

SUNWAY[®]

CONSTRUCTION

SUNWAY CONSTRUCTION GROUP BERHAD

INTERIM FINANCIAL REPORT

FIRST QUARTER ENDED 31ST MARCH 2020



SUNWAY CONSTRUCTION GROUP BERHAD

Company No. 201401032422 (1108506-W)
(Incorporated in Malaysia)

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SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2020

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2020

| | NOTE | <----- INDIVIDUAL QUARTER -----> | | | | <----- CUMULATIVE QUARTER -----> | | | |
|--|------|----------------------------------|----------------------------|---------|--|----------------------------------|------------------------|-------------------------------------|---------|
| | | CURRENT PERIOD | IMMEDIATE PRECEDING PERIOD | CHANGES | PRECEDING PERIOD CORRESPONDING QUARTER | CHANGES | CURRENT PERIOD TO DATE | PRECEDING YEAR CORRESPONDING PERIOD | CHANGES |
| | | QUARTER 31/3/2020 | QUARTER 31/12/2019 | % | QUARTER 31/3/2019 | % | 31/3/2020 | 31/3/2019 | % |
| | | RM'000 | RM'000 | % | RM'000 | % | RM'000 | RM'000 | % |
| REVENUE | | 365,826 | 485,935 | (24.7%) | 440,035 | (16.9%) | 365,826 | 440,035 | (16.9%) |
| OPERATING EXPENSES | | (349,353) | (463,713) | 24.7% | (404,725) | 13.7% | (349,353) | (404,725) | 13.7% |
| OTHER OPERATING INCOME | | 2,212 | 8,608 | (74.3%) | 2,886 | (23.4%) | 2,212 | 2,886 | (23.4%) |
| PROFIT FROM OPERATIONS | | 18,685 | 30,830 | (39.4%) | 38,196 | (51.1%) | 18,685 | 38,196 | (51.1%) |
| FINANCE INCOME & OTHER DISTRIBUTION INCOME | | 5,245 | 8,661 | (39.4%) | 4,227 | 24.1% | 5,245 | 4,227 | 24.1% |
| FINANCE COSTS | | (2,705) | (3,399) | 20.4% | (2,296) | (17.8%) | (2,705) | (2,296) | (17.8%) |
| SHARE OF PROFIT FROM AN ASSOCIATE | | - | 4,316 | | - | | - | - | |
| SHARE OF RESULTS OF JOINT VENTURES | | - | 99 | | - | | - | - | |
| PROFIT BEFORE TAX | B6 | 21,225 | 40,507 | (47.6%) | 40,127 | (47.1%) | 21,225 | 40,127 | (47.1%) |
| INCOME TAX EXPENSE | B5 | (4,313) | (7,806) | 44.7% | (8,494) | 49.2% | (4,313) | (8,494) | 49.2% |
| PROFIT FOR THE PERIOD | | 16,912 | 32,701 | (48.3%) | 31,633 | (46.5%) | 16,912 | 31,633 | (46.5%) |
| ATTRIBUTABLE TO: | | | | | | | | | |
| - OWNERS OF THE PARENT | | 16,350 | 31,639 | | 31,018 | | 16,350 | 31,018 | |
| - NON-CONTROLLING INTERESTS | | 562 | 1,062 | | 615 | | 562 | 615 | |
| | | 16,912 | 32,701 | | 31,633 | | 16,912 | 31,633 | |
| EARNINGS PER SHARE | | | | | | | | | |
| (i) BASIC (sen) | B11 | 1.27 | 2.45 | | 2.40 | | 1.27 | 2.40 | |
| (ii) DILUTED (sen) | | 1.27 | 2.45 | | 2.40 | | 1.27 | 2.40 | |

(The Unaudited Condensed Consolidated Income Statements should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))
 QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 31 MARCH 2020
 THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2020

| | <----- INDIVIDUAL QUARTER -----> | | | <-- CUMULATIVE QUARTER --> | |
|--|---|---|---|---|--|
| | CURRENT PERIOD QUARTER 31/3/2020 | IMMEDIATE PRECEDING QUARTER 31/12/2019 | PRECEDING PERIOD CORRESPONDING QUARTER 31/3/2019 | CURRENT PERIOD TO DATE 31/3/2020 | PRECEDING PERIOD CORRESPONDING PERIOD 31/3/2019 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| PROFIT FOR THE PERIOD | 16,912 | 32,701 | 31,633 | 16,912 | 31,633 |
| OTHER COMPREHENSIVE INCOME TO BE RECLASSIFIED TO PROFIT AND LOSS IN SUBSEQUENT PERIOD | | | | | |
| FOREIGN CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN OPERATION | 242 | (570) | (185) | 242 | (185) |
| OTHER COMPREHENSIVE INCOME FOR THE PERIOD | 242 | (570) | (185) | 242 | (185) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 17,154 | 32,131 | 31,448 | 17,154 | 31,448 |
| ATTRIBUTABLE TO: | | | | | |
| - OWNERS OF THE PARENT | 16,592 | 31,069 | 30,833 | 16,592 | 30,833 |
| - NON-CONTROLLING INTERESTS | 562 | 1,062 | 615 | 562 | 615 |
| | 17,154 | 32,131 | 31,448 | 17,154 | 31,448 |

