld and practised throughout the Group with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

## BOARD OF DIRECTORS

### ROLES AND RESPONSIBILITIES

The Board is responsible for formulating and reviewing the Group's strategic direction, core values and management of the Group to ensure that the Group operates with integrity and in compliance with the rules and regulations. In discharging its roles and responsibilities, the Board is guided by its Board Charter which outlines the duties and responsibilities of the Board and the delegated day-to-day management of the Group to the Managing Director. This formal structure of delegation is further cascaded by the Managing Director to the management team. The Managing Director and management remain accountable to the Board for the authority that is delegated and for the performance of the Group.

Amongst the key responsibilities of the Board are:

- Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximizing shareholders' value as well as ensuring long term sustainability of the Group's performance.
- Adopting and monitoring progress of the Company's strategies, budgets, plans and policies.
- Monitoring the progress of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns.
- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Group Risk Management Department, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group.
- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
- Considering Management's recommendations on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and talent development in particular, management succession planning.

Dato' Ir Goh Chye Koon is the Independent Non-Executive Chairman of the Company. He has an extensive experience in the construction industry which is essential for the continued growth of the Company. As an Independent Non-Executive Chairman, Dato' Ir Goh is able to provide leadership by being able to direct the board's priorities more objectively. He acts as a direct liaison between the Board and the management of the Company, through the Managing Director. His in depth knowledge and vast experience in construction industry coupled with his experience in management and corporate governance of a large public listed company, has enabled him to chair the board meetings effectively, providing opportunity for all views to be taken into account before a board decision is made.

There is clear segregation of responsibilities between the Independent Non-Executive Chairman and the Managing Director to ensure a balance of power and authority. The Independent Non-Executive Chairman provides leadership to the Board and guidance to the Group. The Managing Director is subject to the control of the Board.

The Independent Non-Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- Leading the Board in setting the values and standards of the Company;
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- Ensuring that accurate and relevant information are given to all Directors on a timely basis. The Independent Non-Executive Chairman's role is to ensure that members of the Board are properly briefed on issues arising at its meetings and that available information on the issues is presented;

- Ensuring members of the Board work together with the management in a constructive manner to address strategies, business operations, financial performance and risk management issues;
- Ensuring the integrity and effectiveness of the governance process of the Board; and
- Ensuring effective communication with shareholders and relevant stakeholders.

The Independent Non-Executive Chairman acts as facilitator at Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates discussion and that appropriate discussion takes place and that relevant opinion among Board members is forthcoming. Any Board member in consultation with the Independent Non-Executive Chairman, is free to include any issues or matters in the Board meeting agenda for discussion and decision.

The Managing Director leads management in formulating comprehensive medium to long-term business strategies and plans so as to achieve the Group's business plans on capital requirements, growth, turnover and profitability to meet shareholders' expectation. He also spearheads the Group's synergy initiatives, directs and reviews the overall business activities of the various Business and Support Divisions so as to ensure the integrated efforts of these Divisions contribute to the optimum utilisation of corporate resources and expertise in the attainment of the Group's long-term objectives. The Board is briefed by the Managing Director on his progress reports on the strategic, operational and management initiatives and the results on a quarterly basis.

In relation to the Independent Non-Executive Directors, they are actively engaged in the following:-

- Independent performance monitoring of the operations of the Group;
- Advising and monitoring corporate governance framework, policies and practices;
- Monitoring risk management issues as well as internal controls; and
- Providing independent insights and value add to management proposals as well as protecting the interests of the minority shareholders.

The Independent Non-Executive Directors regularly engage in discussion, with senior management, Internal Audit Department, Risk Management team, External Auditors and other relevant parties to ensure that the concerns and issues raised in regard to the business operations of the Group are properly addressed on a proactive basis.

The Board also delegates certain responsibilities to the Board Committees, all of which operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.

### BOARD COMPOSITION

The Board consists of seven members, of which three are Independent Non-Executive Directors. The Board composition reflects a balance of Executive and Non-Executive Directors with a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, civil and mechanical engineering, construction, property development, safety and health, building material, trading, manufacturing, quarrying, and general management. This combination of different professions, experiences and skills working together enables the Board to effectively lead and control the Company. The Board will review its size and composition as and when there is a need in order to meet the ever challenging expansion plans of the Group. A brief profile of each Director is presented on pages 34 to 37 of the Annual Report.

Pursuant to Recommendation 2.2 of the Malaysian Code on Corporate Governance 2012 ("Code"), the Board had adopted a diversity and inclusion policy. The Group is committed to encouraging diversity and inclusion in the workplace. The Group aims to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realize their full potential. Diversity and inclusion are closely tied to the Group's core values of integrity, humility and excellence which are embedded into every facet of the Group's business and goals. Nonetheless, the Board will also prioritize selection criteria based on an effective mix of competencies, skills as well as relevant experience and knowledge in order to strengthen the Board. Further details on the Group's workplace practices are disclosed in the Sustainability Statement on pages 88 to 113 of the Annual Report.

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

In accordance with the best practices in corporate governance, Dato' Ir Goh Chye Koon was appointed as Senior Independent Non-Executive Director on 6 November 2014, to whom concerns relating to the affairs of the Group may be directed at. He serves as the point of contact between the Independent Non-Executive Directors and the Managing Director on matters that may be deemed sensitive and the designated contact to whom the shareholders may direct their concerns or queries.

### BOARD CHARTER AND CODE OF CORPORATE CONDUCT

A Board Charter has been formulated to guide the Board in the effective discharge of its roles and responsibilities as well as to define the functions delegated to management and Board Committees. Details of the Board Charter are available on the Company's website.

The Board has a formalized code of conduct and business ethics policy which provides an ethical framework to guide actions and behaviors of all Directors and its employees while at work. A summary of the said code is available on the Company's website.

### BOARD MEETINGS AND SUPPLY OF INFORMATION

Unless there are urgent matters, the Board normally meets quarterly to review financial, operational and business performances. The Board also meets at the beginning of the year to chart the future strategic direction of the Group. The meetings are scheduled in advance in the fourth quarter of the preceding year for the Board members to plan their schedules. Notices and agenda of meetings duly endorsed by the Independent Non-Executive Chairman together with the relevant board papers are normally given at least one week prior to the meetings for the Directors to study and evaluate the matters to be discussed. In response to technological advancement, the Group had invested in a software to implement paperless meetings where board papers are uploaded onto a secure platform and is accessible via laptop, tablet devices and mobile phone. The Directors will be able to download and have access to the electronic board papers conveniently and immediately wherever they might be.

The board papers provided include inter alia, financial results, business plan and budget, progress report on the Company's developments, risk management and internal control reports, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval. Whenever required, senior management are also invited to attend Board Meetings to present matters in respect of their area of responsibilities or recommendations for the Board's consideration or discussion.

In the Board Meetings, the Board members are updated on the Group's performance and developments, businesses as well as regulatory changes. The Board members also reviewed and deliberated on corporate proposals as well as assess the feasibility, risks and financial impact of the corporate proposals on the Group.

The Chairman of the Board Committees would brief the Board members on agendas or issues discussed at the meetings of the Board Committees as well as the action plans to rectify or mitigate the said issues, if any. The Board members would be constantly updated on the progress and development of the said issues at the subsequent meetings. The Board would provide advice and comments on the issues reported as well as propose any action plans to be undertaken by management.

A Director who has interest in any proposal or transaction, either direct or indirect, which is being presented to the Board for approval, will declare his or her interest and abstain from deliberation and voting of the same at the Board meeting.

The minutes of the Board meetings are circulated to the Board members for their perusal and comments prior to confirmation by the Board at the following Board meeting. Thereafter, the Chairman of the Board meeting would sign the minutes as a correct record of the proceedings of the said meeting.

All Directors are entitled to information pertaining to the Company and the Group. In addition, all Directors have direct access to the advice and services of the Company Secretaries. All Directors, whether as a full Board or in their individual capacity, have the authority to obtain independent professional advice, when necessary, at the Company's expense.

All Independent Non-Executive Directors have access to the Managing Director and/or senior management should there be any explanations or clarifications needed on any aspects of the Group's operations or management issues.

As the Company was listed on 28 July 2015 on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board met 3 times during the financial year ended 31 December 2015. Details of attendance of the Directors are tabulated below:-

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED	PERCENTAGE OF ATTENDANCE (%)
Dato' Ir Goh Chye Koon	3/3	100
Kwan Foh Kwai	3/3	100
Dato' Siow Kim Lun	3/3	100
Dato' Dr Ir Johari Bin Basri	3/3	100
Dato' Chew Chee Kin	3/3	100
Evan Cheah Yean Shin	3/3	100
Chung Soo Kiong*	1/1	100

Note:

\*Mr Chung Soo Kiong had attended 1 of the Board meetings held in 2015 as he was only appointed to the Board on 1st November 2015.

### BOARD APPOINTMENT PROCESS

A formal policy on selection process and assessment criteria for appointment of a new director is in place. The policy details the processes and criteria for selection and assessment of potential candidates for election to the Board. It also sets out the criteria for assessment of the appropriateness of the board mix and composition. The Policy was approved and adopted by the Board on the recommendation of the Nomination Committee. Based on the Policy, the Board has delegated the responsibility for recommending a potential candidate to fill a board vacancy to the Nomination Committee but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole.

The Nomination Committee will screen the initial selection of the candidates, performing the requisite assessment of the said candidates before recommending to the Board for approval. This is to ensure that the candidate possesses the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as a director. Besides that, the Nomination Committee will also take into consideration diversity of the Board's composition which inter alia, include gender, ethnicity, age, etc.

### RE-APPOINTMENT, RETIREMENT BY ROTATION AND RE-ELECTION

The Company's Articles of Association provides that 1/3 of the Board is subject to retirement by rotation at each Annual General Meeting. Each Director shall retire once at least in each three years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment. Pursuant to Article 107 of the Company's Articles of Association, Mr Kwan Foh Kwai and Mr Evan Cheah Yean Shin will retire by rotation at the coming Annual General Meeting of the Company. Mr Chung Soo Kiong, who is appointed as a Director on 1 November 2015, will also retire at the said Annual General Meeting pursuant to Article 90 of the Company's Articles of Association. Mr Kwan Foh Kwai, Mr Evan Cheah Yean Shin and Mr Chung Soo Kiong have agreed to be re-elected as Directors.

Pursuant to Section 129(2) of the Companies Act, 1965, the office of a Director who is of or over the age of 70 years shall become vacant at the conclusion of the forthcoming Annual General Meeting and subject to approval being obtained from the shareholders, may be re-appointed to hold office until the next Annual General Meeting in accordance with Section 129(6) of the Companies Act, 1965. Dato' Chew Chee Kin is subject to such vacancy and he has agreed to be re-appointed at the forthcoming Annual General Meeting of the Company.

The Nomination Committee has assessed the performances of these Directors and have made recommendation to the Board for their re-election to be tabled for shareholders' approval at the coming Annual General Meeting.

To assist the shareholders in their decision, sufficient information such as personal profile, attendance of meetings and the shareholdings of each Director standing for re-election and re-appointment are disclosed in this Annual Report.

## BOARD COMMITTEES

The Board has set up the following Committees and will periodically review their terms of reference and operating procedures. Majority of the Board Committees are chaired by an Independent Director. The Committees are required to report to the Board on all their deliberations and recommendations, if any. Such reports are also incorporated into the minutes of the Board Meetings.

### Audit Committee

The Audit Committee comprises only Non-Executive Directors and majority of them are independent. There are four members in the Audit Committee, namely Dato' Siow Kim Lun as Chairman, Dato' Ir Goh Chye Koon, Dato' Dr Ir Johari Bin Basri and Evan Cheah Yean Shin. The Committee's key roles are summarized as follows:-

- Overseeing the Group's financial reporting;
- Assessing the risks and internal control environment;
- Evaluating the internal and external audit processes; and
- Reviewing and scrutinizing all related party transactions and possible conflict of interest situations.

The composition of the Audit Committee, its terms of reference, attendance of meetings and a summary of its activities are set out on pages 136 to 141 of the Annual Report. The minutes of the Audit Committee meetings are tabled to the Board for noting and for action by the Board, where necessary.

The Audit Committee has unrestricted access to both the internal and external auditors as well as senior management for advice and information.

### Nomination Committee

The Nomination Committee comprises of three Independent Non-Executive Directors and one Non-Independent Non-Executive Director. The Chairman of this Committee is Dato' Ir Goh Chye Koon. The other members of the Committee are Dato' Siow Kim Lun, Dato' Dr Ir Johari Bin Basri and Dato' Chew Chee Kin.

The main role of the Nomination Committee is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance of Executive Directors and Independent Non-Executive Directors. In discharging its responsibilities, the Nomination Committee has developed criteria used for recruitment and annual Board assessment. In evaluating the suitability of the Board members, the Nomination Committee considers, inter alia, the competency, experience, commitment, contribution and integrity of the candidates. In case of candidates proposed for appointment as Independent Non-Executive Directors, the Nomination Committee would also assess the candidate's independence in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of Bursa Securities.

The terms of reference of the Nomination Committee are set out in the Company's website.

During the financial year and since listing of the Company, two meetings were held to deliberate on the following matters:-

- Reviewing Terms of Reference as well as the roles and responsibility of the Committee.
- Approval of methodology for evaluation of Board Effectiveness, assessment of the Independent Non-Executive Directors and Directors' Peers Review. The Audit Committee Evaluation format and Independence Directors' Self-Assessment Checklist were also discussed and approved.
- Discussion and approval of the policy on selection and evaluation process for appointment of new directors and to recommend the same to the Board for approval.
- Approval of the retirement of Mr Kwan Foh Kwai as Senior Managing Director of the Company and the redesignation of Mr Kwan as Non-Independent Non-Executive Director of the Company, and to recommend the same for approval by the Board.
- Approval of the appointment of Mr Chung Soo Kiong as Managing Director of the Company and to recommend his appointment to the Board for approval.
- Discussion on Management succession planning whereby the Group Chief Human Resource Officer presented the potential successors to key management positions in the organisation.
- Approval of the schedule of Nomination Committee Meetings for 2016.

The Nomination Committee held two meetings during the financial year and the details of attendance of the Committee Members are as follows:-

NAME OF DIRECTORS	NUMBER OF MEETINGS ATTENDED
Dato' Ir Goh Chye Koon	2/2
Dato' Siow Kim Lun	2/2
Dato' Dr Ir Johari Bin Basri	2/2
Dato' Chew Chee Kin	2/2

### Remuneration Committee

The Remuneration Committee comprises of Non-Executive Directors namely Dato' Chew Chee Kin as Chairman, Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun and Dato' Dr Ir Johari Bin Basri.

The Remuneration Committee with the assistance of the General Manager – Human Resource and Group Chief Human Resource Officer, evaluated the performances of the Senior Managing Director, Deputy Managing Director/Managing Director and recommended to the Board, their proposed remuneration. The Remuneration Committee also deliberated and recommended the remuneration of the Managing Director, with the aim of ensuring that his remuneration package is benchmarked against his peers in the same industry. The terms of reference of the Remuneration Committee are set out on the Company's website.

During the financial year and since the listing of the Company, two meetings were held to deliberate and approve the following matters:-

- Reviewing the Terms of Reference as well as the roles and responsibility of the Committee.
- Discussion of the mid-year performance appraisal of the Senior Managing Director, Deputy Managing Director and Senior General Manager – Finance.
- Year-end evaluation of the performance appraisal of the Senior Managing Director, Managing Director and Chief Financial Officer of the Company and recommend for the Board's approval, their proposed interim bonuses.
- Approval of the remuneration package for the promotion and appointment of Mr Chung Soo Kiong as Managing Director of the Company. The Group Chief Human Resource Officer also presented the surveys on remuneration package for similar industry for discussion and comparison.

The General Manager – Human Resource of the Company and Group Chief Human Resource Officer attended the said meetings at the invitation of the Committee.

### DIRECTORS' REMUNERATION

The Group recognises that in order to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurates with their experience, skills and responsibilities as well as benchmarking against industry's standards. In view of this, information prepared by independent consultants and survey data on the remuneration practices of comparable peers were taken into consideration in determining the remuneration packages for Executive Directors. The remuneration of the Executive Directors is structured on the basis of linking rewards to corporate and individual performance. The Group uses "Managing for Excellence" software tools for facilitating the evaluation of Executive Directors encompassing balanced scorecard for each individual Director which is conducted semi-annually. For Non-Executive Directors, the level of remuneration reflects their experience, levels of responsibilities and industry benchmark.

The Board as a whole recommends on the proposed fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders at the annual general meeting.

The details of the Directors' remuneration during the financial year are as follows:-

	EXECUTIVE DIRECTORS (RM)	NON-EXECUTIVE DIRECTORS (RM)	TOTAL (RM)
Fees	-	500,000	500,000
Other Emoluments	-	23,500	23,500
Salaries and other Remuneration	2,190,552	-	2,190,552
Bonus	1,312,586	-	1,312,586
Benefits-in-kind	26,022	-	26,022
<b>TOTAL</b>	<b>3,529,160</b>	<b>523,500</b>	<b>4,052,660</b>

The number of Directors whose remuneration falls under the following bands is as follows:-

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL
Below RM150,000	-	5	5
RM250,000 to RM300,000	1	-	1
RM3,200,000 to RM3,250,000	1	-	1
<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>7</b>

Note: The details of Directors' Remuneration of individual directors are not shown for personal security reasons. An Executive Director retired and was redesignated as Non-Executive Director of the company during the financial year.

#### CORPORATE RESPONSIBILITY AND SUSTAINABILITY

The Board is committed to fulfilling sustainable businesses and acknowledges the importance of the environmental, social and governance aspects on the Group's businesses. Details of the Group's corporate responsibility initiatives are set out in the Sustainability Statement of the Annual Report.

#### COMPANY SECRETARY

The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretary and/or his assistants attend all Board meetings and, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretary regularly updates the Board on new statutes, regulations and directives issued by regulatory authorities.

#### REINFORCE INDEPENDENCE

##### BOARD PERFORMANCE EVALUATION

The Nomination Committee is entrusted with the responsibility of carrying out the evaluation process of the Board's performance as a whole as well as the performance of its Committees. The annual evaluation of Board effectiveness is conducted internally by way of self and peer assessment covering areas such as Board composition, Board roles and responsibilities, legal and regulatory compliance, trainings required, conduct at meetings, engagement and communication with management and stakeholders. The Nomination Committee also undertakes annual assessment of the effectiveness of various Board Committees. The assessments are used to identify the Board's strengths and shortcomings as well as to recommend areas for improvement.

The results of the assessments are compiled into a report for deliberation and recommendation at the Nomination Committee meeting. The Nomination Committee will then report the matter to the Board for further deliberation. The deliberations of the Nomination Committee and the Board are duly minuted in the respective meetings.

#### ASSESSMENT OF INDEPENDENT DIRECTORS

The Board measures the independence of its Directors based on the criteria as stipulated by Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of Bursa Securities. The Directors should be independent and free from any business or other relationships that could interfere with the exercise of independent judgment or the ability to act in the best interest of the Group. The Independent Directors must be able to express their opinions to the Board free of concern about their position or the position of any third party.

The Nomination Committee had conducted an annual assessment on the Independent Non-Executive Directors and its results were presented to the Board. The Independent Non-Executive Directors have also provided annual confirmation of their independence to the Nomination Committee and the Board. The Board was generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors as well as their ability to act in the best interest of the Company.

Any Director who has or may have a conflict of interest, either direct or indirect, in any matter or transaction concerning the Group, is required to notify the Board and the Company Secretary of such interest.

Presently, none of the Independent Non-Executive Directors has reached the 9-year cumulative tenure in the Company. In accordance with Recommendation 3.2 of the Code, the Board had adopted a policy whereby an Independent Non-Executive Director who has reached the threshold of 9 years tenure, will have to seek prior shareholders' approval to be retained in the Board as Independent Non-Executive Director.

#### FOSTER COMMITMENT

##### DIRECTORS' COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. The attendance record of the Directors at the Board Meetings is disclosed in this statement.

The Director is required to seek prior consent from the Chairman of the Board before he/she accepts any new directorship outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director.

In compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities, the Directors of the Company holds not more than 5 directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

##### TRAINING AND DEVELOPMENT OF DIRECTORS

The Board recognises the importance of training and development for the Directors to enhance their skills and knowledge to meet the challenges of the Board. The role to review the training and development needs of the Directors has been delegated to the Nomination Committee.

During the financial year, all the Directors had attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment.

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to leadership, corporate governance, general management, and strategic planning.

## TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
<b>Dato' Ir Goh Chye Koon</b>	Half-Day Bursa Malaysia CG Breakfast Series - "Future Of Auditor Reporting – The Game Changer For Boardroom" (Bursa Malaysia Securities Berhad)	21 <sup>st</sup> September 2015
	Sunway Managers Conference 2015 (Sunway Berhad)	6 <sup>th</sup> November 2015
<b>Dato' Siow Kim Lun</b>	'Shaking Things Up: Technology That Transforms And How To Keep Pace (Hong Leong Group)	29 <sup>th</sup> May 2015
	'Impact Of The New Accounting Standards On Banks And Insurance Companies: What Directors Should Be Aware Of (FIDE Forum)	5 <sup>th</sup> June 2015
	'Board Chairman Series Part 2: Leadership Excellence (Bursa Malaysia)	28 <sup>th</sup> July 2015
	Liquidity Risk Management (Citibank Bhd)	19 <sup>th</sup> August 2015
<b>Dato' Dr Ir Johari Bin Basri</b>	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (Bursatra Sdn Bhd)	9 <sup>th</sup> & 10 <sup>th</sup> September 2015
<b>Kwan Foh Kwai</b>	Sunway Managers Conference 2015 (Sunway Berhad)	6 <sup>th</sup> November 2015
<b>Dato' Chew Chee Kin</b>	Sunway Managers Conference 2015 (Sunway Berhad)	6 <sup>th</sup> November 2015
<b>Evan Cheah Yean Shin</b>	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (Bursatra Sdn Bhd)	29 <sup>th</sup> & 30 <sup>th</sup> July 2015
	Leadership Capital Index: Realizing the Market Value of Leadership (Harvard Club of Malaysia)	5 <sup>th</sup> August 2015
	Sunway Managers Conference 2015 (Sunway Berhad)	6 <sup>th</sup> November 2015
<b>Chung Soo Kiong</b>	Sunway Managers Conference 2015 (Sunway Berhad)	6 <sup>th</sup> November 2015
	Mandatory Accreditation Programme (MAP) for Directors of Public Listed Companies (Bursatra Sdn Bhd)	3 <sup>rd</sup> & 4 <sup>th</sup> February 2016

## UPHOLDING INTEGRITY IN FINANCIAL REPORTING

### FINANCIAL REPORTING

In presenting the Annual Financial Statements, Annual Report and Quarterly Reports to shareholders, the Board aims to provide a balanced and understandable assessment of the Group's financial position, performance and prospects. The Board is assisted by the Audit Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. It also ensures that the Group's financial statements comply with all applicable accounting policies, standards and regulatory requirements.

The Directors are responsible in the preparation of the Annual Audited Financial Statements to give a true and fair view of the state of affairs, results and cash flows of the Company and of the Group at the end of the financial year.

In preparing the financial statements, the Directors will ensure that suitable accounting policies have been applied consistently, and that reasonable and prudent judgments and estimates have been made. All applicable approved accounting standards and provisions of the Companies Act, 1965 have been complied with.

The Directors are also responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy, the financial position of the Company and of the Group and which enables them to ensure that the financial statements comply with the relevant statutory requirements.

### RELATIONSHIP WITH EXTERNAL AUDITORS

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the External Auditors. The Audit Committee shall meet the External Auditors at least twice a year to discuss their audit plan, audit findings and the Group's financial statements. At least two meetings would be held without the presence of the Executive Directors and the management. This encourages a greater exchange of independent and open dialogue between both parties. For the financial year ended 31<sup>st</sup> December 2015, since the Company was listed on the Main Market of Bursa Securities on 28<sup>th</sup> July 2015, there was one meeting held with the External Auditors without the presence of the Executive Directors and the management.

The Audit Committee annually assesses the suitability, effectiveness and independence of the External Auditors and ensures that the provision of other non-audit services by the External Auditors is not in conflict with their audit function. There were no major concern from the results of the External Auditors Assessment. The External Auditors rotates their engaging partner in charge of the audited financial statements of the Company and the Group once every five years to maintain their independence from the Group.

In addition, the External Auditors will be invited to attend the Company's Annual General Meeting/Extraordinary General Meeting(s) and will be available to answer any questions from shareholders on the conduct of the statutory audit and the contents of the Annual Audited Financial Statements as well as any corporate exercise undertaken by the Group where the External Auditors are involved.

There was no non-audit services rendered by the External Auditors for the financial year ended 31<sup>st</sup> December 2015.

### RECOGNISE AND MANAGE RISKS

#### INTERNAL CONTROLS

The Board assumes overall responsibility for maintaining a sound system of risk management and internal controls that provides reasonable assurance of effective operations and legal compliance including both internal policies and standard operating procedures. The Board is assisted by a Risk Management Team in identifying, mitigating and monitoring the critical risks highlighted by the Business Division. The Internal Audit Department assists the Audit Committee in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

The Statement on Risk Management and Internal Control set out on pages 142 and 143 of the Annual Report provides an overview of the state of risk management and internal controls within the Group.

## ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

### CORPORATE DISCLOSURE POLICY

The Company has in place a Corporate Disclosure Policy which serves as a guide to enhance awareness among the employees of corporate disclosure requirements. The Policy outlines the Company's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, response to market rumours and adverse or inaccurate publicity and restrictions on insider trading.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakages and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

### LEVERAGE ON INFORMATION TECHNOLOGY FOR EFFECTIVE DISSEMINATION OF INFORMATION

The Company's website at [www.sunwayconstruction.com.my](http://www.sunwayconstruction.com.my), incorporates a section for "Investor Relations" which provides all relevant information on the Group such as quarterly and annual financial statements, announcements, investor presentations, share price and financial information, and it is accessible by the public. Annual Report and circulars to shareholders are also made available at this website for review.

## STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

As part of the effort in strengthening its relationship with the shareholders, the Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public. The Group believes that by maintaining consistent and extensive communication with its shareholders, its mutual relationship with its shareholders would be strengthened. This would also enhance the shareholders' understanding of the Group as well as their ability in making informed investment decisions.

The Board also recognises the importance of shareholders' participation in general meetings and encourages such participation. The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged. All related party transactions and significant corporate acquisitions or corporate exercises will be voted by way of poll and poll results will be independently verified by external scrutineers.

In addition, should there be any written queries raised by the Minority Shareholder Watchdog Group, it would be presented to the shareholders at the Annual General Meeting together with the Group's response.

The annual report of the Company is also another main channel of communication between the Group and its shareholders as well as stakeholders. The annual report communicates comprehensive information of the financial results and activities undertaken by the Group. The annual report in the form of CD-ROM together with an executive summary would be sent to the shareholders.

### INVESTOR RELATIONS ACTIVITIES

The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. The Group has an established internal corporate disclosure policy and an investor relations team to address all communications with its shareholders, the media and the investing public.

During the financial year, the Company had conducted quarterly press and analysts updates and held meetings with investors and research analysts. The Company had also participated in domestic and overseas roadshows, and investor conferences in Singapore, Japan and Malaysia.

In addition to published Annual Report (both in hard copy or in CD ROM media) and Quarterly Reports announced to Bursa Securities, the Group has established a website at [www.sunwayconstruction.com.my](http://www.sunwayconstruction.com.my) from which investors and shareholders can access for information.

The Company also provides a separate executive summary together with its Annual Report, highlighting key financial information to facilitate shareholders' easy access to such key information. Besides announcing through Bursa Securities' website, all significant corporate developments involving the Group are made known through press releases to the media.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Group has in place an insider trading policy to safeguard confidentiality of its material and price-sensitive information.