(The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

| | NOTE | AS AT FINANCIAL PERIOD ENDED 31/3/2020 RM'000 (UNAUDITED) | AS AT FINANCIAL YEAR ENDED 31/12/2019 RM'000 (AUDITED) |
|---|-----------|---|--|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant, equipment, software and right of use assets | | 130,052 | 138,713 |
| Investment in associate | | 4,124 | 4,124 |
| Investment in joint ventures | | 44,250 | 44,261 |
| Other investments | | 273 | 273 |
| Goodwill | | 3,647 | 3,647 |
| Deferred tax assets | | 4,427 | 4,161 |
| | | <u>186,773</u> | <u>195,179</u> |
| Current assets | | | |
| Inventories | | 26,060 | 25,094 |
| Receivables, deposits and prepayments | B9 | 948,738 | 970,392 |
| Tax recoverable | | 23,762 | 21,721 |
| Cash and bank balances | | 672,342 | 692,638 |
| | | <u>1,670,902</u> | <u>1,709,845</u> |
| TOTAL ASSETS | | <u>1,857,675</u> | <u>1,905,024</u> |
| EQUITY AND LIABILITIES | | | |
| Current liabilities | | | |
| Payables, lease liabilities and other current liabilities | | 858,203 | 885,237 |
| Borrowings | B7 | 260,075 | 233,394 |
| Tax payable | | 1,641 | 1,376 |
| Derivative liabilities | B8 | 1,063 | 187 |
| | | <u>1,120,982</u> | <u>1,120,194</u> |
| Non-current liabilities | | | |
| Borrowings | B7 | 52,642 | 52,656 |
| Other long term liabilities | | 30,926 | 95,833 |
| Lease liabilities | | 8,465 | 8,897 |
| Deferred taxation liabilities | | 2,335 | 2,273 |
| | | <u>94,368</u> | <u>159,659</u> |
| Total liabilities | | <u>1,215,350</u> | <u>1,279,853</u> |
| Equity attributable to owners of the parent | | | |
| Share capital | | 258,580 | 258,580 |
| Treasury shares | A6 | (6,990) | (6,990) |
| Merger reserve | | (37,894) | (37,894) |
| Retained profits | | 415,187 | 398,838 |
| Other reserves | | 10,663 | 10,421 |
| | | <u>639,547</u> | <u>622,955</u> |
| NON-CONTROLLING INTERESTS | | <u>2,778</u> | <u>2,216</u> |
| Total equity | | <u>642,325</u> | <u>625,171</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,857,675</u> | <u>1,905,024</u> |
| Net Assets Per Share Attributable To Owners Of The Parent (RM) | | | |
| | | 0.50 | 0.48 |
| (The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.) | | | |

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020

THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2020

| | ----- ATTRIBUTABLE TO OWNERS OF THE PARENT ----- | | | | | | | | | |
|--|--|--------------------|-------------------|----------------------------|---|--------------------------------|---------------------|---------|----------------------------------|-----------------|
| | ----- NON-DISTRIBUTABLE ----- | | | | ----- DISTRIBUTABLE ----- | | | | | |
| | SHARE CAPITAL | TREASURY SHARES | MERGER RESERVE | OTHER RESERVES TOTAL | CAPITAL CONTRIBUTION BY IMMEDIATE HOLDING COMPANY | FOREIGN EXCHANGE RESERVE | RETAINED PROFITS | TOTAL | NON- CONTROLLING INTERESTS | TOTAL EQUITY |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| PERIOD ENDED 31 MARCH 2020 | | | | | | | | | | |
| At 1 January 2020 | 258,580 | (6,990) | (37,894) | 10,421 | 656 | 9,765 | 398,838 | 622,955 | 2,216 | 625,171 |
| Profit for the period | - | - | - | - | - | - | 16,350 | 16,350 | 562 | 16,912 |
| Other comprehensive income, net of tax | - | - | - | 242 | - | 242 | - | 242 | - | 242 |
| Total comprehensive income | - | - | - | 242 | - | 242 | 16,350 | 16,592 | 562 | 17,154 |
| At 31 March 2020 | 258,580 | (6,990) | (37,894) | 10,663 | 656 | 10,007 | 415,187 | 639,547 | 2,778 | 642,325 |
| PERIOD ENDED 31 MARCH 2019 | | | | | | | | | | |
| At 1 January 2019, as restated | 258,580 | (1,295) | (37,894) | 10,972 | 656 | 10,316 | 359,871 | 590,234 | 1,442 | 591,676 |
| Profit for the period | - | - | - | - | - | - | 31,018 | 31,018 | 615 | 31,633 |
| Other comprehensive income, net of tax | - | - | - | (185) | - | (185) | - | (185) | - | (185) |
| Total comprehensive income | - | - | - | (185) | - | (185) | 31,018 | 30,833 | 615 | 31,448 |
| Increase in capital by non- controlling interests | - | - | - | - | - | - | - | - | 34 | 34 |
| At 31 March 2019 | 258,580 | (1,295) | (37,894) | 10,787 | 656 | 10,131 | 390,889 | 621,067 | 2,091 | 623,158 |

(The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

SUNWAY CONSTRUCTION GROUP BERHAD (Company No : 201401032422 (1108506-W))
QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2020
THE FIGURES HAVE NOT BEEN AUDITED

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2020

| | NOTE | FOR THE PERIOD ENDED 31/3/2020 RM'000 | FOR THE PERIOD ENDED 31/3/2019 RM'000 |
|---|-----------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before tax | | 21,225 | 40,127 |
| Adjustments for: | | | |
| - non-cash items | | 10,351 | 7,740 |
| - finance costs | | 2,705 | 2,296 |
| - finance income and other distribution income | | (5,245) | (4,227) |
| Operating cash flows before working capital changes | | 29,036 | 45,936 |
| Changes in working capital | | (6,476) | 16,669 |
| Cash flows generated from operations | | 22,560 | 62,605 |
| Interest and other distribution income received | | 5,245 | 4,227 |
| Interest paid | | (2,705) | (2,296) |
| Tax refunded | | 6 | 17 |
| Tax paid | | (6,297) | (4,401) |
| Net cash generated from operating activities | B7 | 18,809 | 60,152 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property, plant and equipment & software | | 2 | 557 |
| Acquisitions of property, plant and equipment and software | | (394) | (345) |
| Additional shares acquired by non-controlling interest | | - | 34 |
| Drawdown of deposits pledged to other financial institutions | | 83,732 | - |
| Net cash from investing activities | | 83,340 | 246 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net bank and other borrowings | | 25,969 | 61,396 |
| (Repayment)/Advances to related companies | | (64,907) | (27,272) |
| Net cash (used in)/from financing activities | | (38,938) | 34,124 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 63,211 | 94,522 |
| EFFECTS OF EXCHANGE RATE CHANGES | | 225 | 123 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD | | 428,652 | 484,667 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD | | 492,088 | 579,312 |
| Cash and cash equivalents at end of financial year comprise the following : | | | |
| Deposits with licensed banks and other financial institutions | | 623,020 | 510,003 |
| Cash and bank balances | | 49,322 | 69,511 |
| Cash and bank balances and placement in funds | | 672,342 | 579,514 |
| Less: Deposits with other financial institutions with maturity of over 3 months | | (202) | (202) |
| Less: Placement of deposits pledged to other financial institutions | | (180,052) | - |
| Cash and cash equivalents | | 492,088 | 579,312 |

(The Unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Statutory Financial Statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.)

NOTES TO FINANCIAL STATEMENTS

A1 Accounting Policies and Basis of Preparation

The Group has prepared its financial statements using the Malaysian Financial Reporting Standards ("MFRS") for the period ended 31 March 2020. The interim financial report is unaudited and is prepared in accordance with MFRS134 *Interim Financial Reporting* and paragraph 9.22 of the Bursa Malaysia Securities Berhad Listing Requirements.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2019.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2019 except for the following which standards, if applicable. At present, there is no impact of implementing these Standards.

| Title | Effective Date |
|---|----------------|
| Amendments to <i>References to the Conceptual Framework in MFRS Standards</i> | 1 January 2020 |
| Amendments to MFRS 3 <i>Definition of a Business</i> | 1 January 2020 |
| Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i> | 1 January 2020 |
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2021 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2022 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

A2 Report of the Auditors

The report of the auditors of preceding audited financial statements was not subjected to any qualification.

A3 Seasonal or Cyclical Factors

The results for the current quarter under review were not materially affected by seasonal or cyclical factors.

A4 Unusual Items

The results for the current quarter under review was affected by the Movement Control Order declared by the Government of Malaysia from 18 March 2020 till 9 June 2020 including the Covid-19 Circuit Breaker announced by the Government of Singapore from 7 April 2020 till 1 June 2020 and including those disclosed in Note B6.

A5 Changes in Estimates

There were no changes in estimates that have a material effect on the amounts reported for the current period ended 31 March 2020.

A6 Repurchases of Debt and Equity Securities

There were no repurchase activities during the current quarter. The Group's debt status is as disclosed in Note B7.

A7 Dividend paid

| | As at 31 March 2020 RM'000 (Unaudited) | As at 31 December 2019 RM'000 (Audited) |
|--|--|---|
| <u>Dividends recognised for the year (Net of tax)</u> | | |
| 2018 - 3.5 cents per share (Note 1) | | 45,229 |
| 2019 - 3.5 cents per share (Note 2) | | 45,128 |
| <u>Dividends in respect of year ended (Net of tax)</u> | | |
| 3.5 cents per share -declared and paid (Note 2) | | 45,128 |
| 3.5 cents per share -declared and payable (Note 3) | | 45,128 |

Note 1: On 25 February 2019, the Board of Directors declared a second interim single-tier dividend of 3.5 cents per ordinary shares for the financial year ended 31 December 2018. The interim dividend of RM45,228,610 was paid on 17 April 2019.

Note 2: On 19 August 2019, the Board of Directors declared a first interim single-tier dividend of 3.5 cents per ordinary shares for the financial year ended 31 December 2019. The interim dividend of RM45,127,569 was paid on 26 September 2019.