The Group's website has a section dedicated to investor relations which provides detailed information on the Group's businesses and latest developments. Any enquiries on investor related matters may be directed to this email address, [irsuncongroup@sunway.com.my](mailto:irsuncongroup@sunway.com.my) or may also be conveyed to the following person:-

### Ms Ng Bee Lien

Chief Financial Officer

Tel No • (603) 5639 9645

Fax No • (603) 5639 9530

Email • [ngbeelien@sunway.com.my](mailto:ngbeelien@sunway.com.my)

## COMPLIANCE WITH THE CODE

The Group has complied with the principles and recommendations as outlined in the Malaysian Code on Corporate Governance 2012.

This Corporate Governance Statement was approved by the Board of Directors on 17th March 2016.



DATO' IR GOH CHYE KOON  
INDEPENDENT NON-EXECUTIVE CHAIRMAN

## AUDIT COMMITTEE REPORT

### COMPOSITION

The members of the Audit Committee during the financial year ended 31 December 2015 were as follows:-

1. **Dato' Siow Kim Lun** – Chairman  
(Independent Non-Executive Director)
2. **Dato' Ir Goh Chye Koon**  
(Independent Non-Executive Chairman/Senior Independent Non-Executive Director)
3. **Dato' Dr Ir Johari Bin Basri**  
(Independent Non-Executive Director)
4. **Evan Cheah Yean Shin**  
(Non-Independent Non-Executive Director)

### ATTENDANCE OF MEETINGS

The Audit Committee held 4 meetings during the financial year and the details of attendance of the Committee Members are as follows:-

NAME OF COMMITTEE MEMBERS	Dato' Siow Kim Lun	Dato' Ir Goh Chye Koon	Dato' Dr. Ir Johari Bin Basri	Evan Cheah Yean Shin
NUMBER OF MEETING ATTENDED	4/4	4/4	4/4	4/4

The Senior Managing Director, Managing Director, Senior General Manager - Finance and Internal Auditors were invited to attend the meetings. The External Auditors were present at 1 of the meetings held during the financial year since the listing of the Company.

### TERMS OF REFERENCE

#### MEMBERSHIP

- 1.1 The Audit Committee shall be appointed by the Board of Directors from amongst the Directors of the Company and shall consist of not less than three (3) members.
- 1.2 All members of the Audit Committee must be non-executive Directors, a majority of whom are independent directors as defined in Chapter 1 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements").
- 1.3 The members of the Audit Committee should be financially literate and shall include at least one (1) person:-
  - (a) who is a member of the Malaysian Institute of Accountants; OR
  - (b) who must have at least three (3) years' working experience and:
    - i) have passed the examinations specified in Part I of the First Schedule of the Accountants Act 1967; or
    - ii) is a member of one (1) of the Associations of Accountants specified in Part II of the First Schedule of the Accountants Act 1967; OR
  - (c) who must have at least three (3) years' post qualification experience in accounting or finance and:
    - i) has a degree/masters/doctorate in accounting or finance; or
    - ii) is a member of any professional accountancy organisation which has been admitted as a full member of the International Federation of Accountants; OR
  - (d) who must have at least seven (7) years' experience being a chief financial officer of a corporation or having the function of being primarily responsible for the management of the financial affairs of a corporation.

In the event of non-compliance with this requirements, indulgence or permission from Bursa Malaysia Securities Berhad shall be sought.

1.4 No Alternate Director shall be appointed as a member of the Audit Committee.

1.5 The members of the Audit Committee shall elect a Chairman from amongst their number, who shall be an independent director.

1.6 If a member of the Audit Committee resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraphs 1.1, 1.2 or 1.3 above, the Board must fill the vacancy within three (3) months.

1.7 The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three (3) years. However, the appointment terminates when a member ceases to be a Director.

### MEETINGS

2.1 The quorum for an Audit Committee Meeting shall be at least two (2) members, the majority present must be independent directors.

2.2 The Audit Committee shall meet at least four (4) times a year and such additional meetings as the Chairman shall decide.

2.3 Notwithstanding paragraph 2.2 above, upon the request of any member of the Audit Committee, non-member Directors, the Internal or External Auditors, the Chairman shall convene a meeting of the Audit Committee to consider the matters brought to its attention.

2.4 The External Auditors have the right to appear and be heard at any meeting of the Audit Committee and shall appear before the Audit Committee when required to do so.

2.5 The non-member Directors and employees of the Company and its group of companies ("Group") shall normally attend the meetings at the Audit Committee's invitation, to assist in its deliberations and resolutions of matters raised. However, at least twice a year, the Audit Committee should meet with the External Auditors without the presence of the executive board members.

2.6 The Internal Auditors shall be in attendance at all meetings to present and discuss the audit reports and other related matters as well as the recommendations relating thereto and to follow-up on all relevant decisions made.

2.7 The Company Secretary shall act as Secretary of the Audit Committee and shall be responsible, with the concurrence of the Chairman, for drawing up and circulating the agenda and the notice of meetings together with the supporting explanatory documentation to members prior to each meeting.

2.8 The Secretary of the Audit Committee shall be entrusted to record all proceedings and minutes of all meetings of the Audit Committee.

2.9 In addition to the availability of detailed minutes of the Audit Committee Meetings to the Board, the Audit Committee at each Board Meeting, will report a summary of significant matters and resolutions.

### RIGHTS AND AUTHORITY

The Audit Committee is authorised to:-

3.1 Investigate any matter within its terms of reference.

3.2 Have adequate resources required to perform its duties.

3.3 Have full and unrestricted access to information, records and documents relevant to its activities.

3.4 Have direct communication channels with the External and Internal Auditors.

3.5 Engage, consult and obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise it considers necessary.

3.6 Convene meetings with the External Auditors, Internal Auditors or both, excluding the attendance of other Directors and employees of the Company, whenever deemed necessary.

## FUNCTIONS AND DUTIES

- 4.1 To review and recommend for the Board's approval, the Internal Audit Charter which defines the independent purpose, authority, scope and responsibility of the internal audit function in the Company and the Group.
- 4.2 To formulate corporate governance and integrity policies, regulations and procedures and to monitor their compliance as well as to recommend and report to the Board, where necessary.
- 4.3 To review the following and report the same to the Board:-
- (a) with the External Auditors:
    - i) the audit plan and audit report and the extent of assistance rendered by employees of the Company;
    - ii) their evaluation of the system of internal controls;
    - iii) the audit fee and on matter concerning their suitability for nomination, appointment and re-appointment and the underlying reasons for resignation or dismissal as External Auditors;
    - iv) the management letter and management's response; and
    - v) issues and reservations arising from audits.
  - (b) with the Internal Audit Department:
    - i) the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
    - ii) the audit plan of work programme and results of internal audit processes including recommendations and actions taken;
    - iii) the extent of cooperation and assistance rendered by employees of the Company; and
    - iv) the appraisal of the performance of the internal audit function including that of the senior staff and any matter concerning their appointment and termination.
  - (c) the quarterly results and year end financial statements prior to the approval by the Board, focusing particularly on:-
    - i) changes in and implementation of major accounting policies and practices;
    - ii) significant and unusual issues;
    - iii) going concern assumption; and
    - iv) compliance with accounting standards, regulatory and other legal requirements.
  - (d) the major findings of investigations and management response.
  - (e) the propriety of any related party transaction and conflict of interest situation that may arise within the Company or the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- 4.4 To review and recommend for Board's approval of the provision of non-audit service by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgment of the External Auditors.
- 4.5 To report any breach of the Listing Requirements which has not been satisfactorily resolved, to Bursa Malaysia Securities Berhad.
- 4.6 To prepare the Audit Committee Report for inclusion in the Company's Annual Report covering:-
- (a) the composition of the Audit Committee including the name, designation and directorship of the members;
  - (b) the terms of reference of the Audit Committee;
  - (c) the number of meetings held during the financial year and details of attendance of each member;
  - (d) a summary of the activities of the Audit Committee in the discharge of its functions and duties for that financial year; and
  - (e) a summary of the activities of the internal audit function.

- 4.7 To review the following for publication in the Company's Annual Report as well as to review the Annual Report and recommend for the Board's approval:-

- (a) the disclosure statement of the Board on:
  - i) how the Company has applied the Principles set out in the Malaysian Code of Corporate Governance to its particular circumstances, having regard to the Recommendations stated under each Principle; and
  - ii) any Recommendation which the Company has not followed, together with the reasons for not following it and the alternatives adopted by the Company, if any.
- (b) the statement on the Board's responsibility for the preparation of the annual audited financial statements.
- (c) the disclosure statement on the state of the internal controls system of the Company and of the Group.
- (d) the statement by the Audit Committee on the verification of allocation of share options to the Group's eligible employees in compliance with the criteria set out in the Bye-Laws of the Company's Employees' Share Option Scheme, at the end of each financial year (if applicable).
- (e) other disclosures forming the contents of annual report spelt out in Part A of Appendix 9C of the Listing Requirements.

The above functions and duties are in addition to such other functions as may be agreed to from time to time by the Audit Committee and the Board.

## INTERNAL AUDIT DEPARTMENT

- 5.1 The Head of the Internal Audit Department shall have unrestricted access to the members of the Audit Committee and shall report to the Audit Committee, whose scope of responsibility includes overseeing the development and the establishment of the internal audit function.
- 5.2 In respect of routine administrative matters, the Head of Internal Audit Department shall report to the Chairman of the Company or his designate.

## SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year ended 31 December 2015 and as at the date of this report, the Audit Committee carried out the following activities:-

- (a) Reviewed and approved the Internal Audit Framework for the Company and its group.
- (b) Reviewed the Whistleblowing Policy and recommend the same for approval by the Board of Directors.
- (c) Reviewed the adequacy and relevance of the scope, functions, resources, risk-based internal audit plan and results of the internal audit processes with the Internal Audit Department. Focus was placed on high risk areas.
- (d) Reviewed the audit activities carried out by the Internal Audit Department and the audit reports to ensure corrective actions were taken in addressing the risk issues reported.
- (e) Reviewed with the assistance of the Internal Audit Department and management, the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transaction.
- (f) Monitored the corrective actions taken on the outstanding audit issues to ensure appropriate remedial actions/ measures were taken.
- (g) Reviewed the investigative reports tabled during the year and ensure that all the key risk and control lapses were duly addressed.
- (h) Reviewed with the External Auditors, the audit plan of the Company and of the Group for the year (inclusive of risk and audit approach, system evaluation, audit fees, issues raised and management responses) prior to the commencement of the annual audit.
- (i) Reviewed the extent of assistance rendered by management and issues and reservations arising from audits with the External Auditors without the presence of management and the executive board members.
- (j) Reviewed the audit report, issues and reservations arising from statutory audit with the External Auditors.
- (k) Assessed and evaluated the performance, independence and suitability of the External Auditors for its re-appointment as Auditors of the Company and made recommendations to the Board of Directors on their re-appointment and remuneration. The External Auditors also provided their policies and written confirmation on their independence and the measures used to control the quality of their work.
- (l) Assessed and evaluated the Internal Audit function to ensure its conformation to the Standards of the Institute of Internal Auditors.
- (m) Reviewed the External Quality Assessment done by an independent consultant on the Internal Audit function.
- (n) Reviewed the audit and non-audit fees of the External Auditors for the financial year ended 31 December 2015.
- (o) Reviewed and discussed the Management Accounts with management.
- (p) Reviewed the quarterly results with management for recommendation to the Board of Directors for approval and release to Bursa Malaysia Securities Berhad. In the review, the parties discussed on the accounting principles and standards that were applied and their judgement of the accounting principles and standards that might affect the financial results and statements.
- (q) Reviewed with management and External Auditors, the audited financial statements of the Company the financial year ended 31 December 2015.
- (r) Reviewed all recurrent related party transactions entered into by the Company and the Group to ensure that the transactions entered into were at arm's length basis and on normal commercial terms.
- (s) Reviewed and approved the Circular to Shareholders in respect of the proposed shareholders' ratification and proposed shareholders' mandate for recurrent related party transactions and the proposed authority for the purchase of own shares by the Company as well as the statements by the Audit Committee in respect of the proposed shareholders' mandate for recurrent related party transactions.
- (t) Reviewed the Annual Report 2015 and recommended the same for approval by the Board of Directors.
- (u) Reviewed any conflict of interest situation that may arise within the Company or Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (v) Discussed the implications of any latest changes and pronouncements on the Company and the Group, issued by the statutory and regulatory bodies.
- (w) Reviewed the impact of any changes to the accounting standards and adoption of new accounting standards on the Company's financial statements.
- (x) Reported to the Board of Directors on significant issues and concerns discussed during the Committee's meetings together with applicable recommendations. Minutes of the Committee's meetings were tabled, discussed and noted by the Board of Directors.

## AUDIT COMMITTEE'S TRAINING

The details of training programmes and seminars attended by each Audit Committee Member during the financial year ended 31 December 2015 are set out in the Corporate Governance Statement under "Directors' Training".

## INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Internal audit function is performed in-house and undertaken by the Group's Internal Audit Department. The Internal Audit Department reports directly to the Audit Committee on its activities based on the approved annual audit plan which covers projects and entities across all levels of operations within the Group.

During the financial year ended 31 December 2015 and as at the date of this report, the Internal Audit Department carried out the following activities:

- (a) Prepared the Internal Audit Framework for the Company and its group for approval by the Audit Committee.
- (a) Prepared the annual internal audit plan for the approval of the Audit Committee.
- (b) Regularly performed risk-based audits on strategic business segments of the Company and of the Group, which covered reviews of the internal control system, accounting and management information system and risk management.
- (c) Issued internal audit reports to the Audit Committee and management identifying weaknesses and issues as well as highlighting recommendations for improvements and followed up on matters raised.
- (d) Acted on suggestions made by the Audit Committee and/or senior management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.
- (e) Followed up on management corrective actions on audit issues raised by the External Auditors.
- (f) Reported to the Audit Committee on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.
- (g) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

The costs incurred for the internal audit function from the date of listing of the Company to 31 December 2015 including staff payroll costs and overheads amounted to RM420,946.00.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

In compliance with Chapter 15, Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Guidelines for Directors of Listed Issuers, the Board of Directors (“the Board”) is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control of Sunway Construction Group Berhad and its subsidiaries (“the Group”) for the financial period under review.

The objective of establishing a sound risk management framework and internal controls system is to safeguard shareholders’ investment and the Group’s assets, pursuant to Principle 6 of the Malaysian Code on Corporate Governance 2012 and Bursa Malaysia Securities Berhad’s Listing Requirements.

### THE BOARD’S RESPONSIBILITY

The Board is committed to ensure effectiveness of internal control and risk management systems by continuously reviewing the adequacy and integrity of the Group’s systems in a concerted and continuing nature. These are designed to mitigate rather than eliminate risks threatening the achievement of business objectives on both Group and business unit levels. The systems in place provide reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.

The Group has in place an on-going process of identifying, evaluating, monitoring and managing key risks affecting the achievement of objectives and strategies. The management assists the Board during implementation of these policies and procedures on risk and control by identifying risks and assessing the potential impact and monitors the risk through suitable internal controls. The Board reviews this process on a half yearly basis and is of the opinion that risk management and internal control systems in place for the year under review and up to the date of approval of this statement is adequate and effective. This Statement on Risk Management and Internal Control does not cover associates and joint ventures where the internal control systems of these companies are managed by the respective management teams.

Risk Management is a priority and is implemented through consultation with the Board, Directors and employees.

## THE GROUP’S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

### MONITORING MECHANISMS AND MANAGEMENT STYLE

Monitoring and review of the Group’s performance and conduct are done via scheduled periodic meetings of the Board, Board Committees and management. The daily running of the Group’s operative subsidiaries is entrusted to the Managing Director and respective management teams. Under the purview of the Managing Director, the heads of the respective operating subsidiaries and departments of the Group are empowered with the responsibility of managing their respective operations.

The Managing Director actively communicates the Board’s expectations to management teams during management meetings. In these meetings, risks relating to strategy, operational, financial and external environment are discussed and dealt with action plans. The Board is responsible for setting the business direction and overseeing the conduct of the Group’s operations through its various Board Committees and management reporting mechanisms. Through these mechanisms, the Board is informed of all major issues pertaining to governance, risks, internal controls and regulatory compliance.

### ENTERPRISE RISK MANAGEMENT

In dealing with its stewardship responsibilities, the Board recognises that effective risk management is an integral part of good business management. The Board acknowledges that the Group’s activities involve some degree of risk and is committed to ensure that it has an effective framework to identify, evaluate and mitigate risks that affect the achievement of the Group’s business objectives and strategies within a defined risk tolerance in a timely and effective manner.

### RISK MANAGEMENT FRAMEWORK

The Risk Management framework outlines policies and practices for effective risk mitigation. It allows the Group to:

- Establish clear functional responsibilities and accountabilities within committee structures for management of risks;
- Determines risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;
- Sets risk policies and limits consistent with the risk appetite and risk tolerance of the Group; and
- Ensure appropriate skills and resources are applied to risk management.

### RISK MANAGEMENT REPORTING PLATFORM

In providing assurance to the Board on the Group’s adequacy and effectiveness of risk management, the Chief Financial Officer continues to review the quarterly risk template in identifying all major risks of the respective Business Units under

the Group. The risk templates, duly signed off by all respective Heads of Business Units, provide a detailed assessment of the business and operational risks. The quarterly risks from all Business Units are consolidated and updated to the Managing Director, highlighting major risks and mitigating controls carried out by the respective Business Units. The Board of Directors meet and deliberate on these risks identified at least twice a year while ad-hoc or new critical risks are escalated to the Board immediately for deliberation. In addition, the Board of Directors have regular meetings and issues impacting the Group are discussed.

### KEY ELEMENTS OF THE GROUP’S INTERNAL CONTROL SYSTEM

The Group’s internal control system encompasses policies, processes, activities and control environment that facilitates an effective and efficient operation by enabling it to respond appropriately to potential business, operational, financial, compliance and other risks in achieving the Group’s strategies and objectives.

The Group’s Internal Control system has the following key elements:

- Communication of the Group’s vision, mission, corporate philosophy and strategic direction to employees at all levels.
- The Board retains control over the Group’s internal control system with appropriate management reporting mechanisms which enable the Board to review the Group’s progress.
- Approval of subsidiaries’ Business Plans encompassing annual budgets, marketing and management plans vis-à-vis strengths, weaknesses, opportunities and threats given the present business environment.
- Relevant Board Committees with formal terms of references outlining functions and duties delegated by the Board.
- Periodic review of Internal Control systems with comprehensive policies and guidelines on authority limits, finance, human resource, health and safety. Reviews are also performed on Risk Management reports to ensure adequacy of risk mitigation and compliance with legislations, laws and guidelines.
- Periodic management and divisional meetings to discuss operational, financial and human resource issues at subsidiary levels.
- Continuous development of the Group’s information technology platforms as an effective means of communication and knowledge sharing.
- Systematic performance appraisal for all employees of the Group.
- Continuous talent development encompassing various functions to maintain high competency and capability levels.
- Continuous quality improvement initiatives to obtain accreditation for operating subsidiaries such as International Organisation for Standardisation (ISO), Occupational Health and Safety Advisory Services (OHSAS).
- Internal audits based on annual risk-based audit plans approved by the Audit Committee (“AC”).

### ASSURANCE MECHANISMS

The AC is tasked by the Board with the duty of reviewing and monitoring the effectiveness of the Group’s internal control systems. In carrying out this responsibility, the AC relies significantly on the support of the Group Internal Audit Department (“GIAD”) which carries out internal audits on various operating units within the Group based on a risk-based audit plan approved annually by the AC. Based on these audits, GIAD provides the AC with periodic reports highlighting observations, recommendations and management action plans to improve the internal control systems. In addition, the AC reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group. Additionally, subsidiaries accredited with certifications such as ISO and OHSAS are audited as scheduled by auditors of the relevant certification bodies. Results of these audits are reported to management.

The AC Report is set out on pages 136 to 141 of the Annual Report.

### THE BOARD’S COMMITMENT

The Board recognises that the Group operates in a dynamic business environment in which risk management and internal control systems must be responsive in order to support the achievement of the desired business objectives. To this end, the Board remains committed towards maintaining firm and sound, risk management and internal control systems as it believes that a balanced achievement of business objectives and operational efficiency can be attained.

## THE BOARD’S CONCLUSION

The Board is pleased to report that the state of the Group’s internal control and risk management systems are able to meet the Group’s objective to ensure good corporate governance. There was no material control failure or weakness that would have material adverse effect on the results of the Group for the year under review.

The Board has also received assurance from the Managing Director and Chief Financial Officer that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects, based on the Group’s risk management framework. Continuous focus on measures to protect and enhance shareholder value and business sustainability will remain a core practice for the Group.

This Statement on Internal Control was approved by the Board of Directors on 17 March 2016.

## ENTERPRISE RISK MANAGEMENT

### OVERVIEW

The Board acknowledges risk management as an integral process in achieving the Group's business objectives. The Group and its subsidiaries continuously reviews the risk management framework and policies to ensure consistency and relevance with the businesses and market environments.

The Risk Management framework includes processes and policies aimed at addressing risks faced by the Group. This framework is consistent with ISO 31000 Risk Management Principles and Guidelines, the Malaysian Code of Corporate Governance and Bursa Malaysia Securities Berhad's Listing Requirements.

### RISK GOVERNANCE

#### RISK POLICY AND STRATEGY

The Group's Risk Management policy is designed to embed Enterprise Risk Management ("ERM") into key activities and business processes of the Group. This enables the Group to identify, assess, treat and manage risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected.

Continuous risk assessment is fundamental to the Group's risk management process. Business Units are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective Business Units being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks.

The Group has four (4) core response strategies for risk management. These include:

#### Risk Termination

In this instance, management chooses to terminate risks by eliminating the business or by significantly altering it. The group may choose this route for risks that could have major or catastrophic impact on the business.

#### Risk Reduction

Risks may be reduced by taking specific actions aimed at reducing the likelihood that a risk will occur and reducing the impact of the risk on the respective business should it actually occur.

#### Risk Acceptance

Management may choose not to act and to consciously accept certain risks which are significantly low in occurrence likelihood and/or impact. Factors to consider for risks of such nature would be:

- Adequacy of current controls;
- Quality and quantity of information on the controls;
- Likelihood and consequences of the risk occurring; and
- The cost of additional controls

#### Risk Transfer

Management may choose to transfer all or part of a certain risk to other parties via:

- Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
- Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
- Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury/financial products.

Risk management discipline hence, ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM program for the Group.

### REPORTING PLATFORM

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, the Chief Financial Officer's ("CFO") Office actively monitors the Group's portfolio of major risks via quarterly risk templates. The risk templates, duly signed off by the respective Heads of Business Units, provide a detailed assessment of business and operational risks.

The objectives of the risk template are as follows:

- Provide assurance to the Board that a firm and sound risk management and internal control systems are in place and in accordance with the requirements of regulatory bodies;
- Provide guiding risk management principles to Heads of Business Units to govern the actions of their personnel pertaining to operating risks and potential threats;
- Ensure the risk management processes are applied systematically across the Group to identify, assess, treat and manage risks that threaten resources or achievement of objectives;
- Provide management with a summary of major and inherent risks affecting Business Units and to ensure these risks are adequately managed;
- Continuous ERM integration into the Group's businesses.

The quarterly risk reports from all Business Units are consolidated and updated to the Managing Director and CFO, highlighting all risks and mitigating controls carried out by the respective Business Units. These risks are further consolidated on a quarterly basis and presented to the Board, highlighting the top risks faced by the Group.

The Group's risk assessment is conducted holistically covering categories such as external, regulatory, legal, corporate governance, financial, customers, suppliers, products and services, human capital and operations.

### BOARD OF DIRECTORS

The Board will meet and deliberate on the top risks identified at quarterly while ad-hoc or any new critical risks are to be escalated to the Board immediately for deliberation. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group.



## GROUP RISK MANAGEMENT

Managing Director and CFO are accountable for effectiveness of the risk management system and is independently distinguished from risk owners - the respective Heads of Business Units due to the latter being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

Consequently, both Managing Director and CFO undertake the role of assisting Business Units by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by Business Units.

## KEY RISK MANAGEMENT INITIATIVES

### Quarterly Risk Template

Submission of major risks summary by respective Business Units to ensure adequate management and mitigation steps are undertaken to assure the Board of a sound risk management system to safeguard the Group's interests.

### Implementation and Monitoring

Joint implementation and monitoring of action plans are identified in quarterly risk templates. A procedural approach is employed to identify root causes, action timeframe and staff responsibilities. This process is done with the sole objective to ensure risks are mitigated to an acceptable level or closed. In addition, Managing Director and CFO actively participates in ad-hoc taskforces set up by management to provide assistance in solving operational and compliance issues for the Group.

### Risk Awareness and Training

We conduct risk awareness and training sessions for Business Units upon request. These are done to raise awareness of risk management concepts and mechanisms among the Group. During these sessions, we actively encourage proactive risk identification attitude which can be practiced at all levels.

### Compliance

We manage compliance risks particularly breach of laws and regulations through awareness. We are involved in the development, analysis and communication of policies, guidelines and operation standards that form the Group's Standard Operation Procedures.

## KEY RISK FACTORS

### Project Risk

These are risks associated with projects that are of specific nature, in particular, project management and construction risks in relation to both Construction and Precast divisions, in both short and long term, potentially arising from delay in project completion, escalating construction costs, shortages of construction materials, supply chain efficiency and shortage of workers and experienced project managers. An effective strategy for managing project risks is to develop a set of key criteria to manage the significant risks that are common within most projects. Key elements lie in setting a project governance structure consisting of clear project definition and planning process in addition to an effective talent management program. This approach assists project managers with the identification of the risks inherent in individual projects.

Specific risks associated with project management are normally delegated to project managers for attention and action. Among the benefits of managing project risks efficiently are avoidance of delays and cost overruns.

### Country Risk

The Group is exposed to this risk due to its business presence in overseas markets such as Singapore, Trinidad & Tobago, India and UAE. This is a collection of risks associated with investing in a foreign country. Some of the risks under this category are risks related to political conditions, exchange rate fluctuation, economic changes, sovereign debts, societal and cultural differences, regulatory changes, social media impact, natural disaster and transfer risk, which refers to the risk of capital being locked up or frozen due to government action.

Managing this risk is a priority given the uncertainty in global economy and country specific societal and political environment. The Group minimises its exposure to this risk through maintaining a close working relationship with local business partners and authorities to keep abreast with any changes in laws and regulations in the respective foreign countries.

### Financial Risk

This is related to the risk that the Group may have inadequate cash flow to meet its financial obligations. The financial risks are in relation to interest rates, foreign currency, liquidity and credit. The Group constantly seeks to ensure that there is a reduction in cash outflow and increased cash inflow for the development of the Group's businesses, at the same time taking into consideration the impact of currency fluctuation, interest rates and other risks related to the external market.

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## CONCLUSION

Commitment, tenacity and discipline in managing risks and adaptability to changes in business environments are imperative to the success of the Group. Hence, the Group strives to ensure that risks are effectively managed and mitigated while it continues to review the effectiveness of its risk management and internal control systems.

With the support from the Board of Directors, the risk management function will continue to enhance its importance to the Group in creating a well-balance risk and reward culture across the Group.

## ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”):-

### STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

In conjunction with, and as an integral part of the Company's listing on the Main Market of Bursa Securities, the following listing scheme was undertaken by the Company:

#### (i) ACQUISITION

The Company acquired the entire issued and paid-up share capital in Sunway Construction Sdn Bhd comprising of 193,954,000 ordinary shares of RM1.00 each for total purchase consideration of RM258,580,000, which was satisfied entirely via the issuance of 1,292,900,000 new ordinary shares of the Company at an issue price of RM0.20 per share (“Acquisition”). The Acquisition was completed on 15 May 2015.