Note 3: On 20 February 2020, the Board of Directors declared a second interim single-tier dividend of 3.5 cents per ordinary shares for the financial year ended 31 December 2019. The interim dividend of RM45,127,587 was paid on 8 April 2020.

Dividend under note 1 and 2 above have been accounted for in equity as an appropriation of retained earnings in the year ended 31 December 2019. Dividend under note 3 will be accounted for in equity as appropriation of retained profits in the next quarter ending June 2020.

A8 Segmental Reporting

| | YTD MAR'20 (Unaudited) | | | YTD MAR'19 (Audited) | | |
|--|---------------------------|-------------------------------|------------------------|-------------------------|-------------------------------|------------------------|
| | Construction RM'000 | Precast Concrete RM'000 | Consolidated RM'000 | Construction RM'000 | Precast Concrete RM'000 | Consolidated RM'000 |
| BY BUSINESS SEGMENTS | | | | | | |
| REVENUE AND EXPENSES | | | | | | |
| Total revenue | 436,841 | 66,615 | 503,456 | 527,337 | 59,693 | 587,030 |
| Inter-segment revenue | (107,276) | (30,354) | (137,630) | (120,295) | (26,700) | (146,995) |
| External revenue | 329,565 | 36,261 | 365,826 | 407,042 | 32,993 | 440,035 |
| Results | | | | | | |
| Operating segment results | 17,278 | 1,407 | 18,685 | 37,869 | 327 | 38,196 |
| Finance income & other distribution income | 5,112 | 133 | 5,245 | 4,132 | 95 | 4,227 |
| Finance costs | (1,943) | (762) | (2,705) | (1,936) | (360) | (2,296) |
| Profit before tax | 20,447 | 778 | 21,225 | 40,065 | 62 | 40,127 |
| Income tax expense | (3,906) | (407) | (4,313) | (8,365) | (129) | (8,494) |
| Profit after tax | 16,541 | 371 | 16,912 | 31,700 | (67) | 31,633 |
| Non controlling interests | (562) | | (562) | (615) | - | (615) |
| Attributable to owners of the parent | 15,979 | 371 | 16,350 | 31,085 | (67) | 31,018 |
| TOTAL ASSETS | | | | | | |
| Unallocated assets | 1,526,311 | 303,175 | 1,829,486 | 1,612,250 | 202,361 | 1,814,611 |
| | - | - | 28,189 | - | - | 27,251 |
| | 1,526,311 | 303,175 | 1,857,675 | 1,612,250 | 202,361 | 1,841,862 |
| TOTAL LIABILITIES | | | | | | |
| Unallocated liabilities | 988,177 | 223,197 | 1,211,374 | 1,080,828 | 117,848 | 1,198,676 |
| | - | - | 3,976 | - | - | 20,293 |
| | 988,177 | 223,197 | 1,215,350 | 1,080,828 | 117,848 | 1,218,969 |

A8 Segmental Reporting (Contd.)

| | <----- YTD MAR'20 -----> | | | | <----- YTD MAR'19 -----> | | | |
|------------------------------|--------------------------|-------------------------------|------------------------------|--|--------------------------|-------------------------------|------------------------------|--|
| | (Unaudited) | | | | (Audited) | | | |
| | Revenue | Profit / (loss) before tax | Profit / (loss) after tax | Attributable to owners of the parent | Revenue | Profit / (loss) before tax | Profit / (loss) after tax | Attributable to owners of the parent |
| RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | |
| GEOGRAPHICAL SEGMENTS | | | | | | | | |
| Malaysia | 329,215 | 23,408 | 19,095 | 18,536 | 407,042 | 40,327 | 31,833 | 31,218 |
| Singapore | 36,261 | (1,794) | (1,794) | (1,797) | 32,993 | (118) | (118) | (118) |
| India | - | (308) | (308) | (308) | - | (40) | (40) | (40) |
| United Arab Emirates | - | (24) | (24) | (24) | - | (42) | (42) | (42) |
| Trinidad & Tobago | - | - | - | - | - | - | - | - |
| Myanmar | 350 | (57) | (57) | (57) | - | - | - | - |
| | 365,826 | 21,225 | 16,912 | 16,350 | 440,035 | 40,127 | 31,633 | 31,018 |
| | | | | | | | | |

A8 Segmental Reporting (Contd.)

Segmental results by foreign currency for the financial period ended 31 March 2020 are as follows:

CONSTRUCTION SEGMENT:

| | FOREIGN EXCHANGE RATE | <----- FC'000 -----> | | | | <----- RM'000 -----> | | | |
|-------------------------------------|-----------------------|----------------------|----------------------------|---------------------------|--------------------------------------|----------------------|----------------------------|---------------------------|--------------------------------------|
| | | Revenue | Profit / (loss) before tax | Profit / (loss) after tax | Attributable to owners of the parent | Revenue | Profit / (loss) before tax | Profit / (loss) after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | | 329,215 | 20,834 | 16,928 | 16,369 | 329,215 | 20,834 | 16,928 | 16,369 |
| United Arab Emirates (AED'000) | 1.2609 | - | (19) | (19) | (19) | - | (24) | (24) | (24) |
| India Rupee (INR'000) | 0.0578 | - | (5,333) | (5,333) | (5,333) | - | (308) | (308) | (308) |
| Singapore Dollar (SGD'000) | 3.0289 | - | 0 | 0 | (0) | - | 2 | 2 | (1) |
| Trinidad & Tobago Dollar (TT\$'000) | 0.6304 | - | - | - | - | - | - | - | - |
| Myanmar (USD'000) | 4.2145 | 83 | (13) | (13) | (13) | 350 | (57) | (57) | (57) |
| | | | | | | <u>329,565</u> | <u>20,447</u> | <u>16,541</u> | <u>15,979</u> |

| | FOREIGN EXCHANGE RATE | TOTAL ASSETS | | TOTAL LIABILITIES | |
|-------------------------------------|-----------------------|--------------|------------------|-------------------|----------------|
| | | FC'000 | RM'000 | FC'000 | RM'000 |
| Malaysia Ringgit (RM'000) | | 1,506,860 | 1,506,860 | 971,040 | 971,040 |
| United Arab Emirates (AED'000) | 1.1785 | 14,652 | 17,320 | 13,497 | 15,955 |
| India Rupee (INR'000) | 0.0575 | 10,435 | 600 | 17,386 | 1,000 |
| Singapore Dollar (SGD'000) | 3.0500 | 309 | 937 | 15 | 47 |
| Trinidad & Tobago Dollar (TT\$'000) | 0.6492 | 40 | 26 | - | - |
| Myanmar (USD'000) | 4.3380 | 131 | 568 | 31 | 135 |
| | | | <u>1,526,311</u> | | <u>988,177</u> |

PRECAST SEGMENT:

| | FOREIGN EXCHANGE RATE | <----- FC'000 -----> | | | | <----- RM'000 -----> | | | |
|----------------------------|-----------------------|----------------------|----------------------------|---------------------------|--------------------------------------|----------------------|-------------------|------------------|--------------------------------------|
| | | Revenue | Profit / (Loss) before tax | Profit / (Loss) after tax | Attributable to owners of the parent | Revenue | Profit before tax | Profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | | - | 2,574 | 2,167 | 2,167 | - | 2,574 | 2,167 | 2,167 |
| Singapore Dollar (SGD'000) | 3.0289 | 11,972 | (593) | (593) | (593) | 36,261 | (1,796) | (1,796) | (1,796) |
| | | | | | | <u>36,261</u> | <u>778</u> | <u>371</u> | <u>371</u> |

| | FOREIGN EXCHANGE RATE | TOTAL ASSETS | | TOTAL LIABILITIES | |
|----------------------------|-----------------------|--------------|----------------|-------------------|----------------|
| | | FC'000 | RM'000 | FC'000 | RM'000 |
| Malaysia Ringgit (RM'000) | | 126,351 | 126,351 | 82,658 | 82,658 |
| Singapore Dollar (SGD'000) | 3.0500 | 57,975 | 176,824 | 46,079 | 140,539 |
| | | | <u>303,175</u> | | <u>223,197</u> |

Income and expenses are translated at the average rate whereas the assets and liabilities are translated at the closing rate.

A8 Segmental Reporting (Contd.)

Segmental results by foreign currency for the financial period ended 31 March 2019 are as follows:

CONSTRUCTION SEGMENT:

| | FOREIGN EXCHANGE RATE | <----- FC'000 -----> | | | | <----- RM'000 -----> | | | |
|-------------------------------------|-----------------------|----------------------|----------------------------|---------------------------|--------------------------------------|----------------------|----------------------------|---------------------------|--------------------------------------|
| | | Revenue | Profit / (loss) before tax | Profit / (loss) after tax | Attributable to owners of the parent | Revenue | Profit / (loss) before tax | Profit / (loss) after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | | 407,042 | 39,952 | 31,587 | 30,972 | 407,042 | 39,952 | 31,587 | 30,972 |
| United Arab Emirates (AED'000) | 1.1201 | - | (37) | (37) | (37) | - | (42) | (42) | (42) |
| India Rupee (INR'000) | 0.0580 | - | (689) | (689) | (689) | - | (40) | (40) | (40) |
| Singapore Dollar (SGD'000) | 3.0264 | - | 64 | 64 | 64 | - | 195 | 195 | 195 |
| Trinidad & Tobago Dollar (TT\$'000) | 0.6066 | - | - | - | - | - | - | - | - |
| Myanmar (USD'000) | 4.0863 | - | - | - | - | - | - | - | - |
| | | | | | | <u>407,042</u> | <u>40,065</u> | <u>31,700</u> | <u>31,085</u> |

| | FOREIGN EXCHANGE RATE | TOTAL ASSETS | | TOTAL LIABILITIES | |
|-------------------------------------|-----------------------|--------------|------------------|-------------------|------------------|
| | | FC'000 | RM'000 | FC'000 | RM'000 |
| Malaysia Ringgit (RM'000) | | 1,585,878 | 1,585,878 | 1,075,459 | 1,075,459 |
| United Arab Emirates (AED'000) | 1.1131 | 18,920 | 21,060 | 583 | 649 |
| India Rupee (INR'000) | 0.0591 | 30,766 | 1,818 | 67,563 | 3,993 |
| Singapore Dollar (SGD'000) | 3.0183 | 1,083 | 3,266 | 236 | 713 |
| Trinidad & Tobago Dollar (TT\$'000) | 0.6085 | 40 | 24 | - | - |
| Myanmar (USD'000) | 4.0850 | 50 | 204 | 3 | 14 |
| | | | <u>1,612,250</u> | | <u>1,080,828</u> |