#### (ii) OFFERING

An offering of up to 573,715,301 ordinary shares of RM0.20 each (“Share(s)”) of the Company, subject to over-allotment option of up to 59,805,700 shares, representing approximately 44.37% of the Company's issued and paid-up share capital at a retail price of RM1.20 per share was undertaken in the following manner:

- 175,009,901 Shares, representing approximately 13.54% of the Company's issued and paid-up share capital, for distribution to the entitled shareholders of Sunway Berhad, which was completed on 5 June 2015;
- 51,716,000 Shares, representing approximately 4.00% of the Company's issued and paid-up share capital to the Malaysian public;
- 19,393,500 Shares, representing approximately 1.50% of the Company's issued and paid-up share capital, to the eligible Directors and employees of the Company and its subsidiaries and eligible employees of Sunway Berhad;
- 191,841,300 Shares, representing approximately 14.84% of the Company's issued and paid-up share capital, to the institutional and selected investors; and
- 135,754,600 Shares, representing approximately 10.50% of the Company's issued and paid-up share capital, to the Bumiputera investors approved by the Ministry of International Trade and Industry.

#### (iii) LISTING

The listing of and quotation for the Company's entire issued and paid-up share capital of RM258,580,002 comprising of 1,292,900,010 ordinary shares of RM0.20 each on the Main Market of Bursa Securities which had taken place on 28 July 2015.

The Offering raised proceeds of approximately RM478.4 million, subject to over-allotment option of up to 59,805,700 shares. All the proceeds of the Offering accrue entirely to Sunway Holdings Sdn Bhd and no part of the proceeds is receivable by the Company. The expenses relating to the listing of the Company on the Main Market of Bursa Securities was RM15.6 million, of which RM1.3 million was borne by the Company whilst the remaining balance of RM14.3 million was borne by Sunway Holdings Sdn Bhd.

### OPTIONS OVER ORDINARY SHARES, WARRANTS OR CONVERTIBLE SECURITIES EXERCISED

The Company did not issue any options over ordinary shares, warrants or convertible securities.

### AMERICAN DEPOSITORY RECEIPT (“ADR”) OR GLOBAL DEPOSITORY RECEIPT (“GDR”) PROGRAMME

The Company did not sponsor any ADR or GDR programme during the financial year ended 31 December 2015.

### SANCTIONS AND/OR PENALTIES

There were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies during the financial year ended 31 December 2015.

### NON-AUDIT FEES

There was no non-audit fees incurred by the External Auditor of the Company and its subsidiaries for the financial year ended 31 December 2015.

### VARIATION IN RESULTS

There was no variance of 10% or more between the audited results for the financial year ended 31 December 2015 and the unaudited results previously announced by the Company. The Company did not release any profit estimate, forecast or projection for the financial year.

### PROFIT GUARANTEE

There was no profit guarantee given by the Company during the financial year ended 31 December 2015.

### MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, there were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2015:

- A retail underwriting agreement dated 11 June 2015 entered into between the Company, Sunway Holdings Sdn Bhd and Joint Underwriters (RHB Investment Bank Berhad and Maybank Investment Bank Berhad) to jointly underwrite 71,109,500 Shares at the retail price of RM1.20 subject to the terms and conditions contained therein pursuant to the initial public offering of the Company.
- A master cornerstone agreement dated 11 June 2015 entered into between the Company, Sunway Holdings Sdn Bhd, Cornerstone Investors (namely, Great Eastern Life Assurance (Malaysia) Berhad, Great Eastern Takaful Berhad, Overseas Assurance Corporation (Malaysia) Berhad, UOB Asset Management (Malaysia) Berhad, Hong Leong Asset Management Bhd, Maybank Asset Management Sdn Bhd, Maybank Islamic Asset Management Sdn Bhd, Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad), Asian Islamic Investment Management Sdn Bhd and RHB Asset Management Sdn Bhd), under which the Cornerstone Investors agreed to purchase an aggregate of 135,000,000 Shares, representing approximately 10.4% of the Company's share capital, pursuant to the institutional offering of up to 327,595,900 Shares at RM1.20 per Share, subject to the terms of the individual cornerstone placement agreements.

The initial public offering had been completed and the Company was listed on the Main Market of Bursa Securities on 28 July 2015.

### STATEMENT BY AUDIT COMMITTEE IN RELATION TO ALLOCATION OF OPTIONS OR SHARES PURSUANT TO THE COMPANY'S SHARE ISSUANCE SCHEME

The Company does not have an Employees' Share Option Scheme and as such, there was no allocation of options over ordinary shares during the financial year ended 31 December 2015.

### SHARE BUY-BACK

There was no share buy-back by the Company for the financial year ended 31 December 2015.

### RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 42 of the Notes to the Financial Statements.

## INVESTOR RELATIONS (“IR”)

Sunway Construction places great importance on Investor Relations. We believe that it is crucial to keep shareholders, investors and analysts abreast with SunCon’s financial position and performance.

Since the listing of SunCon, concerted efforts have been done to get in touch with the investing community in order to enhance our visibility and build investors’ confidence. We have been conducting roadshows local and abroad, luncheons and attending banks’ showcase events such as CIMB Investor Day on 2<sup>nd</sup> June held in Sunway, Hwang Affin Investor Day on 5<sup>th</sup> August, UOB KayHian’s Asian Gems Conference on 12<sup>th</sup> October 2015 in Singapore. In year 2016, we have also attended Alliance Investment Bank Berhad Corporate Day on 12<sup>th</sup> January 2016 in Kuala Lumpur and Citi Asean Infrastructure Investor Day (23<sup>rd</sup> to 26<sup>th</sup> February 2016) in Singapore and Malaysia.

We have also seized the opportunity to take part in the International Construction Week 2015 from 9<sup>th</sup> to 11<sup>th</sup> September 2015 at PWTC Exhibition Hall. It is an essential platform for us to understand the investing community better, promote our competitiveness in overall construction market, and share our future prospects to targeted groups of investors.

In addition to our dedicated website for IR, we update our analyst with quarterly reviews and important announcement separately through email correspondences and provide monthly IR briefing packs. Briefing packs are concise to include only significant key areas which the analysts would require, such as our current financial position and new order secured. We are also engaging Bloomberg Professional service as a platform to obtain real-time data, news and analytics to be more informed on our peers.



SUNCON’S BOOTH AT PWTC DURING INTERNATIONAL CONSTRUCTION WEEK 2015

As one of the leading pure play construction group, SunCon is covered by a number of analysts in various financial institutions and overall we received quite good comments from the analysts on our future outlook.

DATE	INSTITUTIONS	RECOMMENDATION	LAST TRADED	TARGET PRICE
02 July 2015	TA Securities	Buy	N/A*	1.36
03 July 2015	Alliance DBS Research	Not Rated	N/A*	1.60 <sup>†</sup>
07 July 2015	MIDF Research	Buy	N/A*	1.38
28 July 2015	BIMB Securities Research	Buy	1.20	1.43
10 August 2015	Maybank IB Research	Buy	1.09	1.30
18 August 2015	RHB Research	Buy	1.15	1.40
24 August 2015	TA Securities	Hold	1.09	1.18
24 August 2015	MIDF Research	Neutral	1.09	1.14
24 August 2015	BIMB Securities Research	Buy	1.09	1.43
26 August 2015	Nomura Securities	Buy	1.27	1.40
24 November 15	Maybank IB Research	Buy	1.39	1.50
25 November 15	BIMB Securities Research	Buy	1.39	1.53
25 November 15	TA Securities	Buy	1.39	1.59
25 November 15	Hong Leong Investment Bank	Buy	1.39	1.59
25 November 15	MIDF Research	Neutral	1.39	1.32
26 November 15	M&A Securities	Buy	1.37	1.63

Note : Detailed report available in our IR website.

\* Listing on 28th July 2015

<sup>†</sup> Fair value

SunCon is proudly being certified as a constituent company in the FTSE4 Good Index Series June 2015 upon our successful listing on Bursa. FTSE4 is a leading indicator used by investors to measure a company’s environmental, social and governance practices (ESG). The inclusion of SunCon stock in the index demonstrates our commitment in balancing profitability and sustainability, which fulfilled the well-defined ESG criteria.

### SUNCON IR PORTAL

Our Investor Relation website is located at <http://www.sunwayconstruction.com.my/investor-relations/>. It provides investors and shareholders an avenue to obtain crucial information such as latest financial highlights, bursa announcements, quarterly briefing reports, analysts reports, stock quotes and also corporate governance information. Currently, our IR team is working to maintain the portal and ensure all the information is being updated promptly. Should investors and stakeholders wish to contact the IR team, they can send emails to [irsuncongroup@sunway.com.my](mailto:irsuncongroup@sunway.com.my) or give us a phone call via the contact numbers provided in the portal.

With the continuous concerted effort placed in SunCon’s Investor Relations, we are confident to bridge the communication gaps and maintain an adequate dissemination of information with our shareholders and investors.



## FINANCIALS

### STRENGTH THROUGH ACCURACY

Sturdy buildings are created when there is an equally strong financial backing. The progress of an investment is dependent on our knowledge and precision. With our commitment to financial growth, Sunway Construction practises clarity and transparency while expanding the potential and profits for all aspects of our business.

154 Financial Statements

SUNWAY ISKANDAR CITRINE  
SERVICED APARTMENT  
SUB & SUPERSTRUCTURE

## SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

### DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

### REORGANISATION EXERCISE

The Company was listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Malaysia") on 28 July 2015. Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its immediate holding company, Sunway Holdings Sdn. Bhd. ("SunHoldings"). The Company was incorporated merely to effect the reorganisation of the Group through the Company's acquisition of the existing Sunway Construction Sdn. Bhd. ("SunCon") (including its direct and indirect subsidiaries, joint ventures and an associate ("SunCon group")) group.

Upon completion of the above reorganisation exercise, the Company became the legal parent of SunCon. Consequently, the entire businesses and undertakings including all the assets and liabilities of SunCon group has been transferred to the Company.

As SunCon was under common control before and after the reorganisation exercise, the Group applied the pooling of interest method of accounting and the consolidated financial statements have been accounted for as if the reorganisation exercise had occurred from the date when these entities were under common control.

Accordingly, the results of the Group have been stated as if SunCon group have been combined with the Company throughout the current and previous accounting periods even though the reorganisation was effected on 15 May 2015.

### RESULTS

	GROUP RM'000	COMPANY RM'000
Profit/(Loss) net of tax	127,738	(1,950)
<b>Profit/(Loss) attributable to:</b>		
Owners of the parent	127,164	(1,950)
Non-controlling interests	574	-
	<b>127,738</b>	<b>(1,950)</b>

### DIVIDENDS

No dividend has been paid or declared by the Company during the financial year.

On 25 February 2016, the Board of Directors declared an interim single-tier dividend of 20% for each ordinary share of RM0.20 each of the Company for the financial year ended 31 December 2015. The total dividend payable amount to RM51,716,000. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2015.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

### ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM2 to RM258,580,002 by way of issuance and allotment of 1,292,900,000 ordinary shares of RM0.20 each as part of the consideration for the acquisition of the businesses and undertakings, including the assets and liabilities of SunCon Group as disclosed in Note 37 to the financial statements.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issue of shares during the financial year.

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

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

The Directors who have held office since the date of the last report are:

- Dato' Ir Goh Chye Koon
- Dato' Siow Kim Lun @ Siow Kim Lin
- Dato' Dr Ir Johari Bin Basri
- Dato' Chew Chee Kin
- Kwan Foh Kwai
- Evan Cheah Yean Shin
- Chung Soo Kiong (*appointed on 1 November 2015*)

### DIRECTORS' BENEFITS

Since the end of the previous financial period, none of the Directors have received or become entitled to receive any benefit (other than Directors' remuneration disclosed in Note 10 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 42 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted under the Employees' Share Option Scheme of its intermediate holding company, Sunway Berhad.

## DIRECTORS' INTERESTS

According to the register of Directors' shareholdings, the interests of the Directors in office at the end of the financial year in ordinary shares, warrants and options over ordinary shares in the Company and its related corporations during the financial year were as follows:

	NUMBER OF ORDINARY SHARES OF RM0.20 EACH			
	AS AT 1.1.2015/ DATE OF APPOINTMENT	ACQUIRED/ DIS <sup>^</sup> / ALLOTMENT <sup>#</sup>	SOLD	AS AT 31.12.2015
<b>THE COMPANY</b>				
<b>SUNWAY CONSTRUCTION GROUP BERHAD ("SCG")</b>				
<b>Direct interests:</b>				
Dato' Ir Goh Chye Koon	-	5,000	-	5,000
Chung Soo Kiong	404,046	-	-	404,046
Dato' Chew Chee Kin	-	334,355	-	334,355
Kwan Foh Kwai	-	805,216	-	805,216
Evan Cheah Yean Shin	-	13,435	-	13,435
<b>Deemed interests:</b>				
Dato' Chew Chee Kin <sup>+</sup>	-	34,695	-	34,695
Kwan Foh Kwai <sup>*</sup>	-	246,685	-	246,685
Evan Cheah Yean Shin <sup>@</sup>	10	1,260,530,408	(458,511,100)	802,019,318

<sup>^</sup> Receipt of ordinary shares of RM0.20 each in SCG ("SCG Shares") by way of dividend-in-specie ("DIS") by Sunway Berhad on 5 June 2015.

<sup>#</sup> Allotment of SCG Shares on 23 July 2015 pursuant to Initial Public Offering of SCG.

<sup>+</sup> Deemed interest by virtue of Section 6A of the Companies Act, 1965 in Malaysia ("CA 1965") held through spouse.

<sup>\*</sup> Deemed interest by virtue of Section 6A of the CA 1965 held through spouse and children.

<sup>@</sup> Deemed interest by virtue of Section 6A of the CA 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd. and parents.

## DIRECTORS' INTERESTS (CONTD.)

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AS AT 1.1.2015	ACQUIRED	SOLD	AS AT 31.12.2015
<b>INTERMEDIATE HOLDING COMPANY</b>				
<b>SUNWAY BERHAD</b>				
<b>Direct interests:</b>				
Dato' Ir Goh Chye Koon	50,000	-	-	50,000
Dato' Chew Chee Kin	3,343,558	1,197,000	-	4,540,558
Kwan Foh Kwai	1,052,165	380,000	(351,700)	1,080,465
Evan Cheah Yean Shin	134,357	400,000	-	534,357
<b>Deemed interests:</b>				
Dato' Chew Chee Kin <sup>*</sup>	346,956	-	-	346,956
Kwan Foh Kwai <sup>*</sup>	466,854	-	-	466,854
Evan Cheah Yean Shin <sup>@</sup>	969,638,110	64,850,001	(30,824,172)	1,003,663,939

<sup>\*</sup> Deemed interest by virtue of Section 6A of the CA 1965 held through spouse.

<sup>@</sup> Deemed interest by virtue of Section 6A of the CA 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and parents.

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AS AT 1.1.2015	ACQUIRED	SOLD	AS AT 31.12.2015
<b>PENULTIMATE HOLDING COMPANY</b>				
<b>SUNGEI WAY CORPORATION SDN. BHD.</b>				
<b>Deemed interest:</b>				
Evan Cheah Yean Shin <sup>@</sup>	10,000,000	-	-	10,000,000

<sup>@</sup> Deemed interest by virtue of Section 6A of the CA 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and parent.

	NUMBER OF NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH			
	AS AT 1.1.2015	ACQUIRED	SOLD	AS AT 31.12.2015
<b>PENULTIMATE HOLDING COMPANY</b>				
<b>SUNGEI WAY CORPORATION SDN. BHD.</b>				
<b>Deemed interest:</b>				
Evan Cheah Yean Shin <sup>@</sup>	261,100,000	-	-	261,100,000

<sup>@</sup> Deemed interest by virtue of Section 6A of the CA 1965 held through parent.

**DIRECTORS' INTERESTS (CONTD.)**

	NUMBER OF ORDINARY SHARES OF RM1 EACH			
	AS AT 1.1.2015	ACQUIRED	SOLD	AS AT 31.12.2015
<b>ULTIMATE HOLDING COMPANY ACTIVE EQUITY SDN. BHD.</b>				
<b>Direct interest:</b>				
Evan Cheah Yean Shin	12,750	-	-	12,750
<b>Deemed interest:</b>				
Evan Cheah Yean Shin @	102,000	-	-	102,000

@ Deemed interest by virtue of Section 6A of the CA 1965 held through parent.

	NUMBER OF WARRANTS 2011/2016			
	AS AT 1.1.2015/ DATE OF APPOINTMENT	ACQUIRED	SOLD	AS AT 31.12.2015
<b>INTERMEDIATE HOLDING COMPANY SUNWAY BERHAD</b>				
<b>Direct interests:</b>				
Dato' Chew Chee Kin	869,171	-	-	869,171
Kwan Foh Kwai	140,090	9,675	(149,765)	-
Evan Cheah Yean Shin	22,589	-	-	22,589
<b>Deemed interests:</b>				
Kwan Foh Kwai *	9,675	-	(9,675)	-
Dato' Chew Chee Kin *	303,976	-	-	303,976
Evan Cheah Yean Shin @	152,023,607	5,161,604	(3,771,829)	153,413,382

**Deemed interests:**

Kwan Foh Kwai *	9,675	-	(9,675)	-
Dato' Chew Chee Kin *	303,976	-	-	303,976
Evan Cheah Yean Shin @	152,023,607	5,161,604	(3,771,829)	153,413,382

\* Deemed interest by virtue of Section 6A of the CA 1965 held through spouse.

@ Deemed interest by virtue of Section 6A of the CA 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and parents.

	NUMBER OF ORDINARY SHARES OF HKD1 EACH			
	AS AT 1.1.2015	ACQUIRED	SOLD	AS AT 31.12.2015
<b>RELATED CORPORATION SUNWAY GLOBAL LIMITED</b>				
<b>Direct interest:</b>				
Dato' Chew Chee Kin	869,684	-	-	869,684

**DIRECTORS' INTERESTS (CONTD.)**

	FIRST GRANT OF OPTIONS OVER ORDINARY SHARES (EXERCISE PRICE OF RM2.48 PER SHARE)*					
	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1 EACH					
	GRANTED ON 3.9.2013	AS AT 1.1.2015/ DATE OF APPOINTMENT (OPTIONS GRANTED)	AS AT 1.1.2015 (VESTED OPTIONS)	MOVEMENTS DURING THE FINANCIAL YEAR	AS AT 31.12.2015 (VESTED OPTIONS)	AS AT 31.12.2015 (OPTIONS GRANTED)
				VESTED <sup>@</sup>	EXERCISED	

**INTERMEDIATE HOLDING COMPANY  
SUNWAY BERHAD**
**Direct interests:**

Dato' Chew Chee Kin	4,500,000	4,500,000	2,250,000	1,125,000	(1,125,000)	2,250,000	3,375,000
Kwan Foh Kwai	1,600,000	1,500,000	700,000	400,000	(380,000)	720,000	1,120,000
Chung Soo Kiong	600,000	320,000	170,000	-	-	170,000	320,000
Evan Cheah Yean Shin	1,600,000	1,600,000	800,000	400,000	(400,000)	800,000	1,200,000

	SECOND GRANT OF OPTIONS OVER ORDINARY SHARES (EXERCISE PRICE OF RM2.87 PER SHARE)^					
	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1 EACH					
	GRANTED ON 2.9.2014	AS AT 1.1.2015/ DATE OF APPOINTMENT (OPTIONS GRANTED)	AS AT 1.1.2015 (VESTED OPTIONS)	MOVEMENTS DURING THE FINANCIAL YEAR	AS AT 31.12.2015 (VESTED OPTIONS)	AS AT 31.12.2015 (OPTIONS GRANTED)
				VESTED <sup>@</sup>	EXERCISED	

**INTERMEDIATE HOLDING COMPANY  
SUNWAY BERHAD**
**Direct interest:**

Chung Soo Kiong	225,000	225,000	150,000	-	-	150,000	225,000
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	THIRD GRANT OF OPTIONS OVER ORDINARY SHARES (EXERCISE PRICE OF RM3.25 PER SHARE)#					
	NUMBER OF OPTIONS OVER ORDINARY SHARES OF RM1 EACH					
	GRANTED ON 2.9.2015	AS AT 1.1.2015/ DATE OF APPOINTMENT (OPTIONS GRANTED)	AS AT 1.1.2015/ DATE OF APPOINTMENT (VESTED OPTIONS)	MOVEMENTS DURING THE FINANCIAL YEAR	AS AT 31.12.2015 (VESTED OPTIONS)	AS AT 31.12.2015 (OPTIONS GRANTED)
				VESTED <sup>@</sup>	EXERCISED	

**INTERMEDIATE HOLDING COMPANY  
SUNWAY BERHAD**
**Direct interests:**

Kwan Foh Kwai	200,000	-	-	100,000	-	100,000	200,000
Chung Soo Kiong	150,000	150,000	75,000	-	-	75,000	150,000

\* Exercise price of the first grant of the options has been adjusted to RM2.48 pursuant to the distribution of SCG Shares as dividend-in-specie to the shareholders of Sunway Berhad on 5 June 2015 and special cash dividend of RM0.26 each to the entitled shareholders of Sunway Berhad on 16 October 2015.

^ Exercise price of the second grant of the options has been adjusted to RM2.87 pursuant to the distribution of SCG Shares as dividend-in-specie to the shareholders of Sunway Berhad on 5 June 2015 and special cash dividend of RM0.26 each to the entitled shareholders of Sunway Berhad on 16 October 2015.

# Exercise price of the third grant of the options has been adjusted to RM3.25 due to the distribution of special cash dividend of RM0.26 each to the entitled shareholders of Sunway Berhad on 16 October 2015.

@ Vested on 2 September 2015.

The options over ordinary shares are pursuant to Sunway Berhad's Employees' Share Option Scheme 2013/2019.

## DIRECTORS' INTERESTS (CONTD.)

By virtue of Evan Cheah Yean Shin's substantial interests in the Company and Active Equity Sdn. Bhd., he is deemed to have interest in the shares of all the subsidiaries of the Company and Active Equity Sdn. Bhd. to the extent the Company and Active Equity Sdn. Bhd. have an interest.

The other Directors in office at the end of the financial year did not have any interests in ordinary shares, warrants or options over ordinary shares in the Company or its related corporations during the financial year.

## OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

### (I) As at the end of the financial year

- (a) Before the income statements, statements of comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

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

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

### (III) As at the date of this report

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

### Significant event during the financial year

Significant event during the financial year is disclosed in Note 47 to the financial statements.

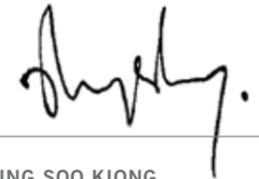
## AUDITORS

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 March 2016.



KWAN FOH KWAI  
DIRECTOR



CHUNG SOO KIONG  
DIRECTOR

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

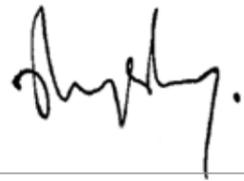
We, Kwan Foh Kwai and Chung Soo Kiong, being two of the Directors of Sunway Construction Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 165 to 264 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the year then ended.

The information set out in Note 49 on page 265 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1 *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 17 March 2016.



KWAN FOH KWAI  
DIRECTOR



CHUNG SOO KIONG  
DIRECTOR

## STATUTORY DECLARATION

### PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

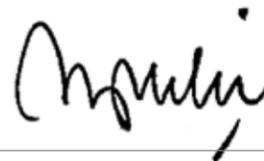
I, Ng Bee Lien, being the officer primarily responsible for the financial management of Sunway Construction Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 165 to 265 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Ng Bee Lien  
at Petaling Jaya in the State of  
Selangor Darul Ehsan on 17 March 2016

Before me,



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



NG BEE LIEN

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

### REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Sunway Construction Group Berhad, which comprise statements of financial position as at 31 December 2015 of the Group and of the Company, income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 165 to 264.

### DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### OPINION

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 19 to the financial statements.
- We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF  
SUNWAY CONSTRUCTION GROUP BERHAD (CONTD.)  
(INCORPORATED IN MALAYSIA)**

**OTHER REPORTING RESPONSIBILITIES**

The supplementary information set out in Note 49 to the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

**OTHER MATTERS**

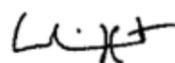
The financial statements of the Company for the financial year ended 31 December 2014 were audited by another firm of chartered accountants whose report dated 24 April 2015 expressed an unqualified opinion on those statements.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



BDO  
AF: 0206  
CHARTERED ACCOUNTANTS

KUALA LUMPUR, MALAYSIA  
17 MARCH 2016



LAW KIAN HUAT  
2855/06/16 (J)  
CHARTERED ACCOUNTANT

**INCOME STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	NOTE	GROUP		COMPANY	
		1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
<b>CONTINUING OPERATIONS</b>					
Revenue	4	1,916,859	1,880,707	-	-
Cost of sales	5	(1,528,467)	(1,485,297)	-	-
<b>Gross profit</b>		<b>388,392</b>	<b>395,410</b>	<b>-</b>	<b>-</b>
Other income	6	24,552	13,700	-	-
Administrative expenses		(263,059)	(271,761)	(1,950)	(76)
Other expenses		(13,597)	(20,290)	-	-
<b>Operating profit/(loss)</b>		<b>136,288</b>	<b>117,059</b>	<b>(1,950)</b>	<b>(76)</b>
Finance income and other distribution income	7a	8,045	4,055	-	-
Finance costs	7b	(3,507)	(3,339)	-	-
Share of results of joint ventures		(76)	21,549	-	-
<b>Profit/(Loss) before tax from continuing operations</b>	8	<b>140,750</b>	<b>139,324</b>	<b>(1,950)</b>	<b>(76)</b>
Income tax expense	11	(13,012)	(26,495)	-	-
<b>Profit/(Loss) from continuing operations, net of tax</b>		<b>127,738</b>	<b>112,829</b>	<b>(1,950)</b>	<b>(76)</b>
<b>DISCONTINUED OPERATIONS</b>					
Profit from discontinued operations, net of tax	12	-	50,339	-	-
<b>Profit/(Loss) net of tax</b>		<b>127,738</b>	<b>163,168</b>	<b>(1,950)</b>	<b>(76)</b>
<b>Profit/(Loss) attributable to:</b>					
Owners of the parent		127,164	163,143	(1,950)	(76)
Non-controlling interests		574	25	-	-
		<b>127,738</b>	<b>163,168</b>	<b>(1,950)</b>	<b>(76)</b>
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	13	9.84	12.62		
Diluted	13	9.84	12.62		

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

**STATEMENTS OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
Profit/(Loss) net of tax	127,738	163,168	(1,950)	(76)
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</b>				
Foreign currency translation	13,728	1,054	-	-
Total comprehensive income/ (loss) for the year, net of tax	141,466	164,222	(1,950)	(76)
<b>Total comprehensive income/ (loss) attributable to:</b>				
Owners of the parent	140,892	164,197	(1,950)	(76)
Non-controlling interests	574	25	-	-
	141,466	164,222	(1,950)	(76)

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

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	161,783	175,820	-	-
Intangible assets	16	746	2,908	-	-
Investment properties	17	-	-	-	-
Property development costs	18	-	-	-	-
Investments in subsidiaries	19	-	-	258,580	-
Investment in an associate	20	-	-	-	-
Other investments	21	273	273	-	-
Investments in joint ventures	22	-	24,189	-	-
Goodwill	23	3,647	3,647	-	-
Deferred tax assets	34	13,760	7,154	-	-
		180,209	213,991	258,580	-
<b>Current assets</b>					
Inventories	24	17,293	20,203	-	-
Trade receivables	25	579,208	691,771	-	-
Other receivables	26	47,297	27,175	-	-
Amounts due from intermediate holding company	28	534	-	-	-
Amounts due from related companies	28	86,333	70,875	-	-
Amounts due from an associate	29	3,717	43	-	-
Tax recoverable		14,370	8,523	-	-
Placement in funds	31	78,000	13,200	-	-
Cash and bank balances	31	390,477	278,417	161	-
		1,217,229	1,110,207	161	-
<b>TOTAL ASSETS</b>		1,397,438	1,324,198	258,741	-

**STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2015 (CONTD.)**

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Borrowings	32	136,841	134,720	-	-
Hire purchase and finance lease liabilities	33	-	412	-	-
Trade payables	35	604,679	601,875	-	-
Other payables	36	137,077	164,219	627	1
Amounts due to intermediate holding company	28	18,783	9,721	-	-
Amounts due to subsidiaries	27	-	-	1,553	75
Amounts due to related companies	28	35,024	15,524	7	-
Amounts due to joint venture		3	-	-	-
Tax payable		9,258	13,161	-	-
		941,665	939,632	2,187	76
<b>Non-current liabilities</b>					
Hire purchase and finance lease liabilities	33	-	69	-	-
Deferred tax liabilities	34	4,095	4,285	-	-
		4,095	4,354	-	-
<b>TOTAL LIABILITIES</b>		<b>945,760</b>	<b>943,986</b>	<b>2,187</b>	<b>76</b>
<b>Equity attributable to owners of the parent</b>					
Share capital	37	258,580	193,954	258,580	- *
Share premium	38	-	38,515	-	-
Foreign currency translation reserve	38	12,146	(1,582)	-	-
Merger reserve	38	(37,894)	(11,783)	-	-
Capital contribution by immediate holding company	38	670	670	-	-
Retained earnings/(Accumulated losses)	38	217,542	160,378	(2,026)	(76)
		451,044	380,152	256,554	(76)
Non-controlling interests		634	60	-	-
<b>TOTAL EQUITY</b>		<b>451,678</b>	<b>380,212</b>	<b>256,554</b>	<b>(76)</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,397,438</b>	<b>1,324,198</b>	<b>258,741</b>	<b>-</b>

\* Represents 10 ordinary shares of RM0.20 each amounting to RM2.

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

**STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

ATTRIBUTABLE TO OWNERS OF THE PARENT  
NON-DISTRIBUTABLE

GROUP	NOTE	SHARE CAPITAL (NOTE 37) RM'000	SHARE PREMIUM (NOTE 38) RM'000	MERGER RESERVE (NOTE 38) RM'000	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 38) RM'000	CAPITAL CONTRIBUTION BY IMMEDIATE HOLDING COMPANY (NOTE 38) RM'000	DISTRIBUTABLE RETAINED EARNINGS (NOTE 38) RM'000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT, TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	EQUITY, TOTAL RM'000
<b>At 1 January 2015</b>		193,954	38,515	(11,783)	(1,582)	670	160,378	380,152	60	380,212
Profit for the year		-	-	-	-	-	127,164	127,164	574	127,738
Other comprehensive income, net of tax		-	-	-	13,728	-	-	13,728	-	13,728
<b>TOTAL COMPREHENSIVE INCOME</b>		-	-	-	13,728	-	127,164	140,892	574	141,466
<b>Transactions with owners</b>										
Issuance of ordinary shares	37	258,580	-	-	-	-	-	258,580	-	258,580
Arising from acquisition of SunCon	19	(193,954)	(38,515)	(26,111)	-	-	-	(258,580)	-	(258,580)
Dividends paid	14	-	-	-	-	-	(70,000)	(70,000)	-	(70,000)
Total transactions with owners		64,626	(38,515)	(26,111)	-	-	(70,000)	(70,000)	-	(70,000)
<b>At 31 December 2015</b>		<b>258,580</b>	<b>-</b>	<b>(37,894)</b>	<b>12,146</b>	<b>670</b>	<b>217,542</b>	<b>451,044</b>	<b>634</b>	<b>451,678</b>

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)

↑ ATTRIBUTABLE TO OWNERS OF THE PARENT  
↓  
NON-DISTRIBUTABLE

GROUP (CONTD.)	NOTE	SHARE CAPITAL (NOTE 37) RM'000	SHARE PREMIUM (NOTE 38) RM'000	MERGER RESERVE (NOTE 38) RM'000	FOREIGN CURRENCY TRANSLATION RESERVE (NOTE 38) RM'000	CAPITAL CONTRIBUTION BY IMMEDIATE HOLDING COMPANY (NOTE 38) RM'000	DISTRIBUTABLE RETAINED EARNINGS (NOTE 38) RM'000	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT, TOTAL RM'000	NON- CONTROLLING INTERESTS RM'000	EQUITY, TOTAL RM'000
<b>At 1 January 2014</b>		193,954	38,515	(11,783)	(2,636)	670	773,724	992,444	(2,063)	990,381
Profit for the year		-	-	-	-	-	163,143	163,143	25	163,168
Other comprehensive income, net of tax		-	-	-	1,054	-	-	1,054	-	1,054
<b>TOTAL COMPREHENSIVE INCOME</b>		-	-	-	1,054	-	163,143	164,197	25	164,222
<b>Transactions with owners</b>										
Dividend paid to non- controlling interests		-	-	-	-	-	-	-	(681)	(681)
Dividends paid	14	-	-	-	-	-	(427,958)	(427,958)	-	(427,958)
Distribution to immediate holding company	12	-	-	-	-	-	(348,531)	(348,531)	2,779	(345,752)
Total transactions with owners		-	-	-	-	-	(776,489)	(776,489)	2,098	(774,391)
<b>At 31 December 2014</b>		193,954	38,515	(11,783)	(1,582)	670	160,378	380,152	60	380,212

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)

COMPANY	SHARE CAPITAL (NOTE 37) RM'000	ACCUMULATED LOSSES (NOTE 38) RM'000	EQUITY TOTAL RM'000
<b>At 1 January 2015</b>	- *	(76)	(76)
Total comprehensive loss for the year	-	(1,950)	(1,950)
<b>Transaction with owners</b>			
Issuance of ordinary shares during the year	258,580	-	258,580
<b>At 31 December 2015</b>	258,580	(2,026)	256,554
<b>At date of incorporation</b>	- *	-	-
Total comprehensive loss for the period	-	(76)	(76)
<b>At 31 December 2014</b>	- *	(76)	(76)

\* Represents 10 ordinary shares of RM0.20 each amounting to RM2.

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

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015**

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax from continuing operations	140,750	139,324	(1,950)	(76)
Profit before tax from discontinued operations (Note 12)	-	50,480	-	-
Profit/(Loss) before taxation	140,750	189,804	(1,950)	(76)
<b>Adjustments for:</b>				
Finance income	(8,045)	(4,055)	-	-
Finance costs	3,507	3,339	-	-
Depreciation and amortisation of property, plant and equipment, and software	41,921	44,680	-	-
Gain on disposal of property, plant and equipment	(1,291)	(2,443)	-	-
Property, plant and equipment written off	240	1,740	-	-
Unrealised foreign exchange loss/(gain)	2,604	(565)	-	-
Reversal of impairment losses on property, plant and equipment	-	(845)	-	-
Employees' share option scheme	4,904	5,726	-	-
Bad debts written off	417	65	-	-
Allowance for impairment of trade receivables and other receivables	2,478	6,329	-	-
Reversal of allowance for impairment of trade receivables and amounts due from an associate	(12,684)	(330)	-	-
Loss on derivatives	-	347	-	-
Gain on liquidation of subsidiaries	-	(869)	-	-
Share of loss/(gain) of joint ventures	76	(70,566)	-	-
Operating cash flows before working capital changes carried forward	174,877	172,357	(1,950)	(76)

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)**

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
<b>Cash flows from operating activities (contd.)</b>				
Operating cash flows before working capital changes brought forward	174,877	172,357	(1,950)	(76)
Inventories	4,401	5,452	-	-
Trade receivables	124,078	(180,831)	-	-
Other receivables	3,704	(4,685)	-	-
Trade payables	(4,735)	65,629	-	-
Other payables	(59,196)	9,971	626	1
Amounts due from/(to) intermediate holding company	8,528	3,995	-	-
Amounts due from/(to) subsidiaries	-	-	978	75
Amounts due from an associate	8,665	-	-	-
Amounts due from/(to) related companies	(20,500)	148,539	7	-
Amounts owing from a related party	-	1,010	-	-
Amounts owing from joint ventures	3	-	-	-
Cash flow generated from/(used in) operations	239,825	221,437	(339)	-
Interest received	8,045	4,055	-	-
Interest paid	(3,507)	(3,339)	-	-
Dividend received from joint ventures	24,841	97,382	-	-
Tax refunded	220	2,078	-	-
Tax paid	(29,778)	(30,686)	-	-
Net cash flow generated from/(used in) operating activities	239,646	290,927	(339)	-

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)**

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	14,980	7,944	-	-
Acquisition of property, plant and equipment, and software (Note 15 and Note 16)	(38,673)	(45,731)	-	-
Disposal of other investments	-	25,300	-	-
Disposal of joint ventures	-	685	-	-
Net cash flow from disposal of subsidiaries (Note 12)	-	1,354	-	-
Advances from immediate holding company	-	-	500	-
Advances from related companies	24,542	45,403	-	-
Advances from an associate	-	4,875	-	-
Advances from joint ventures	-	208,429	-	-
Withdrawal of deposits with licensed banks with maturity of more than 3 months	-	4,550	-	-
Net cash flow from placement in funds	(64,800)	9,800	-	-
Net cash (used in)/generated from investing activities	(63,951)	262,609	500	-

**STATEMENTS OF CASH FLOWS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015 (CONTD.)**

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
<b>Cash flows from financing activities</b>				
Drawdown of revolving credits	50,189	50,168	-	-
Drawdown of bills discounting	2,813	83,839	-	-
Repayment of term loans	(208)	(52,378)	-	-
Repayment of revolving credits	(50,168)	(50,000)	-	-
Repayment of other bank borrowings	(546)	(13,587)	-	-
Repayment of hire purchase and finance lease liabilities	(481)	(7,418)	-	-
Dividends paid	(70,000)	(427,958)	-	-
Dividends paid to non-controlling interests of subsidiaries	-	(681)	-	-
Net cash used in financing activities	(68,401)	(418,015)	-	-
<b>Net increase in cash and cash equivalents</b>	<b>107,294</b>	<b>135,521</b>	<b>161</b>	<b>-</b>
<b>Effects of foreign exchange rates changes</b>	<b>4,766</b>	<b>(499)</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>277,612</b>	<b>142,590</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents at end of financial year (Note 31)</b>	<b>389,672</b>	<b>277,612</b>	<b>161</b>	<b>-</b>

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

### 1. CORPORATE INFORMATION

Sunway Construction Group Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the Directors on 17 March 2016.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. However, Note 49 to the financial statements set out in page 265 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants (‘MIA Guidance’) and the directive of Bursa Malaysia Securities Berhad.

The Company was listed on the Main Market of Bursa Malaysia on 28 July 2015. Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its immediate holding company, SunHoldings. The Company was incorporated merely to effect the reorganisation of the Group through the Company’s acquisition of the existing SunCon group.

Upon completion of the above reorganisation exercise, the Company became the legal parent of SunCon. Consequently, the entire businesses and undertakings including all the assets and liabilities of SunCon Group has been transferred to the Company.

As SunCon was under common control before and after the reorganisation exercise, the Group applied the pooling of interest method of accounting and the consolidated financial statements have been accounted for as if the reorganisation exercise had occurred from the date when these entities were under common control.

Accordingly, the results of the Group have been stated as if SunCon group have been combined with the Company throughout the current and previous accounting periods even though the reorganisation was effected on 15 May 2015.

At the beginning of the current financial year, the Group and the Company adopted new and revised MFRSs which are mandatory for financial periods beginning on or after 1 July 2014 as described in Note 2.2 to the financial statements.

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

The financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand (“RM’000”), unless otherwise stated.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

#### 2.2 New MFRSs adopted during the financial year

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

On 1 January 2015, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 July 2014.

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
Amendments to MFRS 119 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2010 – 2012 Cycle</i>	1 July 2014
Amendments to MFRSs <i>Annual Improvements 2011 – 2013 Cycle</i>	1 July 2014

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

#### 2.3 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2016

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

DESCRIPTION	EFFECTIVE FOR ANNUAL PERIODS BEGINNING ON OR AFTER
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11 Accounting for <i>Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141 <i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs <i>Annual Improvements to 2012-2014 Cycle</i>	1 January 2016
MFRS 9 <i>Financial Instruments (IFRS as issued by IASB in July 2014)</i>	1 January 2018
MFRS 15 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.4 Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) The condition and location of the asset; and
- (b) Restrictions, if any, on the sale or use of the asset.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The fair value of a financial or non-financial liability or an entity's own equity instrument assumes that:

- (a) A liability would remain outstanding and the market participant transferee would be required to fulfil the obligation. The liability would not be settled with the counterparty or otherwise extinguished on the measurement date; and
- (b) An entity's own equity instrument would remain outstanding and the market participant transferee would take on the rights and responsibilities associated with the instrument. The instrument would not be cancelled or otherwise extinguished on the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1** Quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group determines the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.5 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current or non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve (12) months after the end of the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve (12) months after the end of the reporting period.

All other assets are classified as non-current.

A liability is current when it is:

- (i) Expected to be settled in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Due to be settled within twelve (12) months after the end of the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve (12) months after the end of the reporting period.

All other liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

### 2.6 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of each reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting period as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee;
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the voting rights of the Group in an investee are sufficient to give it power over the investee, including:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The voting rights and potential voting rights of the Group.

Intragroup balances, transactions, income and expenses are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the interest of the Group in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the financial year are included in the income statements and statements of other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.6 Basis of consolidation (contd.)

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between:

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest.

Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 *Financial Instruments: Recognition and Measurement* or, where applicable, the cost on initial recognition of an investment in associate or joint venture.

### 2.7 Business combinations

Business combinations are accounted for by applying the acquisition method of accounting. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the acquisition date, except that:

- (a) Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;
- (b) Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment transactions are measured in accordance with MFRS 2 *Share-based Payment* at the acquisition date; and
- (c) Assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the serviced are received.

Any contingent consideration payable is recognised at fair value at the acquisition date. Measurement period adjustments to contingent consideration are dealt with as follows:

- (a) If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity; and
- (b) Subsequent changes to contingent consideration classified as an asset or liability that is a financial instrument within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement* are recognised either in profit or loss or in other comprehensive income in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*. All other subsequent changes are recognised in profit or loss.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are initially measured at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the previously held equity interest of the Group in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.11(a) to the financial statements. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.7 Business combinations (contd.)

Business combinations involving entities under common control are accounted for by applying the pooling of interest method of accounting. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as merger reserve. The income statement and statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

### 2.8 Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the parent. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owners of the parent.

### 2.9 Foreign currencies

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

#### (b) Foreign currency transactions and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the reporting date are translated into functional currency at rates of exchange ruling at that date.

All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise.

Non-monetary items initially denominated in foreign currencies, which are carried at historical cost are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

#### (c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the end of each reporting period and income and expenses are translated at exchange rates at the dates of the transactions. All resulting exchange differences arising on the translation are taken as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of each reporting period.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item would flow to the Group and the cost of the item can be measured reliably.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset would flow to the Group and the cost of the asset could be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and which has different useful life, is depreciated separately.

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

	%
<i>Buildings</i>	2 - 10
<i>Plant and machinery</i>	10 - 20
<i>Motor vehicles</i>	20
<i>Office equipment, furniture and fittings</i>	10 - 33

Freehold land has an unlimited useful life and therefore is not depreciated.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

At the end of each reporting period, the carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. A write down is made if the carrying amount exceeds the recoverable amount (see Note 2.13 to the financial statements on impairment of non-financial assets).

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.11 Intangible assets

#### (a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.11 Intangible assets (contd.)

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill acquired in a business combination is from the acquisition date, allocated to each of the cash-generating units ("CGU") or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill arising on acquisition of an associate is the excess of cost of investment over the share of the net fair value of net assets of the associates' identifiable assets and liabilities by the Group at the date of acquisition.

Goodwill relating to the associate is included in the carrying amount of the investment and is not amortised. The excess of the share of the net fair value of the associate's identifiable assets and liabilities by the Group over the cost of investment is included as income in the determination of the share of the associate's profit or loss by the Group in the period in which the investment is acquired.

#### (b) Other intangible assets

Other intangible assets are recognised only when the identifiability, control and future economic benefit probability criteria are met.

The Group recognises at the acquisition date separately from goodwill, an intangible asset of the acquiree, irrespective of whether the asset had been recognised by the acquiree before the business combination. In-process research and development projects acquired in such combinations are recognised as an asset even if subsequent expenditure is written off because the criteria specified in the policy for research and development is not met.

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives and are assessed for any indication that the asset could be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least after the reporting date. The amortisation expense on intangible assets with finite lives is recognised in profit or loss and is included within the other operating expenses line item.

Expenditure on an intangible item that is initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use. The gain or loss arising from the derecognition, which is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset is recognised in profit or loss when the asset is derecognised.

#### Software

Software that does not form an integral part of the related hardware is treated as intangible asset with finite life and is amortised over its estimated useful life of 3 years.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.12 Construction contracts

Contract costs comprise costs related directly to the specific contract and those that are attributable to the contract activity in general and can be allocated to the contract and such other costs that are specifically chargeable to the customer under the terms of the contract.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs or by reference to the physical completion of the contract.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed contract revenue, the expected loss is recognised as an expense immediately.

When the total costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amounts due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amounts due to customers on contracts.

### 2.13 Impairment of non-financial assets

The carrying amount of assets, except for financial assets (excluding investments in subsidiaries, associate and joint ventures), inventories and deferred tax assets, are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Goodwill and intangible assets that have an indefinite useful life are tested annually for impairment or more frequently if events or changes in circumstances indicate that the goodwill or intangible asset might be impaired.

The recoverable amount of an asset is estimated for an individual asset. Where it is not possible to estimate the recoverable amount of the individual asset, the impairment test is carried out on the CGU to which the asset belongs. Goodwill acquired in a business combination is from the acquisition date, allocated to each of the CGU or groups of CGU of the Group that are expected to benefit from the synergies of the combination giving rise to the goodwill irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Goodwill acquired in a business combination shall be tested for impairment as part of the impairment testing of CGU to which it relates. The CGU to which goodwill is allocated shall represent the lowest level within the Group at which the goodwill is monitored for internal management purposes and not larger than an operating segment determined in accordance with MFRS 8 *Operating Segments*.

The recoverable amount of an asset or CGU is the higher of its fair value less cost to sell and its value in use.

In estimating the value in use, the estimated future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted. An impairment loss is recognised in profit or loss when the carrying amount of the asset or the CGU, including the goodwill or intangible asset, exceeds the recoverable amount of the asset or the CGU. The total impairment loss is allocated, first, to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro-rata basis of the carrying amount of each asset in the CGU.

The impairment loss is recognised in profit or loss immediately.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss for other assets is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Such reversals are recognised as income immediately in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.14 Subsidiaries

A subsidiary is an entity in which the Group and the Company are exposed, or have rights, to variable returns from its involvement with the subsidiary and have the ability to affect those returns through its power over the subsidiary.

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost (or in accordance with MFRS 139 *Financial Instruments: Recognition and Measurement*). Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss. Investments accounted for at cost shall be accounted for in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* when they are classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

When control of a subsidiary is lost as a result of a transaction, event or other circumstance, the Group would derecognise all assets, liabilities and non-controlling interests at their carrying amount and to recognise the fair value of the consideration received. Any retained interest in the former subsidiary is recognised at its fair value at the date control is lost. The resulting difference is recognised as a gain or loss in profit or loss.

### 2.15 Associates

An associate is an entity over which the Group and the Company have significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is neither control nor joint control over those policies.

In the separate financial statements of the Company, an investment in associate is stated at cost less impairment losses.

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting. The investment in associate in the consolidated statement of financial position is initially recognised at cost and adjusted thereafter for the post acquisition change in the share of net assets of the investments of the Group.

The interest in an associate is the carrying amount of the investment in the associate under the equity method together with any long term interest that, in substance, form part of the net investment in the associate of the Group.

The share of the profit or loss of the associate by the Group during the financial year is included in the consolidated financial statements, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. Distributions received from the associate reduce the carrying amount of the investment. Adjustments to the carrying amount could also be necessary for changes in the proportionate interest of the Group in the associate arising from changes in the associate's equity that have not been recognised in the associate's profit or loss. Such changes include those arising from the revaluation of property, plant and equipment and from foreign exchange translation differences. The share of those changes by the Group is recognised directly in equity of the Group.

Unrealised gains and losses on transactions between the Group and the associate are eliminated to the extent of the interest of the Group in the associate to the extent that there is no impairment.

When the share of losses of the Group in the associate equals to or exceeds its interest in the associate, the carrying amount of that interest is reduced to nil and the Group does not recognise further losses unless it has incurred legal or constructive obligations or made payments on its behalf.

The most recent available financial statements of the associate are used by the Group in applying the equity method. When the end of the reporting periods of the financial statements are not coterminous, the share of results is arrived at using the latest audited financial statements for which the difference in end of the reporting periods is no more than three (3) months. Adjustments are made for the effects of any significant transactions or events that occur between the intervening periods.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.15 Associates (contd.)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the interest of the Group in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

### 2.16 Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The parties are bound by a contractual arrangement which gives two or more parties joint control of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is either a joint operation or a joint venture. The Group has determined that all its joint operations are joint ventures (Note 22).

#### (a) Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. These parties are known as joint venturers.

In the separate financial statements of the Company, an investment in a joint venture is stated at cost.

Any premium paid for an investment in a joint venture above the fair value of the share of the identifiable assets, liabilities and contingent liabilities acquired of the Group is capitalised and included in the carrying amount of the investment in joint venture. Where there is an objective evidence that the investment in a joint venture has been impaired, the carrying amount of the investment is tested for impairment in accordance with MFRS 136 *Impairment of Assets* as a single asset, by comparing its recoverable amount with its carrying amount.

The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with MFRS 128 *Investments in Associates and Joint Ventures*.

The Group determines the type of joint arrangement in which it is involved, based on the rights and obligations of the parties to the arrangement. In assessing the classification of interests in joint arrangements, the Group considers:

- (a) The structure of the joint arrangement;
- (b) The legal form of joint arrangements structured through a separate vehicle;
- (c) The contractual terms of the joint arrangement agreement; and
- (d) Any other facts and circumstances.

When there are changes in the facts and circumstances change, the Group reassesses whether the type of joint arrangement in which it is involved has changed.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.17 Financial assets

A financial asset is any asset that is cash, an equity instrument of another enterprise, a contractual right to receive cash or another financial asset from another enterprise, or a contractual right to exchange financial assets or financial liabilities with another enterprise under conditions that are potentially favourable to the Group.

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include the following:

#### (a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

#### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than twelve (12) months after the reporting period which are classified as non-current.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.17 Financial assets (contd.)

#### (c) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the right of the Group and of the Company to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost less impairment losses.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within twelve (12) months after the reporting period.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.18 Impairment of financial assets

The Group and the Company assess at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

#### (a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the original effective interest rate of the financial asset. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

#### (b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

### 2.19 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three (3) months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.20 Inventories

Property stocks are stated at lower of cost and net realisable value. Cost comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs.

Spare parts are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined on weighted average basis.

Raw materials, work-in-progress and finished goods are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined using the first-in, first-out formula. Cost comprises costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition. The cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

### 2.21 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources would be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources would be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are not recognised for future operating losses. If the Group has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

### 2.22 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139 *Financial Instruments: Recognition and Measurement*, are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The financial liabilities of the Group and of the Company comprise trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.22 Financial liabilities (contd.)

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Any difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the reporting date, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

### 2.23 Borrowing costs

Borrowing costs that are directly attributable to the acquisition or production of a qualified asset is capitalised as part of the cost of the asset until when substantially all the activities necessary to prepare the asset for its intended use or sale are complete, after which such expense is charged to profit or loss. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Capitalisation of borrowing cost is suspended during extended periods in which active development is interrupted.

The amount of borrowing costs eligible for capitalisation is the actual borrowing costs incurred on the borrowing during the period less any investment income on the temporary investment of the borrowing.

All other borrowing cost is recognised in profit or loss in the period in which they are incurred.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.24 Employee benefits

#### (a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are measured on an undiscounted basis and are expensed when employees rendered their services to the Group.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

#### (b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme and foreign subsidiaries make contributions to their respective countries' statutory pension schemes. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### (c) Employee share option scheme ("ESOS")

Employees of the Group receive remuneration in the form of share options of Sunway Berhad as consideration for services rendered. The cost of these liability-settled transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding payable to Sunway Berhad. The cumulative expense recognised at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the best estimate of the Group of the number of options that would ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that reporting period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.25 Lessee

#### (a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group would obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

#### (b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.27(c) to the financial statements.

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the term net investment method so as to reflect a constant periodic rate of interest on the balance outstanding. When the assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset.

### 2.26 Discontinued operation

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

### 2.27 Revenue

Revenue is measured at the fair value of the consideration received or receivables, net of discounts and rebates.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.27 Revenue (contd.)

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

#### (a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 2.12 to the financial statements.

#### (b) Sale of goods

Revenue from sale of goods is recognised when significant risks and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### (c) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

#### (c) Management fees

Management fees are recognised when services are rendered.

#### (e) Investment income

Dividend income is recognised when the right of the Group to receive payment is established.

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

#### (f) Sale of properties

Revenue from sale of property stocks are recognised net of discount and upon transfer of significant risks and rewards of ownership to the purchasers. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of property stocks.

### 2.28 Income taxes

Taxes in the statement of profit or loss and other comprehensive income comprise current tax and deferred tax.

#### (a) Current tax

Current tax expenses are determined according to the tax laws of each jurisdiction in which the Group operates and include all taxes based upon the taxable profits (including withholding taxes payable by foreign subsidiaries on distribution of retained earnings to companies in the Group), and real property gains taxes payable on disposal of properties, if any.

#### (b) Deferred tax

Deferred tax is recognised in full using the liability method on temporary differences arising between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.28 Income taxes (contd.)

#### (b) Deferred tax (contd.)

- (ii) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences would not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit would be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- (i) where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- (ii) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences would reverse in the foreseeable future and taxable profit would be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit would be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit would allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws by the Government in the annual budgets which have the substantive effect of actual enactment by the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxable entity and the same taxation authority on either:

- (i) The same taxable entity; or

- (ii) Different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.29 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

An operating segment may engage in business activities for which it has yet to earn revenues.

The Group reports separately information about each operating segment that meets any of the following quantitative thresholds:

- (a) Its reported revenue, including both sales to external customers and intersegment sales or transfers, is ten percent (10%) or more of the combined revenue, internal and external, of all operating segments.
- (b) The absolute amount of its reported profit or loss is ten percent (10%) or more of the greater, in absolute amount of:
  - (i) The combined reported profit of all operating segments that did not report a loss; and
  - (ii) The combined reported loss of all operating segments that reported a loss.
- (c) Its assets are ten percent (10%) or more of the combined assets of all operating segments.

Operating segments that do not meet any of the quantitative thresholds may be considered reportable, and separately disclosed, if management believes that information about the segment would be useful to users of the financial statements.

Total external revenue reported by operating segments shall constitute at least seventy-five percent (75%) of the revenue of the Group. Operating segments identified as reportable segments in the current financial year in accordance with the quantitative thresholds would result in a restatement of prior period segment data for comparative purposes.

### 2.30 Equity

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are classified as equity instruments.

Ordinary shares are recorded at the nominal value and proceeds in excess of the nominal value of shares issued, if any, are accounted for as share premium. Both ordinary shares and share premium are classified as equity. Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. Otherwise, they are charged to profit or loss.

Interim dividends to shareholders are recognised in equity in the period in which they are declared. Final dividends are recognised upon the approval of shareholders in a general meeting.