PRECAST SEGMENT:

| | FOREIGN EXCHANGE RATE | <----- FC'000 -----> | | | | <----- RM'000 -----> | | | |
|----------------------------|-----------------------|----------------------|----------------------------|---------------------------|--------------------------------------|----------------------|----------------------------|---------------------------|--------------------------------------|
| | | Revenue | Profit / (Loss) before tax | Profit / (Loss) after tax | Attributable to owners of the parent | Revenue | (Loss) / profit before tax | (Loss) / profit after tax | Attributable to owners of the parent |
| Malaysia Ringgit (RM'000) | | - | 375 | 246 | 246 | - | 375 | 246 | 246 |
| Singapore Dollar (SGD'000) | 3.0264 | 10,902 | (104) | (104) | (104) | 32,993 | (313) | (313) | (313) |
| | | | | | | <u>32,993</u> | <u>62</u> | <u>(67)</u> | <u>(67)</u> |

| | FOREIGN EXCHANGE RATE | TOTAL ASSETS | | TOTAL LIABILITIES | |
|----------------------------|-----------------------|--------------|----------------|-------------------|----------------|
| | | FC'000 | RM'000 | FC'000 | RM'000 |
| Malaysia Ringgit (RM'000) | | 122,277 | 122,277 | 25,011 | 25,011 |
| Singapore Dollar (SGD'000) | 3.0183 | 26,533 | 80,084 | 30,758 | 92,837 |
| | | | <u>202,361</u> | | <u>117,848</u> |

Income and expenses are translated at the average rate whereas the assets and liabilities are translated at the closing rate.

A9 Material events

Subsequent to the current period ended 31 March 2020 the Movement Control Order issued by the Government of Malaysia was extended till 9 June 2020 with some relaxation starting from 4 May 2020 under the Conditional MCO. In addition, our precast business will be impacted by the circuit breaker order in Singapore from 7 April 2020 till 1 June 2020 whereby all non essential business are advised to be closed.

In addition to the above, cash pledged as at 31 March 2020 was at RM180.1 million (Dec 2019 : RM263.8 million). Subsequent to that, SunCon managed to reduce the amount of cash pledged to only RM69.1 million from our Singapore loan restructuring. This will ensure SunCon has more cash reserve to overcome any adverse impact from the COVID-19 pandemic.

A10 Contingent Liabilities and Assets

There were no change in contingent liabilities since the last financial statements for the financial year ended 31 December 2019 to 31 March 2020, except for the following:

| | As at 31 March 2020 RM'000 (Unaudited) | As at 31 December 2019 RM'000 (Audited) |
|---|--|---|
| Guarantees given to third parties in respect of contracts and trade performance | 524,008 | 491,737 |
| Guarantees given to related companies in respect of contracts and trade performance | 90,091 | 90,091 |
| | <u>614,099</u> | <u>581,828</u> |

The Group does not have any material contingent assets to be disclosed as at 31 March 2020.

A11 Commitments

(a) Capital commitment not provided for in the financial period ended 31 March 2020 and financial year ended 31 December 2019 are as follows:

| | As at 31 March 2020 RM'000 (Unaudited) | As at 31 December 2019 RM'000 (Audited) |
|---------------------------------|--|---|
| Approved and contracted for | 191,706 | 193,091 |
| Approved but not contracted for | 230 | 491 |
| | <u>191,936</u> | <u>193,582</u> |

Included in commitments are investment in joint venture for the proposed Singapore Integrated Construction Precast Hub building and plant and machinery in Singapore which will be expended from 2020 to 2021.

A12 Significant Related Party Transactions

The Group had the following transactions with related parties during the financial period ended 31 March:

| | Cumulative Year To Date 31 March 2020 RM'000 (Unaudited) | Cumulative Year To Date 31 March 2019 RM'000 (Audited) |
|---|---|---|
| Contract revenue from: | | |
| Related companies | 92,844 | 112,917 |
| Related parties | 43,167 | 16,590 |
| Rental income of plant and machinery from: | | |
| Related companies | 15 | 11 |
| Interest income from: | | |
| Related company | - | - |
| Purchases of goods/services from: | | |
| Related companies | (16,982) | (15,150) |
| Related parties | (984) | (41) |
| Rental of office space from: | | |
| Related companies | (401) | (104) |
| Related party | (359) | (323) |
| Interest expense charge by: | | |
| Related companies | (633) | (1,054) |
| Management fees charged by: | | |
| Intermediate holding company | (5,033) | (4,810) |
| Service Level Agreement fees paid to: | | |
| Related companies | (1,457) | (1,761) |