The Group measures a liability to distribute non-cash assets as a dividend to the owners of the Company at the fair value of the assets to be distributed. The carrying amount of the dividend is remeasured at the end of each reporting period and at the settlement date, with any changes recognised directly in equity as adjustments to the amount of the distribution. On settlement of the transaction, the Group recognises the difference, if any, between the carrying amount of the assets distributed and the carrying amount of the liability in profit or loss.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

### 2.31 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources would be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence would be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group. The Group does not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date.

### 2.32 Earnings per share

#### (a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

#### (b) Diluted

Diluted earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements of the Group requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 3.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of each reporting period.

#### 3.2 Judgements made in applying accounting policies

In the process of applying the accounting policies of the Group, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

##### (a) Contingent liabilities

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

##### (b) Classification of non-current bank borrowings

Term loan agreements entered into by the Group include repayment on demand clauses at the discretion of financial institutions. The Group believes that in the absence of a default being committed by the Group, these financial institutions are not entitled to exercise its right to demand for repayment. Accordingly, the carrying amount of the term loans have been classified between current and non-current liabilities based on their repayment period.

##### (c) Contingent liabilities on corporate guarantees

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote.

##### (d) Classification of joint arrangements

For all joint arrangements structured in separate vehicles, the Group assesses the substance of the joint arrangement in determining whether it is classified as a joint venture or joint operation. This assessment requires the Group to consider whether there are any factors that give the Group rights to the net assets of the joint arrangements (in which case it is classified as a joint venture), or rights to specific assets, liabilities, expenses, and revenues (in which case it is classified as a joint operation). These factors include:

- (i) Structure;
- (ii) Legal form;
- (iii) Contractual agreement; and
- (iv) Other facts and circumstances

Upon consideration of these factors, the Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.

#### 3.3 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

##### (a) Construction contracts

The Group recognises construction contract revenue and expenses in the profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

### 3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTD.)

#### 3.3 Key sources of estimation uncertainty (contd.)

##### (a) Construction contracts (contd.)

Significant judgement is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 30 to the financial statements.

##### (b) Income taxes

Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are transactions during the ordinary course of business for which the ultimate tax determination is uncertain. The Company recognises tax liabilities based on estimates of whether additional taxes would be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences would impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit would be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. As at 31 December 2015, the total carrying amount of unrecognised tax losses, capital allowances and other temporary differences of the Group is RM17,505,000 (2014: RM98,880,000). Further details are provided for in Note 34 to the financial statements.

##### (d) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill in respect of acquisition of subsidiaries as at 31 December 2015 was RM3,647,000 (2014: RM3,647,000). Further details are disclosed in Note 23 to the financial statements.

##### (e) Impairment of loans and receivables

The Group assesses at end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the loans and receivables of the Group at the end of each reporting period are disclosed in Note 25 to the financial statements.

##### (f) Impairment of investments in an associate and joint ventures

The Group reviews its investment in an associate and investments in joint ventures when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. The Group evaluates the recoverable amounts based on market performance, economic and political situation of the country in which the joint ventures and associate operate. Further details are disclosed in Note 22 and Note 20 to the financial statements respectively.

##### (g) Depreciation of property, plant and equipment

The useful lives and residual values of other components of property, plant and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

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

#### 4. REVENUE

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Contract revenue	1,664,016	1,626,151
Sales of goods	252,843	254,556
	<b>1,916,859</b>	<b>1,880,707</b>

#### 5. COST OF SALES

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Construction costs	1,364,251	1,339,008
Cost of goods sold	164,216	146,289
	<b>1,528,467</b>	<b>1,485,297</b>

#### 6. OTHER INCOME

Included in other income are the following:

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Rental income of plant and machinery	994	639
Reversal of allowance for impairment		
- trade receivables (Note 25)	345	-
- other receivables (Note 26)	-	330
- amounts due from an associate (Note 25)	12,339	-
Bad debts recovered	68	632
- Continuing	68	601
- Discontinued	-	31
Reversal of impairment losses on property, plant and equipment (Note 15)	-	845
Gain on disposal of property, plant and equipment	1,291	2,443

#### 6. OTHER INCOME (CONTD.)

Included in other income are the following: (contd.)

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Gain on liquidation of subsidiaries	-	869
Rental income from buildings	134	863
- Continuing	134	121
- Discontinued	-	742
Rental income from investment properties	-	840
- Continuing	-	-
- Discontinued	-	840
Gain on derivatives	-	142
Foreign exchange gain:		
- Realised	2,177	393
- Unrealised	12	565
Gain on disposal of property stock	-	1,431

#### 7a. FINANCE INCOME AND OTHER DISTRIBUTION INCOME

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Finance and other distribution income from:		
Advances to:		
- a related company (Note 42)	-	1,131
Deposits with licensed banks	2,622	970
Deposits with other financial institutions	745	372
Placement in funds	3,574	1,208
Others	1,104	374
	<b>8,045</b>	<b>4,055</b>

## 7b. FINANCE COSTS

	GROUP	
	1.1.2015 TO	1.1.2014 TO
	31.12.2015	31.12.2014
	RM'000	RM'000
Interest expense on:		
Advance from:		
- a related company (Note 42)	(305)	-
Hire purchase obligations	(47)	(122)
Bank borrowings	(3,155)	(3,217)
	(3,507)	(3,339)

## 8. PROFIT/(LOSS) BEFORE TAX

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

	GROUP		COMPANY	
	1.1.2015 TO	1.1.2014 TO	1.1.2015 TO	10.9.2014 TO
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Employee benefits expense (Note 9)	172,858	189,625	-	-
- Continuing	172,858	189,623	-	-
- Discontinued	-	2	-	-
Non-executive Director remuneration (Note 10)	639	-	639	-
Auditors' remuneration:				
- statutory audits	704	852	15	1
- Continuing	704	795	15	1
- Discontinued	-	57	-	-
- underprovision in prior year	102	11	-	-
- other services	70	41	-	-
Allowance for impairment				
- trade receivables (Note 25)	2,478	3,973	-	-
- other receivables (Note 26)	-	2,356	-	-
Travelling and transportation	3,222	3,958	-	-
Bad debts written off	417	65	-	-
- Continuing	417	53	-	-
- Discontinued	-	12	-	-
Exchange losses:				
- realised	2,447	5,182	-	-
- unrealised	2,616	-	-	-

## 8. PROFIT/(LOSS) BEFORE TAX (CONTD.)

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

	GROUP		COMPANY	
	1.1.2015 TO	1.1.2014 TO	1.1.2015 TO	10.9.2014 TO
	31.12.2015	31.12.2014	31.12.2015	31.12.2014
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment, and software				
- amortisation and depreciation (Note 15 & Note 16)	41,921	44,680	-	-
- written off	240	1,740	-	-
Rental of land and buildings	12,421	9,945	-	-
Hire of plant and machinery	41	2,141	-	-
Loss on derivatives	-	489	-	-
Management fees paid to intermediate holding company (Note 42)	18,842	16,649	-	-
Service level agreement fee (Note 42)	5,046	4,939	2	-

## 9. EMPLOYEE BENEFITS EXPENSE

	GROUP	
	1.1.2015 TO	1.1.2014 TO
	31.12.2015	31.12.2014
	RM'000	RM'000
Wages, salaries and bonuses	147,608	163,783
Social security contributions	842	847
Contributions to defined contribution plan	12,292	12,596
Employees' share option scheme	4,904	5,726
Other benefits	7,212	6,673
	172,858	189,625

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM4,653,000 (2014: RM4,616,000) as further disclosed in Note 10 to the financial statements.

## 10. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
Executive Directors' remuneration:				
Salaries and bonuses	1,323	1,455	-	-
Contribution to defined contribution plan	444	689	-	-
Employees' share option scheme	1,150	299	-	-
Other benefits	1,736	2,173	-	-
<b>Total Executive Directors' remuneration</b>	<b>4,653</b>	<b>4,616</b>	<b>-</b>	<b>-</b>
Estimated money value of benefits-in-kind	26	74	-	-
<b>Total Executive Directors' remuneration (Note 42)</b>	<b>4,679</b>	<b>4,690</b>	<b>-</b>	<b>-</b>
Non-executive:				
Fees	612	-	612	-
Other emoluments	27	-	27	-
	<b>639</b>	<b>-</b>	<b>639</b>	<b>-</b>
<b>TOTAL DIRECTORS' REMUNERATION INCLUDING BENEFITS-IN-KIND</b>	<b>5,318</b>	<b>4,690</b>	<b>639</b>	<b>-</b>

	NUMBER OF DIRECTORS	
	2015	2014
Executive Directors:		
RM250,000 - RM300,000	1	-
RM3,200,000 - RM3,250,000	1	1
Non-executive Directors:		
Below RM150,000	5	5

An Executive Director retired and become a Non-executive Director of the Company during the financial year.

## 11. INCOME TAX EXPENSE

	GROUP		COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
Current income tax:				
Malaysian income tax				
- Continuing	10,781	11,998	-	-
- Discontinued	-	119	-	-
Foreign tax	9,047	13,200	-	-
	<b>19,828</b>	<b>25,317</b>	<b>-</b>	<b>-</b>
Under/(Over)provision in prior years:				
Malaysian income tax				
- Continuing	129	4,208	-	-
- Discontinued	-	(74)	-	-
Foreign tax	-	(624)	-	-
	<b>129</b>	<b>3,510</b>	<b>-</b>	<b>-</b>
	<b>19,957</b>	<b>28,827</b>	<b>-</b>	<b>-</b>
Deferred tax (Note 34):				
Relating to origination and reversal of temporary differences				
- Continuing	(6,939)	901	-	-
- Discontinued	-	-	-	-
Overprovision in prior years				
- Continuing	(6)	(3,188)	-	-
- Discontinued	-	96	-	-
	<b>(6,945)</b>	<b>(2,191)</b>	<b>-</b>	<b>-</b>
Total income tax expense:				
- Continuing	13,012	26,495	-	-
- Discontinued (Note 12)	-	141	-	-
	<b>13,012</b>	<b>26,636</b>	<b>-</b>	<b>-</b>

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2014: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 Budget. Deferred tax has been adjusted to reflect this reduction.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

## 11. INCOME TAX EXPENSE (CONTD.)

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

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Profit before tax from continuing operations	140,750	139,324
Profit before tax from discontinued operations	-	50,480
Accounting profit before tax	140,750	189,804
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	35,188	47,451
Different tax rates in other countries	(1,510)	(4,395)
Differences in current and future tax rate	261	142
Income not subject to tax	(5,680)	(3,007)
Expenses not deductible for tax purposes	4,993	9,154
Deferred tax assets not recognised in respect of current year's tax losses and unabsorbed capital allowances	-	228
Utilisation of deferred tax assets previously not recognised	(20,344)	(5,714)
Effects of share of profit of joint ventures	(19)	(17,641)
Underprovision of income tax in prior years	129	3,510
Overprovision of deferred tax in prior years	(6)	(3,092)
Income tax expense for the year	13,012	26,636

	COMPANY	
	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000
Loss before tax	(1,950)	(76)
Taxation at Malaysian statutory tax rate of 25% (2014: 25%)	(488)	(19)
Expenses not deductible for tax purposes	488	19
Income tax expense for the year/period	-	-

Tax savings of the Group during the financial year are as follows:

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Utilisation of current year tax losses	-	6
Utilisation of previously unrecognised tax losses	4,259	7,242
	4,259	7,248

## 12. DISCONTINUED OPERATIONS

(a) On 31 October 2014, the Company entered into a share sale agreement with SunHoldings ("Identified Companies SSA") to dispose:

- (i) 79.9% equity interest of Sunway Permai Sdn. Bhd. ("Sunway Permai"), consisting of 127,999 ordinary shares of RM1.00 each in Sunway Permai;
- (ii) the entire issued and paid-up share capital of Sunway Transit System Sdn. Bhd. ("Sunway Transit System"), consisting of 10,000 ordinary shares of RM 1.00 each in Sunway Transit System; and
- (iii) the entire issued and paid-up share capital of Sunway Dimension Stones Sdn. Bhd. ("Sunway Dimension Stones"), consisting of 100,000 ordinary shares of RM 1.00 each in Sunway Dimension Stones,

for an aggregate sale and purchase consideration of RM21,100,001. The disposal of the abovementioned subsidiaries has been completed immediately following the execution of the Identified Companies SSA. Accordingly, Sunway Permai, Sunway Transit System and Sunway Dimension Stones had ceased to be subsidiaries of the Company on 31 October 2014.

(b) On 3 November 2014, SunHoldings subscribed for 6,690,000 new ordinary shares in Sunway Developments Pte. Ltd. ("Sunway Developments"), a wholly-owned subsidiary of Sunway Concrete Products (S) Pte. Ltd. ("Sunway Concrete Products"), which in turn is an indirect wholly-owned subsidiary of the Company, at the subscription price of SGD6,690,000. Sunway Developments had thereafter on 6 November 2014 undertaken a selective share buy-back of the existing 2 ordinary shares held by Sunway Concrete Products in Sunway Developments at the sum of SGD2. Pursuant thereto, Sunway Developments had ceased to be a subsidiary of the Company on 6 November 2014. Consequently, all the investment in joint ventures namely Hoi Hup Sunway J.V. Pte. Ltd., Hoi Hup Sunway Property Pte. Ltd., Hoi Hup Sunway Miltonia Pte. Ltd., Hoi Hup Sunway Tampines Pte. Ltd., Hoi Hup Sunway Yuan Ching Pte. Ltd., Hoi Hup Sunway Pasir Ris Pte. Ltd., Hoi Hup Sunway Novena Pte. Ltd. and Hoi Hup Sunway Mount Sophia Pte. Ltd. which were held via Sunway Developments also ceased to be the joint venture of the Group on the same date.

(c) On 5 November 2014, Sunway Concrete Products, an indirect subsidiary of the Company had entered into a share sale agreement with SunHoldings ("SSA") on the disposal of 30% equity interest in Hoi Hup Sunway Developments Pte. Ltd. for cash consideration of SGD300,000 ("Disposal of Hoi Hup Sunway"). The disposal of Hoi Hup Sunway was completed immediately following the execution of the SSA.

(d) On 10 December 2014, Sunway M&E Sdn. Bhd. and Sunway Smartek Sdn. Bhd. commenced their members' voluntary winding up pursuant to Section 254(1)(6) of the Companies Act, 1965. On 4 February 2016, the companies were dissolved by way of members' voluntary winding-up.

## 12. DISCONTINUED OPERATIONS (CONTD.)

### STATEMENTS OF FINANCIAL POSITION DISCLOSURES

The assets and liabilities of the subsidiaries disposed of at 31 October 2014 are as follows:

	2014 RM'000
<b>ASSETS</b>	
<b>Non-current assets</b>	
Investment properties (Note 17)	11,000
Investments in joint ventures	5,885
Deferred tax assets	346
	17,231
<b>Current assets</b>	
Property development costs (Note 18)	96,371
Inventories	12,972
Other receivables	170,921
Amount due from immediate holding company	5,413
Amounts due from related companies	8,200
Tax recoverable	169
Cash and bank balances	19,746
	313,792
<b>TOTAL ASSETS</b>	331,023
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade payables	264
Other payables	862
Amount due to immediate holding company	87
Amounts due to related companies	291,552
Tax payable	94
	292,859
<b>Reserve</b>	
Foreign currency reserve	(104)
Non-controlling interest	2,510
	2,406
<b>Non-current liabilities</b>	
Deferred tax liabilities	310
	310
<b>TOTAL EQUITY AND LIABILITIES</b>	295,575

## 12. DISCONTINUED OPERATIONS (CONTD.)

### STATEMENTS OF COMPREHENSIVE INCOME DISCLOSURES

The results of discontinued operations were as follows:

	2014 RM'000
Revenue	-
Cost of sales	-
Gross loss	-
Other income	1,614
Administrative expenses	(375)
Other expenses	237
Operating profit	1,476
Finance costs	(13)
Share of results of joint ventures	49,017
Profit before tax from discontinued operations	50,480
Income tax expense (Note 11)	(141)
Profit from discontinued operations, net of tax	50,339

	2014 RM'000
<b>Cash inflow arising from disposal:</b>	
Cash consideration	21,100
Cash and cash equivalents of subsidiaries disposed	(19,746)
Net cash inflow on disposal	1,354

The derecognition of subsidiaries namely Sunway Permai Sdn. Bhd., Sunway Dimension Stone Sdn. Bhd., Sunway Transit System Sdn. Bhd., Sunway Development Pte. Ltd. and Sunway Land Pte. Ltd. resulted in a loss of RM19.6 million. The derecognition of joint ventures namely Hoi Hup Sunway J.V. Pte. Ltd., Hoi Hup Sunway Property Pte. Ltd., Hoi Hup Sunway Miltonia Pte. Ltd., Hoi Hup Sunway Tampines Pte. Ltd., Hoi Hup Sunway Yuan Ching Pte. Ltd., Hoi Hup Sunway Pasir Ris Pte. Ltd., Hoi Hup Sunway Novena Pte. Ltd., Hoi Hup Sunway Mount Sophia Pte. Ltd. and Hoi Hup Sunway Developments Pte. Ltd. resulted in a loss of RM328.9 million. These losses have been accounted for as a transaction with owners and accordingly, it is recorded as a distribution directly within equity.

### 13. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Profit from continuing operations attributable to owners of the parent	127,164	112,879
Profit from discontinued operations attributable to owners of the parent	-	50,264
	<b>127,164</b>	<b>163,143</b>
Weighted average number of ordinary shares in issue ('000)	<b>1,292,900</b>	1,292,900
Basic earnings per ordinary share for (sen):		
Profit from continuing operations	9.84	8.73
Profit from discontinued operations	-	3.89
Profit for the financial year	<b>9.84</b>	<b>12.62</b>

The profit or loss reflects the results of the Group for the full year, irrespective of when the combination took place. In this regard, for the computation of earnings per share, the shares are assumed to have been issued on 1 January 2014.

#### (b) Diluted

Diluted earnings per share equals basic earnings per ordinary share.

### 14. DIVIDENDS

	GROUP			
	DIVIDENDS IN RESPECT OF YEAR		DIVIDENDS RECOGNISED IN YEAR	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
<b>Interim dividend for 2013:</b>				
Single-tier dividend of 17.01434% (17.01 sen per share)	-	-	-	33,000
<b>Interim dividend for 2014:</b>				
Single-tier dividend of 3.60910% (RM1.00 per share)	-	7,000	-	7,000
Single-tier dividend of 9.43522% (RM1.00 per share)	-	18,300	-	18,300
Single-tier dividend of 7.47599% (RM1.00 per share)	-	14,500	-	14,500
Single-tier dividend of 10.87886% (RM1.00 per share)	-	21,100	-	21,100
Single-tier dividend of 44.72824% (RM1.00 per share)	-	86,752	-	86,752
Single-tier dividend of 88.75201% (RM1.00 per share)	-	172,138	-	172,138
Single-tier dividend of 38.35455% (RM1.00 per share)	-	74,390	-	74,390
Single-tier dividend of 0.401105% (RM1.00 per share)	-	778	-	778

## 14. DIVIDENDS (CONTD.)

GROUP				
	DIVIDENDS IN RESPECT OF YEAR		DIVIDENDS RECOGNISED IN YEAR	
	1.1.2015 TO 31.12.2015	1.1.2014 TO 31.12.2014	1.1.2015 TO 31.12.2015	1.1.2014 TO 31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>Interim dividend for 2015:</b>				
Single-tier dividend of 36.09103% (RM1.00 per share)	-	70,000	70,000	-
Single-tier dividend of 20% (RM0.20 per share)	51,716	-	-	-
	51,716	464,958	70,000	427,958

COMPANY				
	DIVIDENDS IN RESPECT OF YEAR		DIVIDENDS RECOGNISED IN YEAR	
	1.1.2015 TO 31.12.2015	10.9.2014 TO 31.12.2014	1.1.2015 TO 31.12.2015	10.9.2014 TO 31.12.2014
	RM'000	RM'000	RM'000	RM'000
<b>Interim dividend for 2015:</b>				
Single-tier dividend of 20% (RM0.20 per share)	51,716	-	-	-
	51,716	-	-	-

During the financial year, a dividend of RM70,000,000 had been paid by SunCon to its immediate holding company, Sunway Holdings Sdn. Bhd.

On 25 February 2016, the Board of Directors declared an interim single-tier dividend of 20% for each ordinary share of RM0.20 each of the Company for the financial year ended 31 December 2015. The total dividend payable amount to RM51,716,000. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2016.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2015.

## 15. PROPERTY, PLANT AND EQUIPMENT

GROUP	PURCHASED ASSETS				ASSETS ACQUIRED UNDER FINANCE LEASE AND HIRE PURCHASE AGREEMENTS				TOTAL RM'000
	FREEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	CAPITAL WORK-IN- PROGRESS RM'000	PLANT AND MACHINERY RM'000		
<b>At 31 December 2015</b>									
<b>Cost</b>									
<b>At 1 January 2015</b>	8,538	18,647	278,629	24,234	14,204	1,297	6,108	351,657	
Additions	-	1,271	29,616	3,060	820	3,422	-	38,189	
Written off	-	-	(7,894)	(169)	(89)	-	-	(8,152)	
Disposals	-	(8,427)	(15,835)	(3,218)	(14)	-	-	(27,494)	
Reclassification	-	-	7,038	-	-	-	(7,038)	-	
Exchange differences	-	-	4,503	331	820	-	930	6,584	
<b>At 31 December 2015</b>	<b>8,538</b>	<b>11,491</b>	<b>296,057</b>	<b>24,238</b>	<b>15,741</b>	<b>4,719</b>	<b>-</b>	<b>360,784</b>	
<b>Accumulated depreciation</b>									
<b>At 1 January 2015</b>	-	4,751	135,219	13,219	11,002	-	3,145	167,336	
Depreciation charge for the year (Note 8)	-	926	32,631	3,704	2,014	-	-	39,275	
Written off	-	-	(7,701)	(154)	(57)	-	-	(7,912)	
Disposals	-	(2,209)	(4,324)	(2,303)	(11)	-	-	(8,847)	
Reclassification	-	-	3,624	-	-	-	(3,624)	-	
Exchange differences	-	-	4,159	220	748	-	479	5,606	
<b>At 31 December 2015</b>	<b>-</b>	<b>3,468</b>	<b>163,608</b>	<b>14,686</b>	<b>13,696</b>	<b>-</b>	<b>-</b>	<b>195,458</b>	
<b>Accumulated impairment losses</b>									
<b>At 1 January 2015</b>	-	4,958	3,543	-	-	-	-	8,501	
Disposals	-	(4,958)	-	-	-	-	-	(4,958)	
<b>At 31 December 2015</b>	<b>-</b>	<b>-</b>	<b>3,543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,543</b>	
<b>Net carrying amount</b>	<b>8,538</b>	<b>8,023</b>	<b>128,906</b>	<b>9,552</b>	<b>2,045</b>	<b>4,719</b>	<b>-</b>	<b>161,783</b>	

## 15. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

ASSETS ACQUIRED UNDER  
FINANCE LEASE AND HIRE  
PURCHASE AGREEMENTS

PURCHASED ASSETS

GROUP (CONTD.)	FREEHOLD LAND RM'000	BUILDINGS RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	OFFICE EQUIPMENT, FURNITURE AND FITTINGS RM'000	CAPITAL WORK- IN-PROGRESS RM'000	PLANT AND MACHINERY RM'000	MOTOR VEHICLES RM'000	TOTAL RM'000
<b>At 31 December 2014</b>									
<b>Cost</b>									
<b>At 1 January 2014</b>	8,538	17,821	224,807	20,998	12,078	9,486	25,526	1,173	320,427
Additions	-	826	34,179	2,289	2,332	5,007	-	-	44,633
Written off	-	-	(2,259)	(4)	(214)	(845)	-	-	(3,322)
Disposals	-	-	(10,462)	(262)	(72)	-	-	-	(10,796)
Reclassification	-	-	31,868	1,173	-	(12,352)	(19,516)	(1,173)	-
Exchange differences	-	-	496	40	80	1	98	-	715
<b>At 31 December 2014</b>	8,538	18,647	278,629	24,234	14,204	1,297	6,108	-	351,657
<b>Accumulated depreciation</b>									
<b>At 1 January 2014</b>	-	3,885	98,222	9,249	7,335	-	11,171	607	130,469
Depreciation charge for the year (Note 8)	-	866	34,331	3,607	3,862	-	503	-	43,169
Written off	-	-	(1,373)	(4)	(205)	-	-	-	(1,582)
Disposals	-	-	(4,963)	(262)	(70)	-	-	-	(5,295)
Reclassification	-	-	8,581	607	-	-	(8,581)	(607)	-
Exchange differences	-	-	421	22	80	-	52	-	575
<b>At 31 December 2014</b>	-	4,751	135,219	13,219	11,002	-	3,145	-	167,336
<b>Accumulated impairment losses</b>									
<b>At 1 January 2014</b>	-	4,958	3,543	-	-	845	-	-	9,346
Reversal of impairment loss (Note 6)	-	-	-	-	-	(845)	-	-	(845)
<b>At 31 December 2014</b>	-	4,958	3,543	-	-	-	-	-	8,501
<b>Net carrying amount</b>	8,538	8,938	139,867	11,015	3,202	1,297	2,963	-	175,820

During the previous financial year, plant and machinery of subsidiary with net carrying amount of RM4 were pledged as securities for term loan as disclosed in Note 32 to the financial statements.

## 16. INTANGIBLE ASSETS

SOFTWARE	GROUP	
	2015 RM'000	2014 RM'000
<b>Cost</b>		
At beginning of financial year	8,716	7,618
Additions	484	1,098
At end of financial year	9,200	8,716
<b>Accumulated amortisation</b>		
At beginning of financial year	5,808	4,297
Amortisation charge for the year (Note 8)	2,646	1,511
At end of financial year	8,454	5,808
<b>Net carrying amount</b>	746	2,908

## 17. INVESTMENT PROPERTIES

	GROUP	
	2015 RM'000	2014 RM'000
<b>At valuation</b>		
At beginning of financial year	-	11,000
Disposal of a subsidiary (Note 12)	-	(11,000)
At end of financial year	-	-

In the previous year, investment properties were stated at fair value, which had been determined based on valuations at the reporting date. The carrying values of the properties were performed by accredited independent valuers, C H Williams Talhar & Wong with recent experience in the location and category of the property being valued. Fair value was determined primarily based on income and comparison approach.

## 18. PROPERTY DEVELOPMENT COSTS

	GROUP	
	2015 RM'000	2014 RM'000
<b>At 1 January:</b>		
Leasehold land	-	40,329
Development costs	-	56,042
	-	96,371
<b>Costs incurred during the year:</b>		
Development costs	-	-

## 18. PROPERTY DEVELOPMENT COSTS (CONTD.)

	GROUP	
	2015 RM'000	2014 RM'000
<b>Exchange differences:</b>		
Leasehold land	-	-
Development costs	-	-
	-	-
<b>Disposal of a subsidiary (Note 12)</b>		
Leasehold land	-	(40,329)
Development costs	-	(56,042)
	-	(96,371)
<b>At 31 December:</b>		
Leasehold land	-	-
Development costs	-	-
	-	-

## 19. INVESTMENTS IN SUBSIDIARIES

	COMPANY	
	2015 RM'000	2014 RM'000
<b>At cost</b>		
Unquoted shares	258,580	-

(a) The Company was listed on the Main Market of Bursa Malaysia on 28 July 2015. Prior to the listing of the ordinary shares of the Company on the Main Market of Bursa Malaysia, the Company was incorporated by its immediate holding company, SunHoldings. The Company was incorporated merely to effect the reorganisation of the Group through the Company's acquisition of the existing SunCon group.

On 15 May 2015, the Company acquired the entire issued and paid-up share capital in SunCon comprising of 193,954,000 ordinary shares of RM1.00 each for a total purchase consideration of RM258,580,000, which was satisfied entirely via the issuance of 1,292,900,000 new shares at an issue price of RM0.20 per share. Upon completion of the reorganisation exercise, the Company became the legal parent of SunCon.