B1 Review of Performance

For the quarter

| <u>Total Group</u> | <u>Q1 2020</u> | <u>Q1 2019</u> | <u>Changes</u> |
|--------------------|----------------|----------------|----------------|
| Revenue (RM'mil) | 365.8 | 440.0 | (16.9%) |
| PBT (RM'mil) | 21.2 | 40.1 | (47.1%) |
| PBT Margin (%) | 5.8% | 9.1% | |

The Group recorded revenue of RM365.8 million and profit before tax of RM21.2 million for the current quarter ended 31 March 2020, compared to revenue of RM440.0 million and profit before tax of RM40.1 million in the corresponding quarter of the preceding financial year. The Group's revenue decreased by 16.9% due to construction segment. In tandem, Group's blended margin for the current quarter also saw a decline caused by the construction segment.

| <u>Construction Segment</u> | <u>Q1 2020</u> | <u>Q1 2019</u> | <u>Changes</u> |
|-----------------------------|----------------|----------------|----------------|
| Revenue (RM'mil) | 329.6 | 407.0 | (19.0%) |
| PBT (RM'mil) | 20.4 | 40.0 | (49.0%) |
| PBT Margin (%) | 6.2% | 9.8% | |

Construction segment reported revenue of RM329.6 million and profit before tax of RM20.4 million compared to revenue of RM407.0 million and profit before tax of RM40.0 million in the corresponding quarter of the preceding financial year. Lower revenue in the current quarter was due to the impact of 2 weeks of Movement Control Order ("MCO") that was effective from 18 March 2020 to 9 June 2020. Profit margin for current quarter also saw a decline as a result of lower turnover whilst maintaining its fixed overhead.

| <u>Precast Segment</u> | <u>Q1 2020</u> | <u>Q1 2019</u> | <u>Changes</u> |
|------------------------|----------------|----------------|----------------|
| Revenue (RM'mil) | 36.2 | 33.0 | 9.9% |
| PBT (RM'mil) | 0.8 | 0.1 | >100% |
| PBT Margin (%) | 2.1% | 0.2% | |

Precast segment reported revenue of RM36.2 million with profit before tax of RM0.8 million compared to revenue of RM33.0 million and profit before tax of RM0.1 million in the corresponding quarter of the preceding financial year. Revenue recorded for the current quarter was higher by 9.9% due to present order book. On profitability side, precast margin has improved from better yielding margins projects.

B2 Material Changes in the Quarterly Results

| <u>Total Group</u> | <u>Q1 2020</u> | <u>Q4 2019</u> | <u>Changes</u> |
|--------------------|----------------|----------------|----------------|
| Revenue (RM'mil) | 365.8 | 485.9 | (24.7%) |
| PBT (RM'mil) | 21.2 | 40.5 | (47.6%) |
| PBT Margin (%) | 5.8% | 8.3% | |

The Group recorded revenue of RM365.8 million and profit before tax of RM21.2 million for the current quarter ended 31 March 2020, compared to revenue of RM485.9 million and profit before tax of RM40.5 million in the immediate preceding quarter. Both revenue and profitability recorded a decrease due to both construction and precast segment.

| <u>Construction Segment</u> | <u>Q1 2020</u> | <u>Q4 2019</u> | <u>Changes</u> |
|-----------------------------|----------------|----------------|----------------|
| Revenue (RM'mil) | 329.6 | 440.5 | (25.2%) |
| PBT (RM'mil) | 20.4 | 38.0 | (46.3%) |
| PBT Margin (%) | 6.2% | 8.6% | |

Construction segment reported revenue of RM329.6 million and profit before tax of RM20.4 million compared to revenue of RM440.5 million and profit before tax of RM38.0 million in the immediate preceding quarter. Both revenue and profitability saw a decline as a result of 2 weeks of non activities from the MCO imposed by the Government of Malaysia.

| <u>Precast Segment</u> | <u>Q1 2020</u> | <u>Q4 2019</u> | <u>Changes</u> |
|------------------------|----------------|----------------|----------------|
| Revenue (RM'mil) | 36.2 | 45.4 | (20.3%) |
| PBT (RM'mil) | 0.8 | 2.5 | (68.4%) |
| PBT Margin (%) | 2.1% | 5.5% | |

Precast segment reported revenue of RM36.2 million with profit before tax of RM0.8 million compared to revenue of RM45.4 million with profit before tax of RM2.5 million in the immediate preceding quarter. Both revenue and profitability saw a decline as our production has to be stopped and there were delivery restriction of precast components out from Malaysia due to the 2 weeks MCO imposed by the Government of Malaysia.

B3 Prospects

SunCon's outstanding order book now stands at RM5.4 billion (Dec 2019 : RM5.2 billion) with RM513 million new order secured up to March 2020 with the largest being our 8th India project. This 36km highway project which is 40km away from Bangalore city was secured and announced on the 26 March 2020 worth approximately RM508 million. We anticipated that the project will commence after financial close which is due in the last quarter of FYE 2020.