The investments in subsidiaries of the Company arise from the transfer of the entire businesses and undertakings, including all assets and liabilities of SunCon group pursuant to the above reorganisation exercise.

(b) On 31 July 2015, SunCon, a wholly-owned subsidiary of the Company, had incorporated a new subsidiary known as Sunway Facade Network Sdn. Bhd.

## 19. INVESTMENTS IN SUBSIDIARIES (CONTD.)

NAME OF COMPANIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	% OF OWNERSHIP INTEREST HELD BY			
			GROUP		NON-CONTROLLING INTEREST	
			2015 %	2014 %	2015 %	2014 %
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works	100.00	100.00	-	-
<b>Subsidiaries of Sunway Construction Sdn. Bhd.</b>						
Sunway Innopave Sdn. Bhd.	Malaysia	Construction of civil and building works and provision of project management	100.00	100.00	-	-
Sunway M & E Sdn. Bhd. #	Malaysia	Dormant	100.00	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking of sub-contract work	100.00	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering services	100.00	100.00	-	-
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Sunway Construction India Pte. Ltd. ^	India	Construction of civil and building works	100.00	100.00	-	-
Sunway Machineries Services Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Sunway Creative Stones Sdn. Bhd.	Malaysia	Dormant	70.00	70.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing precast concrete building components and undertaking of precast concrete building contracts	100.00	100.00	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Construction of civil and building works	100.00	100.00	-	-

**19. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

NAME OF COMPANIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	% OF OWNERSHIP INTEREST HELD BY			
			GROUP		NON-CONTROLLING INTEREST	
			2015 %	2014 %	2015 %	2014 %
<i>Contd.</i>						
Sunway Construction Caribbean Limited ^	Trinidad and Tobago	Dormant	100.00	100.00	-	-
Sunway GD Piling Sdn. Bhd.^	Malaysia	Dormant	100.00	100.00	-	-
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Provision of geotechnical services and related products and hire of heavy machineries	100.00	100.00	-	-
Sun-Block (Batang Kali) Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway IBS Sdn. Bhd.	Malaysia	Dormant	70.00	70.00	30.00	30.00
Sunway Construction (S) Pte. Ltd. *	Singapore	Dormant	100.00	100.00	-	-
Sunspan Sdn. Bhd.^	Malaysia	Dormant	100.00	100.00	-	-
Sunway Facade Network Sdn. Bhd.	Malaysia	Construction and engineering of facade works	60.00	-	40.00	-

**19. INVESTMENTS IN SUBSIDIARIES (CONTD.)**

NAME OF COMPANIES	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	% OF OWNERSHIP INTEREST HELD BY			
			GROUP		NON-CONTROLLING INTEREST	
			2015 %	2014 %	2015 %	2014 %
<i>Contd.</i>						
<b>Subsidiaries of Sunway Machineries Services Sdn. Bhd.:</b>						
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	-	-
<b>Subsidiaries of Sunway Engineering Sdn. Bhd.:</b>						
Sunway Smartek Sdn. Bhd. #	Malaysia	Dormant	100.00	100.00	-	-
<b>Subsidiaries of Sunway Industrial Products Sdn. Bhd.:</b>						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Manufacturing and sale of precast concrete building components	100.00	100.00	-	-
<b>Subsidiaries of Sunway Geotechnics (M) Sdn. Bhd.:</b>						
Sunway Geotechnics (S) Pte. Ltd. ^	Singapore	Dormant	100.00	100.00	-	-

\* Audited by BDO Member Firm

^ Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

# Dissolved on 4 February 2016 by way of members' voluntary winding-up

## 19. INVESTMENTS IN SUBSIDIARIES (CONTD.)

Summarised information of companies with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination.

The NCI of all other subsidiaries that are not wholly owned by the Group are deemed to be immaterial.

(i) Summarised statements of financial position

SUNWAY CREATIVE STONES SDN. BHD. RM'000	
<b>At 31 December 2015</b>	
Non-current assets	-
Current assets	6,319
<b>TOTAL ASSETS</b>	<b>6,319</b>
Current liabilities	3,256
<b>TOTAL LIABILITIES</b>	<b>3,256</b>
<b>NET ASSETS</b>	<b>3,063</b>
Equity attributable to owners of the parent	2,144
Non-controlling interests	919
<b>TOTAL EQUITY</b>	<b>3,063</b>
<b>At 31 December 2014</b>	
Non-current assets	46
Current assets	4,941
<b>TOTAL ASSETS</b>	<b>4,987</b>
Current liabilities	4,787
<b>TOTAL LIABILITIES</b>	<b>4,787</b>
<b>NET ASSETS</b>	<b>200</b>
Equity attributable to owners of the parent	140
Non-controlling interests	60
<b>TOTAL EQUITY</b>	<b>200</b>

## 19. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(ii) Summarised statements of comprehensive income

SUNWAY CREATIVE STONES SDN. BHD. RM'000	
<b>At 31 December 2015</b>	
Revenue	46
Profit for the year	1,723
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,723</b>
Profit attributable to:	
- owners of the parent	1,206
- non-controlling interests	517
Total comprehensive income attributable to:	
- owners of the parent	1,206
- non-controlling interests	517
<b>At 31 December 2014</b>	
Revenue	-
Loss for the year	(177)
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(177)</b>
Loss attributable to:	
- owners of the parent	(127)
- non-controlling interests	(50)
Total comprehensive loss attributable to:	
- owners of the parent	(127)
- non-controlling interests	(50)

## 19. INVESTMENTS IN SUBSIDIARIES (CONTD.)

(iii) Summarised statements of cash flows

SUNWAY CREATIVE STONES SDN. BHD. RM'000	
<b>At 31 December 2015</b>	
Net cash generated from:	
- Operating activities	655
- Investing activities	-
- Financing activities	-
Net increase in cash and cash equivalents	655
Effects of foreign exchange rates changes	19
Cash and cash equivalents at beginning of the year	80
Cash and cash equivalents at end of the year	754
<b>At 31 December 2014</b>	
Net cash generated from/ (used in):	
- Operating activities	2,932
- Investing activities	(656)
- Financing activities	(2,264)
Net increase in cash and cash equivalents	12
Effects of foreign exchange rates changes	(98)
Cash and cash equivalents at beginning of the year	166
Cash and cash equivalents at end of the year	80

## 20. INVESTMENT IN AN ASSOCIATE

	GROUP	
	2015 RM'000	2014 RM'000

At cost:

Unquoted:

Share of post-acquisition profits	-	-
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Details of the associate are as follows:

NAME	COUNTRY OF INCORPORATION	PROPORTION OF OWNERSHIP INTEREST		PRINCIPAL ACTIVITY
		2015 %	2014 %	

Associate of Sunway Builders Sdn. Bhd.:

ISZL Consortium *	Unincorporated	25.00	25.00	Construction
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\* Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	ISZL CONSORTIUM	
	2015 RM'000	2014 RM'000
Current assets	138,231	197,882
<b>TOTAL ASSETS</b>	<b>138,231</b>	<b>197,882</b>
Non-current liabilities	(49,830)	-
Current liabilities	(122,756)	(221,551)
<b>TOTAL LIABILITIES</b>	<b>(172,586)</b>	<b>(221,551)</b>
<b>NET LIABILITIES</b>	<b>(34,355)</b>	<b>(23,669)</b>

## 20. INVESTMENT IN AN ASSOCIATE (CONTD.)

(ii) Summarised statement of comprehensive income

	ISZL CONSORTIUM	
	2015 RM'000	2014 RM'000
Revenue	-	(18,838)
Loss before tax from continuing operations	(4,805)	(5,061)
Loss for the year from continuing operations representing total comprehensive income	(4,805)	(5,061)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	ISZL CONSORTIUM	
	2015 RM'000	2014 RM'000
Net liabilities at 1 January	(23,669)	(16,306)
Loss for the year	(4,805)	(5,061)
Effect of translation to closing foreign exchange rates	(5,881)	(2,302)
Net liabilities at 31 December	(34,355)	(23,669)
Interest in associate as at year end	25%	25%
Carrying value of Group's interest in associate	(8,589)	(5,917)
Less: Losses not recognised	8,589	5,917
	-	-

## 21. OTHER INVESTMENTS

	GROUP	
	2015 RM'000	2014 RM'000
<b>Non-current</b>		
Available-for-sale financial assets:		
- Corporate membership	273	273
	273	273

## 22. INVESTMENTS IN JOINT VENTURES

	GROUP	
	2015 RM'000	2014 RM'000
Share of post-acquisition profits	-	24,189

Details of the joint ventures are as follows:

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	PROPORTION OF OWNERSHIP INTEREST	
			2015 %	2014 %
SunCity SunCon Joint Venture	Unincorporated	Property development	50.00	50.00
Silver Coast-Sunway Innopave J. V. *	Unincorporated	Construction works	60.00	60.00
SunCon Central Glass Joint Venture **	Unincorporated	Completion of curtain walling work	-	70.00
SunGeo - Awangsa J.V. * ^	Unincorporated	Piling and substructure works	-	50.80
Fableplus Sdn. Bhd. - Sunway Engineering J.V. +	Unincorporated	Provision of mechanical and electrical engineering works	-	30.00
Sunway Geotechnics (M) Sdn. Bhd. - Bauer (Malaysia) Sdn. Bhd. Joint Venture *	Unincorporated	Bored piling works, installation of plunge in column and associated ancillary works	50.00	50.00
IJM Sunway Sdn. Bhd. *	Malaysia	Dormant	50.00	-

\* Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

^ Terminated on 6 October 2015

# Terminated on 30 October 2015

+ Terminated on 23 December 2015

## 22. INVESTMENTS IN JOINT VENTURES (CONTD.)

Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures and not the Group's share of those amounts. The other joint ventures are not material to the Group.

### (i) Summarised statements of financial position

	SUNCITY SUNCON* RM'000	SILVER COAST-SUNWAY INNOPAVE RM'000	TOTAL RM'000	
<b>At 31 December 2015</b>				
Non-current assets	49	587	636	
Cash and cash equivalents	38,905	3,250	42,155	
Other current assets	(18,156)	-	(18,156)	
Current assets	20,749	3,250	23,999	
<b>TOTAL ASSETS</b>	<b>20,798</b>	<b>3,837</b>	<b>24,635</b>	
Current liabilities (excluding trade and other payables and provisions)	-	-	-	
Trade and other payables and provisions	21,238	3,837	25,075	
<b>TOTAL LIABILITIES</b>	<b>21,238</b>	<b>3,837</b>	<b>25,075</b>	
<b>NET LIABILITIES</b>	<b>(440)</b>	<b>-</b>	<b>(440)</b>	
	HOI HUP GROUP RM'000	SUNCITY SUNCON* RM'000	SILVER COAST-SUNWAY INNOPAVE RM'000	TOTAL RM'000
<b>At 31 December 2014</b>				
Non-current assets	-	62	578	640
Cash and cash equivalents	-	25,870	5,329	31,199
Other current assets	-	27,293	7,291	34,584
Current assets	-	53,163	12,620	65,783
<b>TOTAL ASSETS</b>	<b>-</b>	<b>53,225</b>	<b>13,198</b>	<b>66,423</b>
Current liabilities (excluding trade and other payables and provisions)	-	3,496	-	3,496
Trade and other payables and provisions	-	8,555	7,592	16,147
<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>	<b>12,051</b>	<b>7,592</b>	<b>19,643</b>
<b>NET ASSETS</b>	<b>-</b>	<b>41,174</b>	<b>5,606</b>	<b>46,780</b>

The summarised statement of financial position has not been presented for Hoi Hup Group for the financial year ended 31 December 2014 as Hoi Hup Group had been disposed during the financial year ended 31 December 2014.

## 22. INVESTMENTS IN JOINT VENTURES (CONTD.)

### (ii) Summarised statements of comprehensive income

	SUNCITY SUNCON* RM'000	SILVER COAST-SUNWAY INNOPAVE RM'000	TOTAL RM'000	
<b>At 31 December 2015</b>				
Revenue	2,373	4,006	6,379	
Depreciation and amortisation	(13)	-	(13)	
Interest income	1,078	-	1,078	
Interest expense	(251)	-	(251)	
Profit before tax	-	2,427	2,427	
Income tax expense	-	-	-	
Profit after tax	-	2,427	2,427	
Other comprehensive income	-	-	-	
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>-</b>	<b>2,427</b>	<b>2,427</b>	
Dividends received from the joint ventures during the year	20,587	4,092	24,679	
	HOI HUP GROUP RM'000	SUNCITY SUNCON* RM'000	SILVER COAST-SUNWAY INNOPAVE RM'000	TOTAL RM'000
<b>At 31 December 2014</b>				
Revenue	19,257	114,872	2,754	136,883
Depreciation and amortisation	-	(22)	(42)	(64)
Interest income	828	640	2	1,470
Interest expense	(191)	-	-	(191)
Profit before tax	163,390	37,669	3,146	204,205
Income tax expense	-	-	-	-
Profit after tax	163,390	37,669	3,146	204,205
Other comprehensive income	-	-	277	277
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>163,390</b>	<b>37,669</b>	<b>3,423</b>	<b>204,482</b>
Dividends received from the joint ventures during the year	67,251	16,926	10,195	94,372

## 22. INVESTMENTS IN JOINT VENTURES (CONTD.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

	SUNCITY SUNCON* RM'000	SILVER COAST-SUNWAY INNOPAVE RM'000	TOTAL RM'000	
<b>At 31 December 2015</b>				
Net assets at 1 January	41,174*	5,606	46,780	
Profit for the year	-	2,427	2,427	
Effect of translation to closing foreign exchange rates	-	(1,213)	(1,213)	
Dividend paid during the year	(20,587)^	(6,820)	(27,407)	
Disposal of joint ventures	-	-	-	
Net assets at 31 December	20,587	-	20,587	
Interest in joint ventures as at year end	50%	60%	-	
	10,294	-	10,294	
Adjustment on dividend paid solely to SunCon during the year	(10,294)	-	(10,294)	
Carrying value of Group's interest in joint ventures	-	-	-	
	HOI HUP GROUP RM'000	SUNCITY SUNCON* RM'000	SILVER COAST-SUNWAY INNOPAVE RM'000	TOTAL RM'000
<b>At 31 December 2014</b>				
Net assets at 1 January	951,355	37,357	19,175	1,007,887
Profit for the year	163,390	37,669	3,146	204,205
Effect of translation to closing foreign exchange rates	-	-	277	277
Dividend paid during the year	-	(16,926)^	(16,992)	(33,918)
Disposal of joint ventures	(1,114,745)	-	-	(1,114,745)
Net assets at 31 December	-	58,100	5,606	63,706
Interest in joint ventures as at year end	0%	50%	60%	-
	-	29,050	3,364	32,414
Adjustment on dividend paid solely to SunCon during the year	-	(8,463)	-	(8,463)
Carrying value of Group's interest in joint ventures	-	20,587	3,364	23,951

## 22. INVESTMENTS IN JOINT VENTURES (CONTD.)

\* After adjustments to align to Group's accounting policies and sharing of profits based on percentage other than the Group's ownership interest

^ Dividend paid during the year was solely attributable to Sunway Construction Sdn. Bhd.

Aggregate information of joint ventures that are not individually material are as follows:-

	2015 RM'000	2014 RM'000
The Group's share of profit before tax	-	-
The Group's share of profit after tax, representing total comprehensive income	-	-
Carrying amount of the Group's interest	-	238

## 23. GOODWILL

	GROUP	
	2015 RM'000	2014 RM'000
<b>Cost</b>		
At beginning/end of financial year	35,397	35,397
<b>Accumulated impairment losses</b>		
At beginning/end of financial year	(31,750)	(31,750)
Net carrying amount	3,647	3,647

The carrying amounts of goodwill allocated to the Group's cash-generating unit (CGU) are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Construction	3,647	3,647

## 23. GOODWILL (CONTD.)

Key assumption used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	GROUP	
	2015 %	2014 %
Gross margin	14.0	6.3
Growth rate	-	-
Discount rate	10.0	14.0

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

### (i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year.

### (ii) Growth rate

The growth rate used is determined using a simple average of the annual Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) growth rate obtained from financial budgets approved by management. The financial budgets cover a period of five years.

### (iii) Discount rate

The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amounts.

## 24. INVENTORIES

	GROUP	
	2015 RM'000	2014 RM'000
<b>At cost:</b>		
Property stocks	677	979
Trading inventories	12,988	15,778
Spare parts	3,628	3,446
	17,293	20,203

Properties stocks comprise properties received from trade receivables as settlement of debts in the ordinary course of business.

## 25. TRADE RECEIVABLES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade receivables	355,219	482,939	-	-
Retention sums (Note 30)	150,558	146,571	-	-
	505,777	629,510	-	-
Less: Allowance for impairment	(18,400)	(22,822)	-	-
	487,377	606,688	-	-
Amounts due from customers on contracts (Note 30)	91,831	85,083	-	-
<b>TOTAL TRADE RECEIVABLES</b>	<b>579,208</b>	<b>691,771</b>	<b>-</b>	<b>-</b>
Total trade receivables	579,208	691,771	-	-
Other receivables (Note 26)	47,297	27,175	-	-
Add: Amounts due from:				
- intermediate holding company				
- non-trade (Note 28)	534	-	-	-
- related companies	86,333	70,875	-	-
- trade (Note 28)	85,343	69,503	-	-
- non-trade (Note 28)	990	1,372	-	-
- an associate	3,717	43	-	-
- non-trade (Note 29)	23,315	26,925	-	-
Less: Allowance for impairment	(19,598)	(26,882)	-	-
Less: Amounts due from customers on contracts (Note 30)	(91,831)	(85,083)	-	-
Less: Prepayments (Note 26)	(522)	(688)	-	-
Add: Cash and bank balances (Note 31)	390,477	278,417	161	-
<b>TOTAL LOANS AND RECEIVABLES</b>	<b>1,015,213</b>	<b>982,510</b>	<b>161</b>	<b>-</b>

## 25. TRADE RECEIVABLES (CONTD.)

	GROUP	
	2015 RM'000	2014 RM'000
The currency exposure profile of total trade receivables are as follows:		
Ringgit Malaysia ("RM")	474,243	573,111
Singapore Dollar ("SGD")	91,619	105,426
Indian Rupee ("INR")	13,346	12,281
United Arab Emirates Dirham ("AED")	-	953
	<b>579,208</b>	<b>691,771</b>

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2014: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in retention sums are amounts owing to related companies and a related party of RM50,370,000 (2014: RM68,107,000) and RM11,159,000 (2014: RM344,000) respectively.

### Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Neither past due nor impaired	486,049	498,470
1 to 30 days past due not impaired	33,651	28,390
31 to 60 days past due not impaired	8,400	18,346
61 to 90 days past due not impaired	2,160	46,842
91 to 121 days past due not impaired	1,579	55,850
More than 121 days past due not impaired	28,969	21,051
	<b>74,759</b>	<b>170,479</b>
Impaired	18,400	22,822
	<b>579,208</b>	<b>691,771</b>

## 25. TRADE RECEIVABLES (CONTD.)

### Receivables that are neither past due nor impaired

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

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

### Receivables that are past due but not impaired

The Group has trade receivables amounting to RM74,759,000 (2014: RM170,479,000) that are past due at the reporting date but not impaired. Based on credit history, there are no indications as at reporting date that these customers will not be able to meet their obligations.

### Receivables that are impaired

The Group's trade receivables that are impaired have been individually determined.

These trade receivables relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP	
	INDIVIDUALLY IMPAIRED RM'000	TOTAL RM'000

### At 31 December 2015

Trade receivables		
- nominal amounts	18,400	18,400
Less: Allowance for impairment	(18,400)	(18,400)
	-	-

### At 31 December 2014

Trade receivables		
- nominal amounts	22,822	22,822
Less: Allowance for impairment	(22,822)	(22,822)
	-	-

Movement in allowance for impairment accounts for trade receivables:

	GROUP	
	2015 RM'000	2014 RM'000
<b>At 1 January</b>	22,822	45,843
Charge for the year (Note 8)	2,478	3,973
Reversal of impairment losses (Note 6)	(345)	-
Written off	(6,555)	(26,994)
<b>At 31 December</b>	<b>18,400</b>	<b>22,822</b>

Movement in allowance for impairment accounts for amounts due from an associate (non trade):

	GROUP	
	2015 RM'000	2014 RM'000
<b>At 1 January</b>	26,882	24,378
Reversal of impairment losses (Note 6)	(12,339)	-
Exchange differences	5,055	2,504
<b>At 31 December</b>	<b>19,598</b>	<b>26,882</b>

## 26. OTHER RECEIVABLES

	GROUP	
	2015 RM'000	2014 RM'000
Deposits	6,729	6,048
Prepayments (Note 25)	522	688
Sundry receivables	48,074	43,011
	55,325	49,747
Less: Allowance for impairment	(8,028)	(22,572)
	47,297	27,175

Movement in allowance for impairment accounts for other receivables:

	GROUP	
	2015 RM'000	2014 RM'000
<b>At 1 January</b>	22,572	20,773
Charge for the year (Note 8)	-	2,356
Reversal of impairment losses (Note 6)	-	(330)
Written off	(14,544)	(227)
<b>At 31 December</b>	8,028	22,572

## 27. AMOUNTS DUE TO SUBSIDIARIES

Amounts due to subsidiaries (non-trade) are unsecured, interest free and the term of repayment is on demand in cash and cash equivalents.

## 28. AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY AND RELATED COMPANIES

Amounts due from/(to) intermediate holding company (non-trade) are unsecured, interest free and the term of repayment is on demand.

Amounts due from/(to) related companies (trade) are unsecured, interest free and the term of repayment is on demand.

Amounts due from/(to) related companies (non-trade) of the Group are unsecured, interest free and the term of repayment is on demand, except for amounts due to a related company of RM21,861,757 (2014: amounts due from a related company of RM1,114,810), which bears interests at rates ranging from 2.95% to 3.00% (2014: 2.95% to 3.00%) per annum.

## 29. AMOUNTS DUE FROM AN ASSOCIATE

Amounts due from an associate (non-trade) are unsecured, bearing interest at a rate of 8.85% (2014: 10.25%) per annum and the term of repayment is on demand.

## 30. CONSTRUCTION CONTRACTS

	GROUP	
	2015 RM'000	2014 RM'000
Cost incurred to date	8,233,829	7,072,984
Accrued profits to date	1,409,078	1,186,870
Less: Provision for foreseeable losses	(4,177)	(6,336)
Total costs and accrued profits to date	9,638,730	8,253,518
Progress billings to date	(9,602,742)	(8,248,666)
	35,988	4,852
Amounts due from customers on contracts (Note 25)	91,831	85,083
Amounts due to customers on contracts (Note 35)	(55,843)	(80,231)
	35,988	4,852
Advances received on contracts (included in trade payables)	5,185	34,951
Retention sums (Note 25)	150,558	146,571

### 31. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash and bank balances</b>				
Cash at banks and on hand	112,922	65,909	161	-
Deposits with:				
Licensed banks	946	4,852	-	-
Other financial institutions	276,609	207,656	-	-
Cash and bank balances (Note 25)	390,477	278,417	161	-

#### Fair value through profit or loss

Placement in funds	78,000	13,200	-	-
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The weighted average interest rates per annum of deposits that were effective as at reporting date were as follows:

	GROUP	
	2015 %	2014 %
Deposits with licensed banks	1.33	1.39
Deposits with other financial institutions	5.26	5.28
Placement in funds	5.59	4.75

The maturity of deposits with licensed banks during the financial year ranged from 90 days to 253 days (2014: 3 days to 122 days).

The average maturity of deposits with other financial institutions of the Group is 16 days (2014: 27 days) at the reporting date.

The average maturity of the placement in funds of the Group is 17 days (2014: 1 day).

### 31. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (CONTD.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	390,477	278,417	161	-
Less: Deposits with licensed banks with maturity of more than 3 months	(805)	(805)	-	-
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>389,672</b>	<b>277,612</b>	<b>161</b>	<b>-</b>

### 32. BORROWINGS

	GROUP	
	2015 RM'000	2014 RM'000
<b>Short term borrowings</b>		
Secured:		
Term loans	-	208
	-	208
Unsecured:		
Bankers' acceptances	-	505
Revolving credits	50,189	50,168
Bills discounting	86,652	83,839
	136,841	134,512
	136,841	134,720
<b>Total borrowings (Note 35)</b>		
Term loans	-	208
Bankers' acceptances	-	505
Revolving credits	50,189	50,168
Bills discounting	86,652	83,839
	136,841	134,720

### 32. BORROWINGS (CONTD.)

Secured bank borrowings of the Group are secured by corporate guarantee from the immediate holding Company.

During the previous financial year, plant and machinery of a subsidiary with net carrying amount of RM4 were pledged as securities for term loan as disclosed in Note 15 to the financial statements.

In the previous financial year, the secured term loans were entered into to fund working capital requirements including the purchase of equipments.

The weighted average interest rates per annum of borrowings that was effective as at reporting date were as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Term loans	-	6.55
Bankers' acceptances	-	2.29
Revolving credits	4.45	3.95
Bills discounting	3.95	3.95

	GROUP	
	2015 RM'000	2014 RM'000
The currency exposure profile of borrowings is as follows:		
- Ringgit Malaysia ("RM")	136,841	134,215
- Singapore Dollar ("SGD")	-	505
	136,841	134,720

### 33. HIRE PURCHASE AND FINANCE LEASE LIABILITIES

	GROUP	
	2015 RM'000	2014 RM'000

#### Future minimum lease payments:

Not later than 1 year	-	466
Later than 1 year and not later than 2 years	-	78
Total future minimum lease payments	-	544
Less: Future finance charges	-	(63)
Present value of finance lease liabilities	-	481

#### Analysis of present value of hire purchase obligations:

Not later than 1 year	-	412
Later than 1 year and not later than 2 years	-	69
	-	481
Less: Amount due within 12 months	-	(412)
Amount due after 12 months	-	69

Hire purchase obligations were effectively secured as the rights to the hire purchased assets revert to the lessor in the event of default.

During the previous financial year, the hire purchase and finance lease liabilities of the Group attracted interest at a rate of 3.25% per annum.

### 34. DEFERRED TAX

	GROUP	
	2015 RM'000	2014 RM'000
At beginning of financial year	2,869	657
Recognised in profit or loss (Note 11)	6,945	2,191
Exchange differences	(149)	21
At end of financial year	9,665	2,869
Presented after appropriate offsetting as follows:		
Deferred tax assets	13,760	7,154
Deferred tax liabilities	(4,095)	(4,285)
	9,665	2,869

### 34. DEFERRED TAX (CONTD.)

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

#### Deferred tax assets of the Group:

	UNABSORBED CAPITAL ALLOWANCES RM'000	UNUTILISED BUSINESS LOSSES RM'000	PROVISION FOR LIABILITIES RM'000	RECEIVABLES AND INVENTORIES RM'000	OTHERS RM'000	TOTAL RM'000
<b>At 1 January 2014</b>	3,164	466	-	11	4,564	8,205
Recognised in profit or loss	(3,164)	229	5,992	417	(2,049)	1,425
<b>At 31 December 2014</b>	-	695	5,992	428	2,515	9,630
Recognised in profit or loss	8,365	(354)	(884)	(428)	(120)	6,579
<b>At 31 December 2015</b>	8,365	341	5,108	-	2,395	16,209

#### Deferred tax liabilities of the Group:

	PROPERTY, PLANT AND EQUIPMENT RM'000	INVESTMENT PROPERTIES RM'000	CONSTRUCTION CONTRACTS RM'000	OTHERS RM'000	TOTAL RM'000
<b>At 1 January 2014</b>	7,576	310	-	(338)	7,548
Recognised in profit or loss	282	(310)	(962)	224	(766)
Exchange differences	-	-	-	(21)	(21)
<b>At 31 December 2014</b>	7,858	-	(962)	(135)	6,761
Recognised in profit or loss	(3,830)	-	3,055	409	(366)
Exchange differences	-	-	-	149	149
<b>At 31 December 2015</b>	4,028	-	2,093	423	6,544

### 34. DEFERRED TAX (CONTD.)

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

	GROUP	
	2015 RM'000	2014 RM'000
Unused tax losses	11,642	27,588
Unabsorbed capital allowances	4,928	44,830
Other deductible temporary differences	935	26,462
	17,505	98,880

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act ("MITA") which became effective in Year of Assessment ("YA") 2006 restrict the utilisation of unabsorbed business losses and capital allowance where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

### 35. TRADE PAYABLES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Trade payables	548,836	521,644	-	-
Amounts due to customers on contracts (Note 30)	55,843	80,231	-	-
<b>Total trade payables</b>	<b>604,679</b>	<b>601,875</b>	<b>-</b>	<b>-</b>
Total trade payables	604,679	601,875	-	-
Total other payables (Note 36)	137,077	164,219	627	1
Amounts due to:				
- intermediate holding company				
- non-trade (Note 28)	18,783	9,721	-	-
- subsidiaries				
- non-trade (Note 27)	-	-	1,553	75
- related companies	35,024	15,524	7	-
- trade (Note 28)	3,821	6,675	-	-
- non-trade (Note 28)	31,203	8,849	7	-
- joint venture				
- non-trade	3	-	-	-
Less: Amounts due to customers on contracts (Note 30)	(55,843)	(80,231)	-	-
Add: Total borrowings (Note 32)	136,841	134,720	-	-
Add: Hire purchase and finance lease liabilities (Note 33)	-	481	-	-
<b>TOTAL FINANCIAL LIABILITIES CARRIED AT AMORTISED COST</b>	<b>876,564</b>	<b>846,309</b>	<b>2,187</b>	<b>76</b>

Included in trade payables is amounts owing to a related party of RM182,000 (2014: Nil).

Credit terms of trade payables granted to the Group range from 14 days to 60 days (2013: 14 days to 60 days).

### 36. OTHER PAYABLES

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sundry payables	94,673	130,037	14	-
Accruals	42,404	34,182	613	1
	137,077	164,219	627	1

### 37. SHARE CAPITAL

	GROUP				
	PAR VALUE PER SHARE (RM)	NUMBER OF SHARES		AMOUNT	
		2015 '000	2014 '000	2015 RM'000	2014 RM'000

#### Authorised:

<b>As at 1 January</b>	1.00	1,000,000	1,000,000	1,000,000	1,000,000
Adjustment on acquisition of SunCon Group on 15 May 2015					
- elimination of SunCon's authorised share capital	1.00	(1,000,000)	-	(1,000,000)	-
- restated to the Company's authorised ordinary share capital	0.20	10,000,000	-	2,000,000	-
<b>At 31 December</b>		<b>10,000,000</b>	<b>1,000,000</b>	<b>2,000,000</b>	<b>1,000,000</b>

#### Issued and fully paid:

<b>As at 1 January</b>					
Adjustment on acquisition of SunCon Group	1.00	193,954	193,954	193,954	193,954
- elimination of SunCon's issued and fully paid-up ordinary share capital	1.00	(193,954)	-	(193,954)	-
- restated to the Company's issued and fully paid-up ordinary share capital	0.20	1,292,900	-	258,580	-
<b>At 31 December</b>		<b>1,292,900</b>	<b>193,954</b>	<b>258,580</b>	<b>193,954</b>

	COMPANY			
	NUMBER OF SHARES OF RM0.20 EACH		AMOUNT	
	1.1.2015 TO 31.12.2015 '000	10.9.2014 TO 31.12.2014 '000	1.1.2015 TO 31.12.2015 RM'000	10.9.2014 TO 31.12.2014 RM'000

#### Authorised:

Ordinary shares of RM0.20 each

At beginning of the financial year/ incorporation date	10,000,000	2,000	2,000,000	400
Increased during the financial year/period	-	9,998,000	-	1,999,600
<b>At 31 December</b>	<b>10,000,000</b>	<b>10,000,000</b>	<b>2,000,000</b>	<b>2,000,000</b>

#### Issued and fully paid:

Ordinary shares of RM0.20 each

At beginning of the financial year/ incorporation date	- *	- *	- *	- *
Issued during the financial year	1,292,900	-	258,580	-
<b>At 31 December</b>	<b>1,292,900</b>	<b>-</b>	<b>258,580</b>	<b>-</b>

\* Represents 10 ordinary shares of RM0.20 each amounting to RM2.00

### 37. SHARE CAPITAL (CONTD.)

(a) During the financial year, the Company increased its issued and paid-up ordinary share capital from RM2 to RM258,580,002 by way of issuance and allotment of 1,292,900,000 ordinary shares of RM0.20 each as part of the consideration for the acquisition of the businesses and undertakings, including the assets and liabilities of SunCon group as disclosed in Note 19 to the financial statements.

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

### 38. RESERVES

	NOTE	GROUP		COMPANY	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Non-distributable:</b>					
Share premium		-	38,515	-	-
Capital contribution by immediate holding company	(a)	670	670	-	-
Merger reserve	(b)	(37,894)	(11,783)	-	-
Foreign currency translation reserve	(c)	12,146	(1,582)	-	-
		(25,078)	25,820	-	-
<b>Distributable:</b>					
Retained earnings/ (Accumulated losses)		217,542	160,378	(2,026)	(76)
		192,464	186,198	(2,026)	(76)

The movements in each category of reserves are disclosed in the statements of changes in equity.

The natures of each category of reserves are as follows:

#### (a) Capital contribution by immediate holding company

Capital contribution by immediate holding company represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

#### (b) Merger reserve

		RM'000
Merger reserve brought forward from SunCon group	(i)	11,783
Issued equity of the Company for the reorganisation		258,580
Issued equity of SunCon		(232,469)
	(ii)	26,111
Merger reserve		37,894

### 38. RESERVES (CONTD.)

The natures of each category of reserves are as follows (contd.):

#### (b) Merger reserve (contd.)

(i) The merger reserve represents premium on the issue of shares for the acquisition of the remaining shares in Sunway Builders Sdn. Bhd.

(ii) The merger reserve arose from the pooling of interest method of accounting used on consolidation of SunCon group as disclosed in Note 2.1 to the financial statements. The merger reserve represents the excess of the consideration paid over the share capital and capital reserves of SunCon group as at the acquisition date.

#### (c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### 39. CAPITAL COMMITMENTS

	GROUP	
	2015 RM'000	2014 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment	208	266
Approved but not contracted for property, plant and equipment	5,860	33,682
	6,068	33,948

### 40. OPERATING LEASE AGREEMENTS

The Group has entered into a non-cancellable operating lease agreements for the use of leasehold land and buildings.

The future minimum lease payments payable in relation to non-cancellable operating leases of the Group contracted for as at the reporting date but not recognised as payables, are as follows:

	GROUP	
	2015 RM'000	2014 RM'000
Future minimum lease payments:		
Not later than 1 year	7,583	9,419
Later than 1 year and not later than 5 years	7,350	6,490
	14,933	15,909

### 41. CONTINGENT LIABILITIES

	GROUP	
	2015 RM'000	2014 RM'000
Guarantees given to third parties in respect of contracts and trade performance	418,241	307,560
Guarantees given to related companies in respect of contracts and trade performance	50,845	-
	-	-
	469,086	307,560

## 41. CONTINGENT LIABILITIES (CONTD.)

Material outstanding litigation:

- (a) Pursuant to an agreement entered into between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of highway NH-25 in the state of Uttar Pradesh to four-lane configuration, being a part of the East-West Corridor Project, SunCon entered into a work order for a portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd (“Shristi”). The total value of the work order was Rs.1,343,791,938 (equivalent to approximately RM87.08 million). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of Rs.117,297,625 (equivalent to approximately RM7.60 million) from the encashment of the bank guarantees.

Shristi filed an application at the Supreme Court of India in the year 2007 for the appointment of an arbitrator to arbitrate the disputes between the parties. Shristi filed its statement of claim for a sum of Rs.891,455,048 (equivalent to approximately RM57.77 million). In response to Shristi’s claim, SunCon filed its counterclaim amounting to Rs.781,394,629 (equivalent to approximately RM50.63 million).

The arbitration at present cannot proceed due to the demise of the sole arbitrator on 11 January 2013, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi’s first witness was being cross-examined. No proceedings can take place unless the tribunal is re-constituted and the arbitration tribunal has not yet been re-constituted.

The Directors are of the opinion, that no provision for the abovementioned claims is necessary.

- (b) Sunway Creative Stones Sdn Bhd (“Sunway Creative Stone”), being the nominated sub-contractor for the stone works for the Palazzo, is claiming against Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd (“SPYTL”), being the main contractor, for the unpaid interim certificates, work done yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor’s employment under the main contractor.

Sunway Creative Stones has in October 2011 filed its claim against SPYTL for the sum of RM4,968,417.05 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Creative Stones’ delay and back charges of RM35,340.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM33,600,000.00 at the rate of RM105,000.00 per day for 320 days and back charges of RM35,340.00 and interest and costs.

Hearing of the arbitration proceeding had been completed and award on this arbitration is pending. The solicitors acting for Sunway Creative Stones is of the view that Sunway Creative Stones has a fairly good case against SPYTL.

- (c) Sunway Construction Caribbean Limited (“Sunway Construction Caribbean”) was awarded a contract to carry out the fit-out works by the Urban Development Corporation of Trinidad and Tobago (“UDCTT”) in 2009 at a fixed design-build contract price of TTD298,138,765.48 (approximately RM200.68 million). By wrongfully repudiating the contract, the design fees and standby costs for the package 6 of the interior fit-out works payable by UDCTT from October 2009 to March 2011 remained unpaid by UDCTT. In December 2013, Sunway Construction Caribbean filed a claim at the High Court of Justice, Republic of Trinidad and Tobago, against UDCTT for an accumulated sum of TTD55,006,143.00 (approximately RM37.02 million), being loss and damages arising from UDCTT’s wrongful repudiation of the contract.

On 18 November 2015, UDCTT had changed its advocates. Security for costs in the sum of TTD750,000.00 (approximately RM0.50 million) has been paid into court by Claimant on 5 August 2015.

An oral submission on Evidential Objections is to be heard on 4 December 2015. Trial of this matter fixed for Monday 25 April 2016, Tuesday 26 April 2016, Wednesday 27 April 2016 and Friday 29 April 2016.

On 4 December 2015, the High Court of Justice issued a notice of re-assignment on change of judge. After the status hearing on 28 January 2016, the date for evidential objections pre trial review (for decision) is fixed on the 12 July 2016 and trial dates are fixed for 19 and 20 July 2016 in Trinidad and Tobago.

The solicitors acting for Sunway Construction Caribbean is of the view that the chances of success is in favour of Sunway Construction Caribbean although the full amount of Sunway Construction Caribbean’s claim may not be recoverable based on the information before them.

## 41. CONTINGENT LIABILITIES (CONTD.)

Material outstanding litigation: (contd.)

- (d) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration (“NH-76 Highway Project”) by the National Highways Authority (“NHA”) in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a “Reference”). The following sets out the nature of SunCon’s claims and the current status of the proceedings:

### (i) Reference 1

In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43,090,350.00 (approximately RM2.79 million). NHA appealed against the Arbitral Tribunal’s decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon’s award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. The hearing for the appeal is re-notified to 17 February 2016 for arguments but was not listed. The hearing date has yet to be fixed. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and a correspondingly high probability of success before the Supreme Court.

### (ii) Reference 2

In April 2009, SunCon commenced an arbitration proceeding against NHA for the loss suffered as a result of the adjustment made by the engineer on the payment of a monthly interim payment certificate without taking into consideration the component of excise duty. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.25,840,810.00 (approximately RM1.67 million). SunCon has not received the award sum to-date.

### (iii) Reference 3

In April 2009, SunCon claimed against NHA for the reimbursement of the toll tax imposed on all vehicles deployed for the execution of the NH-76 Highway Project. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.14,329,148.00 (approximately RM0.93 million).

Aggrieved by the Arbitral Tribunal’s award dated 3 October 2011 for both Reference 2 and Reference 3, NHA appealed to the High Court in year 2012. The hearing date of the appeal has yet to be fixed. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in both Reference 2 and Reference 3.

## 41. CONTINGENT LIABILITIES (CONTD.)

Material outstanding litigation: (contd.)

### (iv) Reference 4

In October 2010, SunCon claimed against NHA for the additional cost incurred on account due to the deduction of royalty for mining minerals and change in legislation, which is to be reimbursed by NHA. The Arbitral Tribunal had, via an award dated 1 March 2012, awarded SunCon a sum of Rs.37,068,467.00 (approximately RM2.40 million). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi and the Arbitral Tribunal's decisions has been upheld by the High Court of Delhi.

Notwithstanding SunCon has received payment in full of the sum awarded, NHA has subsequently appealed to the Supreme Court of India. On 24 April 2015, the Supreme Court had dismissed NHA appeal and judgement pronounced in favour of SunCon.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996 and the fact that the Arbitral Tribunal's decision has been upheld by the Single Bench as well as the Division Bench of the High Court of Delhi, is of the view that SunCon has a high chance of success in this Reference 4.

### (v) Reference 5

In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project period which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310,347,836.00 (approximately RM20.11 million).

NHA appealed against the Arbitral Tribunal's award to the High Court. On 13 April 2015, the matter came up for scrutiny before the Registrar of the High Court. NHA requested for time to file the rejoinder. The hearing will be on 7 April 2016.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 5.

### (vi) Reference 6

In March 2013, SunCon claimed against NHA for short payment for work done due to the differences in the rate of the Bill of Quantities. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.124,531,651.00 (approximately RM8.08 million).

NHA appealed against the Arbitral Tribunal's award to the High Court. The matter is fixed for hearing on 7 April 2016. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 6.

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS

Related companies refers to companies within Sunway Berhad group of companies.

(a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of:

	GROUP	
	2015 RM'000	2014 RM'000

### CONTRACT REVENUE FROM:

#### Related companies:

Sunway City Sdn. Bhd.	-	151
Sunway PKNS Sdn. Bhd.	-	2,164
Sunway Medical Centre Sdn. Bhd	45,784	11,267
Sunway South Quay Sdn. Bhd.	135,626	47,563
Sunway Forum Hotel Sdn. Bhd.	108,360	59,902
Sunway Velocity Mall Sdn. Bhd.	178,474	98,371
Sunway Integrated Properties Sdn. Bhd.	60,154	114,560
Sunway Destiny Sdn. Bhd.	66,383	115,956
Sunway City (JB) Sdn. Bhd.	42,800	-
Sunway Pinnacle Sdn. Bhd.	-	21,198
Prosper Revenue Sdn. Bhd.	5,657	8,630
Sunway Transit System Sdn. Bhd.	-	17,822

#### Related parties:

SunCity Suncon Joint Venture	2,097	33,844
Sunway Iskandar Sdn. Bhd.^	72,387	53,757
Sunway Real Estate Investment Trust *	30,899	137,389

### INTEREST INCOME FROM:

#### Related company:

Sunway Treasury Sdn. Bhd. (Note 7a)	-	1,131
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### RENTAL INCOME OF PLANT AND MACHINERY FROM:

#### Related company:

Sunway Enterprise (1988) Sdn. Bhd.	119	-
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## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	GROUP	
	2015 RM'000	2014 RM'000
<b>PURCHASES OF GOODS AND SERVICES FROM:</b>		
<b>Related companies:</b>		
Sunway Marketing Sdn. Bhd.	(76,331)	(113,478)
Sunway Quarry Industries Sdn. Bhd.	(5,986)	(3,979)
Sunway Paving Solutions Sdn. Bhd.	(778)	(912)
Sunway Enterprise (1988) Sdn. Bhd.	(3,231)	(3,101)
Sunway Risk Management Sdn. Bhd.	(4,742)	(6,967)
Sunway Marketing (S) Pte. Ltd.	(51)	(27)
Sunway Credit Sdn. Bhd.	-	(144)
Sunway Leasing Sdn. Bhd.	(1,369)	(2,141)
Sunway Hose Centre Sdn. Bhd.	(250)	(148)
Sunway Travel Sdn. Bhd.	(233)	(269)
Sunway Medical Centre Sdn. Bhd.	(97)	(147)
Sunway FSSC Sdn. Bhd.	(1,993)	(1,900)
Sunway Treasury Sdn. Bhd.	-	(22)
Sunway Lagoon Club Bhd.	(101)	(98)
Sunway Resort Hotel Sdn. Bhd.	(303)	(218)
Sunway Leisure Sdn. Bhd.	(14)	(7)
Sunway Lagoon Sdn. Bhd.	(84)	(18)
Sunway PFM Sdn. Bhd.	13	(69)
Kinta Sunway Resort Sdn. Bhd.	(4)	-
Deco Style Sdn. Bhd.	(205)	-
Sunway Putra Hotel Sdn. Bhd.	(86)	-
Sunway Shared Services Sdn. Bhd. (Note 8)	(5,046)	(4,939)
<b>Related party:</b>		
Sunway Real Estate Investment Trust *	(202)	-

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

(a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	GROUP	
	2015 RM'000	2014 RM'000
<b>RENTAL OF OFFICE SPACE FROM:</b>		
<b>Related party:</b>		
Sunway Real Estate Investment Trust *	(1,381)	(1,165)
<b>Related companies:</b>		
Sunway Lagoon Sdn. Bhd.	(143)	(156)
Sunway Management Sdn. Bhd.	(17)	-
Sunway Leisure Sdn. Bhd.	(43)	(64)
Sunway Paving Solutions Sdn. Bhd.	(1,324)	(1,168)
Sunway Integrated Properties Sdn. Bhd.	(343)	(429)
Sunway Pyramid Development Sdn. Bhd.	(29)	(36)
<b>INTEREST EXPENSE TO:</b>		
<b>Related company:</b>		
Sunway Treasury Sdn. Bhd. (Note 7b)	(305)	-
<b>MANAGEMENT FEES TO:</b>		
<b>Intermediate holding company:</b>		
Sunway Berhad (Note 8)	(18,842)	(16,649)
<b>PURCHASES OF GOODS/SERVICES FROM:</b>		
<b>Related companies:</b>		
Sunway Shared Services Sdn. Bhd.	(2)	-

\* Sunway Real Estate Investment Trust is an associate of the intermediate holding company.

^ Sunway Iskandar Sdn. Bhd. is a joint venture of the intermediate holding company.

## 42. SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTD.)

### (b) Remuneration of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include all the Directors of the Group and of the Company who make certain critical decisions in relation to the strategic direction of the Group and the of Company.

The remuneration of the Executive Directors and other members of key management during the financial year are as follows:

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Short-term employee benefits	9,935	10,729
Post-employment benefits:		
- Defined contribution plan	1,180	1,315
Employees' share option scheme	1,150	1,069
Estimated money value of benefits-in-kind	149	314
	<b>12,414</b>	<b>13,427</b>

Included in the total key management personnel are:

	GROUP	
	1.1.2015 TO 31.12.2015 RM'000	1.1.2014 TO 31.12.2014 RM'000
Executive Directors' remuneration (Note 10)	4,679	4,690

## 43. FINANCIAL INSTRUMENTS

### (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and fair value. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

### (b) Interest rate risk

At the end of the reporting period, the interest rate profile of the interest-bearing financial instruments was:

	GROUP	
	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>		
Financial assets	355,555	225,708
Financial liabilities	(136,841)	(134,488)
	<b>218,714</b>	<b>91,220</b>
<b>Variable rate instruments</b>		
Financial assets	-	1,115
Financial liabilities	-	(713)
	<b>-</b>	<b>402</b>

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits.

The Group's interest rate risk arises primarily from interest bearing borrowings. At the reporting date, 100% (2014: 99%) of the Group's borrowings are at fixed rates of interest.

### 43. FINANCIAL INSTRUMENTS (CONTD.)

#### (b) Interest rate risk (contd.)

##### *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the end of the reporting would not affect the profit or loss.

##### *Sensitivity analysis for variable rate instruments*

A change of 25 basis points in interest rates at the reporting date would result in the profit or loss before tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	GROUP	
	2015 RM'000	2014 RM'000
<b>Profit net of tax</b>		
<b>25 basis points increase</b>		
Variable rate instruments	-	1
<b>25 basis points decrease</b>		
Variable rate instruments	-	(1)

#### (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not exposed to significant foreign currency risk as majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), Indian Rupees ("INR"), Trinidad and Tobago Dollar ("TTD") and United Arab Emirates Dollar ("AED"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Approximately 13% (2014: 14%) of the Group's sales are denominated in foreign currencies whilst almost 13% (2014: 11%) of costs are denominated in the respective functional currencies of the Group entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amount to RM32 million (2014: RM30 million).

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

### 43. FINANCIAL INSTRUMENTS (CONTD.)

#### (c) Foreign currency risk (contd.)

##### *Sensitivity analysis for foreign currency risk*

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Company, with all other variables held constant.

	GROUP PROFIT NET OF TAX	
	2015 RM'000	2014 RM'000
<b>SGD/RM</b>		
- strengthened 1% (2014: 2%)	1,165	1,146
- weakened 1% (2014: 2%)	(1,165)	(1,146)
<b>INR/RM</b>		
- strengthened 1% (2014: 7%)	32	381
- weakened 1% (2014: 7%)	(32)	(381)
<b>TTD/RM</b>		
- strengthened 0.1% (2014: 2%)	-	(4)
- weakened 0.1% (2014: 2%)	-	4
<b>AED/RM</b>		
- strengthened 1% (2014: 1%)	(19)	(7)
- weakened 1% (2014: 1%)	19	7

#### (d) Liquidity risk

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

## 43. FINANCIAL INSTRUMENTS (CONTD.)

### (d) Liquidity risk (contd.)

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	ON DEMAND OR WITHIN ONE YEAR RM'000	ONE TO FIVE YEARS RM'000	OVER FIVE YEARS RM'000	TOTAL RM'000
<b>Group</b>				
<b>At 31 December 2015</b>				
<b>Financial liabilities:</b>				
Total payables (excluding amounts due to customers on contracts)	739,723	-	-	739,723
Loans and borrowings	136,841	-	-	136,841
<b>TOTAL UNDISCOUNTED FINANCIAL LIABILITIES</b>	<b>876,564</b>	<b>-</b>	<b>-</b>	<b>876,564</b>

#### Group

#### At 31 December 2014

#### Financial liabilities:

Total payables (excluding amounts due to customers on contracts)	711,108	-	-	711,108
Loans and borrowings	135,186	78	-	135,264
<b>TOTAL UNDISCOUNTED FINANCIAL LIABILITIES</b>	<b>846,294</b>	<b>78</b>	<b>-</b>	<b>846,372</b>

#### Company

#### At 31 December 2015

#### Financial liabilities:

Total payables (excluding amounts due to customers on contracts)	2,187	-	-	2,187
<b>TOTAL UNDISCOUNTED FINANCIAL LIABILITIES</b>	<b>2,187</b>	<b>-</b>	<b>-</b>	<b>2,187</b>

#### At 31 December 2014

#### Financial liabilities:

Total payables (excluding amounts due to customers on contracts)	76	-	-	76
Loans and borrowings	-	-	-	-
<b>TOTAL UNDISCOUNTED FINANCIAL LIABILITIES</b>	<b>76</b>	<b>-</b>	<b>-</b>	<b>76</b>

## 43. FINANCIAL INSTRUMENTS (CONTD.)

### (e) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

#### Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

#### Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables (including retention sum) at the end of the reporting period are as follows:

	GROUP			
	2015		2014	
	RM'000	% OF TOTAL	RM'000	% OF TOTAL
<b>By country:</b>				
Malaysia	484,534	83.7%	587,255	84.9%
Singapore	87,025	15.0%	96,237	13.9%
India	7,649	1.3%	7,326	1.1%
United Arab Emirates	-	0.0%	953	0.1%
	<b>579,208</b>	<b>100.0%</b>	<b>691,771</b>	<b>100.0%</b>

### (f) Fair values

The carrying amounts of financial assets and liabilities of the Group as at the end of the reporting period approximated their fair values except for the following:

	GROUP			
	2015 RM'000		2014 RM'000	
	CARRYING AMOUNT	FAIR VALUE	CARRYING AMOUNT	FAIR VALUE
<b>Group</b>				
<b>Financial liabilities:</b>				
Hire purchase and finance lease liabilities	-	-	481	477

### 43. FINANCIAL INSTRUMENTS (CONTD.)

#### (f) Fair values (contd.)

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	NOTE
Trade receivables	25
Other receivables	26
Amounts due from intermediate holding company	28
Amounts due from related companies	28
Amounts due from an associate	29
Borrowings (current)	32
Trade payables	35
Other payables	36
Amounts due to intermediate holding company	28
Amounts due to subsidiaries	27
Amounts due to related companies	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

### 44. FAIR VALUE MEASUREMENT

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

#### Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

#### Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

#### Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	LEVEL 1 RM'000	LEVEL 2 RM'000	LEVEL 3 RM'000	TOTAL RM'000
<b>Group</b>				
<b>At 31 December 2015</b>				
Placement in short-term investments (Note 31)	78,000	-	-	78,000
Hire purchase obligations	-	-	-	-
<b>At 31 December 2014</b>				
Placement in short-term investments (Note 31)	13,200	-	-	13,200
Hire purchase obligations	-	(477)	-	(477)

### 45. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's and the Company's businesses and maximising shareholders' value.

The Group and the Company manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's and of the Company's non-core assets which provide low returns are also made to optimise the capital structure of the Group and of the Company.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's and of the Company's debt level, hence its capital structure. The ratio is calculated as total loans and borrowings divided by total equity. Total equity is the equity attributable to owners of the parent.

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Loans and borrowings (Note 32)	136,841	134,720	-	-
Equity attributable to owners of the parent	451,044	380,152	256,554	(76)
Gearing ratio	30%	35%	N/A	N/A

## 46. SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

### (i) Construction

Turnkey, construction related design and build, civil engineering, building works, geotechnical services and related products, hire of heavy machineries and mechanical and engineering works.

### (ii) Precast concrete

Sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.

Except as indicated above, no operating segments has been aggregated to form the above reporting segment.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, liabilities and expenses.

Segment revenue, expenses and results include transfers between business segments. These are eliminated on consolidation.

## 46. SEGMENT INFORMATION (CONTD.)

### Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

	CONSTRUCTION RM'000	PRECAST CONCRETE RM'000	ELIMINATION RM'000	NOTE	TOTAL RM'000
<b>At 31 December 2015</b>					
<b>Revenue</b>					
Sales to external customers	1,664,016	252,843	-		1,916,859
Inter-segment sales	488,732	56,122	(544,854)	A	-
<b>TOTAL REVENUE</b>	<b>2,152,748</b>	<b>308,965</b>	<b>(544,854)</b>		<b>1,916,859</b>
<b>Results</b>					
Operating profit	59,157	77,131	-	A	136,288
Finance and other distribution income	8,000	45	-		8,045
Finance costs	(3,291)	(216)	-		(3,507)
Share of results of joint ventures	(76)	-	-		(76)
Profit before tax	63,790	76,960	-		140,750
Income tax expense	(1,435)	(11,577)	-		(13,012)
Net profit for the year	62,355	65,383	-		127,738
Non-controlling interests	(574)	-	-		(574)
Attributable to owners of the parent	61,781	65,383	-		127,164
<b>Assets</b>					
Segment assets	1,247,545	118,046	-		1,365,591
Unallocated assets					31,847
<b>TOTAL ASSETS</b>					<b>1,397,438</b>
<b>Liabilities</b>					
Segment liabilities	873,811	58,596	-		932,407
Unallocated liabilities					13,353
<b>TOTAL LIABILITIES</b>					<b>945,760</b>
<b>Other segment information</b>					
Capital expenditure	21,997	16,676	-	B	38,673
Depreciation and amortisation	38,676	3,245	-		41,921

## 46. SEGMENT INFORMATION (CONTD.)

### Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	CONSTRUCTION RM'000	PRECAST CONCRETE RM'000	ELIMINATION RM'000	NOTE	TOTAL RM'000
<b>At 31 December 2014</b>					
<b>Revenue</b>					
Sales to external customers	1,626,150	254,557	-		1,880,707
Inter-segment sales	407,277	46,349	(453,626)	A	-
<b>TOTAL REVENUE</b>	<b>2,033,427</b>	<b>300,906</b>	<b>(453,626)</b>		<b>1,880,707</b>
<b>Results</b>					
Operating profit	17,457	99,602	-	A	117,059
Finance and other distribution income	4,041	14	-		4,055
Finance costs	(2,951)	(388)	-		(3,339)
Share of results of joint ventures	21,549	-	-		21,549
Profit before tax	40,096	99,228	-		139,324
Income tax expense	(13,918)	(12,577)	-		(26,495)
Net profit for the year	26,178	86,651	-		112,829
Non-controlling interests	(25)	-	-		(25)
Attributable to owners of the parent	26,153	86,651	-		112,804
<b>Assets</b>					
Segment assets	1,127,602	156,687	-		1,284,289
Investment in joint ventures	24,189	-	-		24,189
Unallocated assets					15,720
<b>TOTAL ASSETS</b>					<b>1,324,198</b>
<b>Liabilities</b>					
Segment liabilities	859,226	67,314	-		926,540
Unallocated liabilities					17,446
<b>TOTAL LIABILITIES</b>					<b>943,986</b>
<b>Other segment information</b>					
Capital expenditure	42,915	2,816	-	B	45,731
Depreciation and amortisation	41,015	3,665	-		44,680

## 46. SEGMENT INFORMATION (CONTD.)

### Geographical segments

The following table provides an analysis of the Group's revenue, profit before tax, net profit, profit attributable to owners of the parent and assets by geographical segment:

	REVENUE RM'000	PROFIT BEFORE TAX RM'000	NET PROFIT RM'000	ATTRIBUTABLE TO OWNERS OF THE PARENT RM'000	SEGMENT ASSETS RM'000
<b>At 31 December 2015</b>					
Malaysia	1,661,055	79,938	75,880	75,475	1,217,321
Singapore	255,804	50,581	41,627	41,627	124,302
India	-	(1,258)	(1,258)	(1,258)	23,139
United Arab Emirates	-	11,489	11,489	11,320	829
	<b>1,916,859</b>	<b>140,750</b>	<b>127,738</b>	<b>127,164</b>	<b>1,365,591</b>
<b>At 31 December 2014</b>					
Malaysia	1,625,825	49,856	35,938	35,890	1,105,611
Singapore	254,882	80,740	68,163	68,163	138,166
India	-	(1,305)	(1,305)	(1,305)	26,310
Trinidad & Tobago	-	(977)	(977)	(977)	1
United Arab Emirates	-	11,010	11,010	11,033	14,201
	<b>1,880,707</b>	<b>139,324</b>	<b>112,829</b>	<b>112,804</b>	<b>1,284,289</b>

### Note

Nature of eliminations to arrive at amounts reported in the consolidated financial statements

**A** Inter-segment revenues and profit are eliminated on consolidation.

**B** Capital expenditure consists of:

	2015 RM'000	2014 RM'000
Property, plant and equipment	38,189	44,633
Intangible assets - software	484	1,098
	<b>38,673</b>	<b>45,731</b>

### Major customers

Revenue from two (2) customers from the construction segment represent approximately RM474,734,736 (2014: RM631,010,485) of the Group revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group revenue:

	REVENUE	
	2015 RM'000	2014 RM'000
Customer A	239,012	420,741
Customer B	235,723	210,269
	<b>474,735</b>	<b>631,010</b>

#### 47. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

On 7 November 2014, the Company and SunHoldings had entered into a conditional share sale agreement for the proposed acquisition by the Company of the entire issued and paid-up share capital of Sunway Construction Sdn. Bhd. ("SunCon") as well as its direct and indirect subsidiaries, unincorporated joint ventures and unincorporated consortium for a sale and purchase consideration of RM258,580,000 which is to be wholly satisfied via the issuance of 1,292,900,000 new ordinary shares of the Company to SunHoldings, subject to the terms and conditions of the agreement ("Proposed Acquisition"). The Proposed Acquisition had been completed on 15 May 2015. The Company became the holding company of SunCon since then.

#### 48. COMPARATIVES

As described in Note 2.1 to the financial statements, the pooling of interest method of accounting was adopted by the Group in respect of the reorganisation exercise through the acquisition of SunCon group by the Company.

Accordingly, the results of the Group have been stated as if SunCon group have been combined with the Company throughout the current and previous accounting periods even though the Company was only incorporated on 10 September 2014. The comparative figures of the Group relate to that of SunCon group for the financial year ended 31 December 2014 adjusted for the effects arising from using the pooling of interest method of accounting.

The financial statements of the Company for the period ended 31 December 2014 were for a period of approximately four (4) months. Accordingly, the income statement, statement of comprehensive income, statement of cash flows and the related notes of the Company are not comparable.

#### 49. SUPPLEMENTARY INFORMATION

The breakdown of the retained earnings/(accumulated losses) of the Group and of the Company as at 31 December 2015 and 31 December 2014 into realised and unrealised profits is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by Malaysian Institute of Accountants.

	GROUP		COMPANY	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings/ (accumulated losses)				
- realised	222,474	79,635	(2,026)	(76)
- unrealised	13,109	8,917	-	-
Total share of retained earnings				
- realised	-	24,189	-	-
- unrealised	-	-	-	-
Less: Consolidation adjustments	(18,041)	47,637	-	-
Total retained earnings/ (accumulated losses)	217,542	160,378	(2,026)	(76)



Artist's Impression

## SHAREHOLDINGS INFO

### REACHING NEW HEIGHTS

People are the integral aspect of creating a building. A successful creation is a result of teamwork and good planning. Behind Sunway Construction are people who share the same vision and values, that work hard to elevate the success of Sunway Construction each year.

**268** Directors' Interest in Shares, Options Over Ordinary Shares and Warrants

**270** Analysis of Shareholdings

SUNWAY LENANG  
PHASE 1A

## DIRECTORS' INTERESTS IN SHARES, OPTIONS OVER ORDINARY SHARES AND WARRANTS

AS AT 31 MARCH 2016

### DIRECTORS' INTERESTS IN THE COMPANY • SUNWAY CONSTRUCTION GROUP BERHAD

	ORDINARY SHARES OF RM0.20 EACH	
	NO.	%
<b>Direct interest</b>		
Dato' Ir Goh Chye Koon	5,000	#
Chung Soo Kiong	404,046	0.03
Dato' Chew Chee Kin	334,355	0.03
Kwan Foh Kwai	805,216	0.06
Evan Cheah Yean Shin	13,435	#
<b>Deemed interest</b>		
Dato' Chew Chee Kin <sup>a</sup>	34,695	#
Kwan Foh Kwai <sup>b</sup>	246,685	0.02
Evan Cheah Yean Shin <sup>c</sup>	802,019,318	62.03

### DIRECTORS' INTERESTS IN INTERMEDIATE HOLDING COMPANY • SUNWAY BERHAD

	ORDINARY SHARES OF RM1.00 EACH	
	NO.	%
<b>Direct interest</b>		
Dato' Ir Goh Chye Koon	50,000	#
Dato' Chew Chee Kin	4,790,558	0.24
Kwan Foh Kwai	1,070,456	0.05
Evan Cheah Yean Shin	556,946	0.03
<b>Deemed interest</b>		
Dato' Chew Chee Kin <sup>a</sup>	650,932	0.03
Kwan Foh Kwai <sup>a</sup>	466,854	0.02
Evan Cheah Yean Shin <sup>d</sup>	1,236,452,384	63.02

	WARRANTS 2011/2016	
	NO.	%
<b>Direct interest</b>		
Dato' Chew Chee Kin	619,171	0.84

	OPTIONS OVER ORDINARY SHARES OF RM1.00 EACH	
	NO. GRANTED	NO. VESTED
<b>Direct interest</b>		
Dato' Chew Chee Kin	3,375,000	2,250,000
Chung Soo Kiong	695,000	395,000
Kwan Foh Kwai	1,200,000	700,000
Evan Cheah Yean Shin	1,200,000	800,000

### DIRECTORS' INTERESTS IN PENULTIMATE HOLDING COMPANY • SUNGEI WAY CORPORATION SDN BHD

	ORDINARY SHARES OF RM1.00 EACH	
	NO.	%
<b>Deemed interest</b>		
Evan Cheah Yean Shin <sup>e</sup>	10,000,000	100.00

	NUMBER OF NON-CUMULATIVE REDEEMABLE PREFERENCE SHARES OF RM0.01 EACH	
	NO.	%
<b>Deemed interest</b>		
Evan Cheah Yean Shin <sup>f</sup>	426,000,000	100.00

### DIRECTORS' INTERESTS IN ULTIMATE HOLDING COMPANY • ACTIVE EQUITY SDN BHD

	ORDINARY SHARES OF RM1.00 EACH	
	NO.	%
<b>Direct interest</b>		
Evan Cheah Yean Shin	12,750	10.00
<b>Deemed interest</b>		
Evan Cheah Yean Shin <sup>f</sup>	102,000	80.00

#### NOTE:

# Negligible

<sup>a</sup> Deemed interest by virtue of Section 6A of the Companies Act, 1965 ("Act") held through spouse.

<sup>b</sup> Deemed interest by virtue of Section 6A of the Act held through spouse and children.

<sup>c</sup> Deemed interest by virtue of Section 6A of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.

<sup>d</sup> Deemed interest by virtue of Section 6A of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd and parent.

<sup>e</sup> Deemed interest by virtue of Section 6A of the Act held through Active Equity Sdn Bhd and parent.

<sup>f</sup> Deemed interest by virtue of Section 6A of the Act held through parent.

### DIRECTORS' INTERESTS IN RELATED CORPORATION • SUNWAY GLOBAL LIMITED

	ORDINARY SHARES OF HK\$1.00 EACH	
	NO.	%
<b>Direct interest</b>		
Dato' Chew Chee Kin	869,684	0.31

## ANALYSIS OF SHAREHOLDINGS

### AS AT 31 MARCH 2016

Authorised Share Capital	• RM2,000,000,000
Issued and Paid-up Share Capital	• RM258,580,002
Class of Shares	• Ordinary Shares of RM0.20 each
Voting Rights	• (1) On a show of hands - one (1) vote for every shareholder • (2) On a poll - one (1) vote for every ordinary share held

### DISTRIBUTION OF SHAREHOLDINGS AS PER RECORD OF DEPOSITORS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHAREHOLDINGS
Less than 100	4,177	26.64	223,838	0.02
100 - 1,000	6,907	44.06	2,632,259	0.20
1,001 - 10,000	3,266	20.83	13,775,685	1.07
10,001 - 100,000	1,028	6.56	32,922,790	2.55
100,001 - 64,644,999 (Less than 5% of issued shares)	298	1.90	604,312,829	46.74
64,645,000 (5%) and above	2	0.01	639,032,609	49.42
	<b>15,678</b>	<b>100.00</b>	<b>1,292,900,010</b>	<b>100.00</b>

### THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	Sunway Holdings Sdn Bhd	524,032,609	40.53
2	HSBC Nominees (Tempatan) Sdn Bhd - Sunway Holdings Sdn Bhd	115,000,000	8.89
3	Cartaban Nominees (Tempatan) Sdn Bhd - Sunway Holdings Sdn Bhd	64,500,000	4.99
4	Sungei Way Corporation Sendirian Berhad	55,520,000	4.29
5	Sharp Ventures Sdn Bhd	39,263,440	3.04
6	True Paragon Sdn Bhd	35,000,000	2.71
7	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	16,269,900	1.26
8	True Paragon Sdn Bhd	15,775,800	1.22
9	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 9)	15,638,166	1.21
10	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (Par 2)	13,200,300	1.02
11	HSBC Nominees (Tempatan) Sdn Bhd - Sungei Way Corporation Sdn Bhd	13,000,000	1.01
12	RHB Capital Nominees (Tempatan) Sdn Bhd - Sungei Way Corporation Sendirian Berhad	11,300,000	0.87
13	Sungei Way Corporation Sendirian Berhad	10,942,817	0.85
14	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for AMB Value Trust Fund (4249)	10,888,000	0.84
15	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Amundi)	10,000,000	0.77
16	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	9,373,243	0.72
17	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	9,120,000	0.71
18	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (CIMB PRIN)	8,853,600	0.68
19	Cartaban Nominees (Tempatan) Sdn Bhd - Exempt AN for Eastspring Investments Berhad	8,394,800	0.65
20	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for Morgan Stanley & Co. LLC (Client)	8,122,270	0.63
21	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for The Bank Of New York Mellon (Mellon Acct)	7,923,345	0.61

### THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONTD.)

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
22	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	7,556,406	0.58
23	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (F Templeton)	7,546,300	0.58
24	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (DR)	7,500,000	0.58
25	RHB Nominees (Tempatan) Sdn Bhd - OSK Capital Sdn Bhd for Yayasan Islam Terengganu	6,595,700	0.51
26	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Pertubuhan Keselamatan Sosial (AFF HWG6939-403)	5,964,100	0.46
27	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	5,817,276	0.45
28	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LPF)	5,570,200	0.43
29	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U. S. A.)	5,219,960	0.40
30	PM Nominees (Tempatan) Sdn Bhd - Bank Kerjasama Rakyat Malaysia Berhad	5,181,600	0.40

### SUBSTANTIAL SHAREHOLDERS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	Sunway Berhad - Deemed Interest <sup>a</sup>	703,532,609	54.42
2	Sunway Holdings Sdn Bhd	703,532,609	54.42
3	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO - Direct Interest - Deemed Interest <sup>b</sup>	7,723,892 794,366,588	0.60 61.44
4	Puan Sri Datin Seri (Dr) Susan Cheah Seek Cheng - Deemed Interest <sup>c</sup>	802,090,480	62.04
5	Sarena Cheah Yean Tih - Direct Interest - Deemed Interest <sup>d</sup>	57,727 802,019,416	* 62.03
6	Evan Cheah Yean Shin - Direct Interest - Deemed Interest <sup>e</sup>	13,435 802,019,318	* 62.03
7	Sungei Way Corporation Sdn Bhd - Direct Interest - Deemed Interest <sup>f</sup>	90,762,817 703,532,609	7.02 54.42
8	Active Equity Sdn Bhd - Deemed Interest <sup>g</sup>	794,295,426	61.44

#### NOTE:

<sup>a</sup> Deemed interest by virtue of Section 6A of the Companies Act, 1965 ("Act") held through Sunway Holdings Sdn Bhd.

<sup>b</sup> Deemed interest by virtue of Section 6A of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and children.

<sup>c</sup> Deemed interest by virtue of Section 6A of the Act held through spouse and children.

<sup>d</sup> Deemed interest by virtue of Section 6A of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent.

<sup>e</sup> Deemed interest by virtue of Section 6A of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.

<sup>f</sup> Deemed interest by virtue of Section 6A of the Act held through Sunway Berhad and Sunway Holdings Sdn Bhd.

<sup>g</sup> Deemed interest by virtue of Section 6A of the Act held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway Holdings Sdn Bhd.

\* Negligible



## ANNUAL GENERAL MEETING

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### MEETING OF THE MINDS

When a construction is completed, it is common for the minds behind it to come together to celebrate it and plan for their next endeavour. Annual General Meeting will be a good forum for SunCon to hear from our shareholders to continually bring ourselves to greater levels.

- 274 Notice of 2<sup>nd</sup> Annual General Meeting
- 277 Proxy Form
- 279 Corporate Directory

SUNWAY PUTRA MALL  
JALAN PUTRA

# ANNUAL GENERAL MEETING

## SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W) (Incorporated in Malaysia) NOTICE OF 2<sup>ND</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 2nd Annual General Meeting of SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W) will be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 9 June 2016 at 3.30 p.m. for the following purposes:-

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors' and Auditors' Reports thereon.  
*(Please refer to Explanatory Note 1)*
2. To approve the payment of Directors' fees amounting to RM500,000.00 for the financial year ended 31 December 2015.  
*(Ordinary Resolution 1)*
3. To re-elect the following Directors:-
  - 3.1 Mr Kwan Foh Kwai who retires by rotation pursuant to Article 107 of the Company's Articles of Association and being eligible, offers himself for re-election.  
*(Ordinary Resolution 2)*
  - 3.2 Mr Evan Cheah Yean Shin who retires by rotation pursuant to Article 107 of the Company's Articles of Association and being eligible, offers himself for re-election.  
*(Ordinary Resolution 3)*
  - 3.3 Mr Chung Soo Kiong who retires pursuant to Article 90 of the Company's Articles of Association and being eligible, offers himself for re-election.  
*(Ordinary Resolution 4)*
4. To consider and if thought fit, to pass the following resolution in accordance with Section 129 of the Companies Act, 1965:-
  - 4.1 "THAT pursuant to Section 129 of the Companies Act, 1965, Dato' Chew Chee Kin who is over the age of 70 years, be and is hereby re-appointed as a Director of the Company to hold office until the conclusion of the next Annual General Meeting of the Company."  
*(Ordinary Resolution 5)*
5. To re-appoint Messrs BDO as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.  
*(Ordinary Resolution 6)*

### AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

#### 6. ORDINARY RESOLUTION:

##### Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965

"THAT subject always to the Companies Act, 1965, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Section 132D of the Companies Act, 1965 to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total issued share capital of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."  
*(Ordinary Resolution 7)*

#### 7. ORDINARY RESOLUTION:

##### Proposed Shareholders' Ratification and Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

"THAT all the recurrent related party transactions entered into by the Company and its subsidiaries from 28 July 2015, being the date of listing until the date of this 2nd Annual General Meeting ("AGM") as set out in Section 2D of the Circular to Shareholders dated 29 April 2016 which were necessary for the day-to-day operations and carried out in the ordinary course of business on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, be and are hereby approved and ratified.

THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 29 April 2016 which are of a revenue or trading nature and carried out in the ordinary

course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act, 1965 ("the Act"), the Company's Memorandum and Articles of Association and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:-

- (a) the conclusion of the next AGM of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."  
*(Ordinary Resolution 8)*

#### 8. ORDINARY RESOLUTION:

##### Proposed Authority for the Purchase of Own Shares by the Company

THAT subject to the Companies Act, 1965 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.20 each in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

- (a) the aggregate number of ordinary shares of RM0.20 each in the Company ("SunCon Shares") which may be purchased and/or held by the Company shall not exceed 10% of the issued and paid-up share capital of the Company at any point of time, subject to a restriction that the issued and paid-up share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCon Shares shall not exceed the Company's audited retained profits and/or share premium account at any point of time;
- (c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:-
  - (i) the conclusion of the next Annual General Meeting ("AGM") at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
  - (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting, whichever occurs first; and
- (d) Upon completion of the purchase(s) of the SunCon Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCon Shares so purchased or to retain the SunCon Shares so purchased as treasury shares (of which may be distributed as dividends to shareholders and/or resold on Bursa Securities and/or subsequently cancelled), or to retain part of the SunCon Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCon Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."  
*(Ordinary Resolution 9)*

By Order of the Board

**TAN KIM AUN** (MAICSA 7002988)

**CHIN LEE CHIN** (MAICSA 7012347)

Company Secretaries

Bandar Sunway

29 April 2016

**NOTES:**

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, or at a meeting of any class of members, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
2. A proxy need not be a member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
3. If a member has appointed a proxy to attend a meeting and subsequently he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.
4. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
5. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
6. Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
8. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
9. In respect of deposited securities, only members whose names appear in the Record of Depositors on 31 May 2016, shall be entitled to attend, speak and vote at the general meeting.

**EXPLANATORY NOTES ON:**

**(I) ORDINARY BUSINESS**

**1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Directors’ and Auditors’ Reports thereon**

The Audited Financial Statements are for discussion only as they do not require shareholders’ approval pursuant to the provisions of Section 169 (1) and Section 169 (3) of the Companies Act, 1965. As such, this agenda will not be put for voting.

**(II) SPECIAL BUSINESS**

**2. Ordinary Resolution 7 - Authority to Issue Shares pursuant to Section 132D of the Companies Act, 1965**

The Company is always on the look out for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued capital.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total 10% of the issued share capital of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

**3. Ordinary Resolution 8 - Proposed Shareholders’ Ratification and Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The details on the proposed shareholders’ ratification and shareholders’ mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 29 April 2016.

**4. Ordinary Resolution 9 - Proposed Authority for the Purchase of Own Shares by the Company**

The details on the proposed authority for the purchase of own shares by the Company are set out in the Circular to Shareholders dated 29 April 2016.

**PERSONAL DATA NOTICE**

The Personal Data Protection Act 2010 (“Act”) which regulates the processing of personal data in commercial transactions, applies to Sunway Management Sdn Bhd, the share registrar of Sunway Construction Group Berhad.

The personal data processed by Sunway Management Sdn Bhd may include your name, contact details, mailing address and any other personal data derived from any document.

Sunway Management Sdn Bhd may use or disclose your personal data to any person engaged for the purpose of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the Act. If you would like to make any enquiries on your personal data, please contact us at:

**SUNWAY MANAGEMENT SDN BHD**

Level 16, Menara Sunway,  
Jalan Lagoon Timur, Bandar Sunway  
47500, Subang Jaya,  
Selangor Darul Ehsan.  
Tel No: (603) 5639 8889 Fax No: (603) 5639 9507

**PROXY FORM  
2<sup>ND</sup> ANNUAL GENERAL MEETING**



**SUNWAY CONSTRUCTION GROUP BERHAD**  
(1108506-W)  
(Incorporated in Malaysia)  
Registered Office:  
Level 16, Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway, 47500 Subang Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 5639 8889 / 5639 8845  
Fax: (603) 5639 9507

<b>NUMBER OF SHARE(S) HELD</b>	
<b>CDS ACCOUNT NO.</b>	

\*I/We (Full Name) ..... \*NRIC No./Passport No./Company No. ....

Tel./Mobile No. .... of .....

being a member of SUNWAY CONSTRUCTION GROUP BERHAD and entitled to vote hereby appoint:-

**1<sup>ST</sup> PROXY ‘A’**

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No./Passport No.	No. of Shares	%

and/or failing \*him/her,

**2<sup>ND</sup> PROXY ‘B’**

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No./Passport No.	No. of Shares	%

**100%**

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy to attend and vote for \*me/us on \*my/our behalf at the 2<sup>nd</sup> Annual General Meeting of the Company to be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Thursday, 9 June 2016 at 3.30 p.m and at any adjournment thereof.

**In the case of a vote taken by a show of hands, \*1<sup>st</sup> Proxy ‘A’ / \*2<sup>nd</sup> Proxy ‘B’ (one only) shall vote on \*my/our behalf. \*Strike out whichever not applicable.**

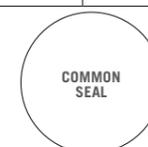
My/our proxy/proxies shall vote as follows:-

Please indicate with an “X” in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	ORDINARY RESOLUTIONS	1 <sup>ST</sup> PROXY ‘A’		2 <sup>ND</sup> PROXY ‘B’	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the payment of Directors’ fees				
2.	To re-elect Mr Kwan Foh Kwai as Director				
3.	To re-elect Mr Evan Cheah Yean Shin as Director				
4.	To re-elect Mr Chung Soo Kiong as Director				
5.	To approve the re-appointment of Dato’ Chew Chee Kin as Director				
6.	To re-appoint Messrs BDO as Auditors of the Company and authorise the Directors to fix their remuneration				
7.	To authorise the issue of shares pursuant to Section 132D of the Companies Act, 1965				
8.	To approve the Proposed Shareholders’ Ratification and Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				
9.	To approve the purchase of own shares by the Company				

Dated this ..... day of ..... 2016

Signature of Member .....



**NOTES:**

- A member of the Company who is entitled to attend and vote at a general meeting of the Company, or at a meeting of any class of members, may appoint not more than 2 proxies to attend and vote instead of the member at the meeting.
- A proxy need not be a member. There shall be no restriction as to the qualification of the proxy and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company.
- If a member has appointed a proxy to attend a meeting and subsequently he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than 2 proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member or the authorised nominee appoints 2 proxies, or where an exempt authorised nominee appoints 2 or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 31 May 2016, shall be entitled to attend, speak and vote at the general meeting.
- Please refer to the Personal Data Notice in the Notice of 2<sup>nd</sup> Annual General Meeting in relation to personal data privacy.

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THE SHARE REGISTRAR

**SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W)**

LEVEL 16, MENARA SUNWAY  
JALAN LAGOON TIMUR  
BANDAR SUNWAY  
47500 SUBANG JAYA  
SELANGOR DARUL EHSAN  
MALAYSIA

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## CORPORATE DIRECTORY

**SUNWAY CONSTRUCTION  
GROUP BERHAD (1108506-W)**

**SUNWAY CONSTRUCTION  
SDN BHD (27175-V)**

**Head Office**

Level 8, Menara Sunway  
Jalan Lagoon Timur, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan  
Tel • (603) 5639 9696  
Fax • (603) 5639 9601  
Website • sunwayconstruction.com.my

**Johor Office**

Plot F43, Lot PTD 183276  
Medini Zone F, Mukim Pulau  
81200 Johor, Johor Darul Takzim  
Tel • (607) 5098 800  
Fax • (607) 5097 211

**FOUNDATION AND GEOTECHNICAL  
ENGINEERING SERVICES**

**Sunway Geotechnics (M) Sdn Bhd (414014-W)**

Level 7, Menara Sunway  
Jalan Lagoon Timur, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan

Tel • (603) 5639 9696  
Fax • (603) 5639 9533

**MECHANICAL, ELECTRICAL  
& PLUMBING SERVICES**

**Sunway Engineering Sdn Bhd (341887-W)**

Level 9, Menara Sunway  
Jalan Lagoon Timur, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan

Tel • (603) 5639 9696  
Fax • (603) 5639 9531

**MANUFACTURING AND SALE OF  
PRECAST CONCRETE PRODUCTS**

**Sunway Precast Industries Sdn Bhd (231775-X)**

*Senai, Johor*  
18, Jalan Idaman 1/1  
Taman Perindustrian Senai  
81400 Senai, Johor Darul Takzim

*Iskandar, Johor*

Plot F5, Lot PTD 200685, Medini Zone F  
Mukim Pulau, Daerah Johor Bahru  
81200 Johor Darul Takzim

**Sunway Concrete Products (S) Pte Ltd  
(199409213Z)**

*Singapore*  
4, Tampines Industrial Street 62  
Singapore, 528817  
Tel • (602) 6582 8089  
Fax • (602) 6581 0482

**MACHINERY & LOGISTICS**

**Sunway Machinery Sdn Bhd (389253-P)**

Lot 656, Jalan Subang 1, Off Persiaran Subang  
47600 Subang Jaya, Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel • (603) 5633 6499  
Fax • (603) 5631 2387

**FACADE SOLUTION**

**Sunway Facade Network Sdn Bhd (1153847-X)**

1F09, Pusat Perdagangan IOI  
No.1, Persiaran Puchong Jaya Selatan  
Bandar Puchong Jaya, 47100 Puchong  
Tel • (603) 8062 9792  
Fax • (603) 8062 9762

**MIDDLE EAST BRANCH OFFICES**

**Sunway Builders Sdn Bhd**

• **Abu Dhabi Branch (1005599)**  
PO Box 127421, Abu Dhabi, UAE

**Sunway Innopave Sdn Bhd**

• **Abu Dhabi Branch (1005596)**  
PO Box 127806, Abu Dhabi, UAE

**Sunway Engineering Sdn Bhd**

• **Abu Dhabi Branch (1160600)**  
P.O Box 131139, Abu Dhabi, UAE

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