The Malaysian economic growth has moderated sharply to 0.7% for first quarter of 2020 (4Q 2019 : 3.6%) with construction sector having a negative growth of -7.9% (4Q 2019 : 1.0%). The moderation reflected the impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic. For the full year, the forecast GDP will be in the region of -2.0% to 0.5% (2019 : 4.3%) as projected by Bank Negara Malaysia. SunCon will continue to expand overseas and focus on its in-house pipeline projects by its intermediate holding company, Sunway Group for its sustained growth.

Over in Singapore, the GDP has a negative growth of -2.2% in first quarter of 2020 (4Q 2019 : 1.0%), with construction sector shrank by -4.3% (Q4 2019 : 4.3%). Singapore's economy is anticipated to have a negative growth in the region of -4.0% to -1.0% (2019 0.7%; 2018 : 3.4%) as announced by Singapore's Ministry of Trade & Industry. Around 16,000 to 17,000 Build-To-Order (2019 : 14,591; 2018 : 15,811)(BTO) flats will be launched in 2020. In February 2020 a total of 3,095 BTO flats have been launched to meet the additional demand following key policy changes. Singapore HDB flats comprised of more than 90% of our precast segment sales and our prospect is largely dependent on these launches.

Based on the above, barring any further unforeseen circumstances, the Group is hoping to minimise construction delays due to non-work activity of more than 2 months during the MCO and CMCO period, and recover project progress. Precautionary measures will be strictly adhered to prevent the spread of the coronavirus and to ensure the physical safety of our workers at the construction site. In addition with the Group's strong cash reserve and stringent cost control measures, we are optimistic of overcoming this difficult period.

B4 Variance of Actual Profit from Profit Forecast

The Company did not issue any profit forecast or profit guarantee during the current year under review.

B5 Taxation

| | Current Quarter Ended 31 March 2020 RM'000 (Unaudited) | Immediate Preceding Quarter Ended 31 December 2019 RM'000 (Audited) | Cumulative Year To Date 31 March 2020 RM'000 (Unaudited) |
|-------------------------------|---|---|---|
| Current taxation | (4,517) | (8,633) | (4,517) |
| Over provision in prior years | - | 984 | - |
| Deferred taxation | 204 | (157) | 204 |
| | <u>(4,313)</u> | <u>(7,806)</u> | <u>(4,313)</u> |
| Effective tax rate | 20.3% | 19.3% | 20.3% |
| Statutory tax rate : | | | |
| - Malaysia | 24.0% | 24.0% | 24.0% |
| - Singapore | 17.0% | 17.0% | 17.0% |

The effective tax rate for the period ended 31 March 2020 of 20.3% was lower than Malaysia's statutory tax rate of 24% mainly due to interest income which is tax exempted.

B6 Profit before Taxation

The following amounts have been included in arriving at profit before taxation:

| | Current Quarter Ended 31 March 2020 RM'000 (Unaudited) | Immediate Preceding Quarter Ended 31 December 2019 RM'000 (Audited) | Cumulative Year To Date 31 March 2020 RM'000 (Unaudited) |
|---|---|---|---|
| Interest income | 5,245 | 8,661 | 5,245 |
| Interest expense | (2,705) | (3,399) | (2,705) |
| Depreciation and amortisation | (9,019) | (3,899) | (9,019) |
| Allowance for impairment losses for: | | | |
| - Receivables | (500) | (1,224) | (500) |
| - Others | - | (4,839) | - |
| Reversal gain of impairment for: | | | |
| - Receivables | 48 | 3,299 | 48 |
| Write off gain/(loss) : | | | |
| - Receivables | - | (27) | - |
| - Property, plant and equipment, and software | - | (5,914) | - |
| Arbitration gain | - | 1,580 | - |
| Net gain on disposal of: | | | |
| - Property, plant and equipment, and software | 2 | 2,720 | 2 |
| Accretion of financial assets and financial liabilities | (12) | (121) | (12) |
| Fair value loss on derivative assets and liabilities | (870) | (187) | (870) |
| Foreign exchange gain/(loss): | | | |
| - realised | 122 | 93 | 122 |
| - unrealised | - | (579) | - |
| | - | (579) | - |

Material foreign currency transactions exposures are hedged, mainly with derivative financial instruments such as interest rate swap contracts.

B7 Group Borrowings and Debt Securities

The borrowings breakdown of the Group are as follows:

| | As at 31 March 2020 RM'000 (Unaudited) | As at 31 December 2019 RM'000 (Audited) |
|--------------------------------------|--|---|
| Current liabilities: | | |
| Unsecured | | |
| - Bills discounting (RM denominated) | 138,025 | 157,124 |
| - Short term loan (RM denominated) | 45,800 | - |
| - Short term loan (SGD denominated) | 76,250 | - |
| Secured | | |
| - Short term loan (SGD denominated) | - | 76,270 |
| | <u>260,075</u> | <u>233,394</u> |
| Non current liabilities | | |
| Secured | | |
| - Long term loan (SGD denominated) | <u>52,642</u> | <u>52,656</u> |

The weighted average interest rates that were effective as at reporting date were as follows:

| | | |
|--------------------------------------|-------|-------|
| - Bills discounting (RM denominated) | 3.66% | 3.81% |
| - Short term loan (RM denominated) | 3.40% | - |
| - Short term loan (SGD denominated) | 1.75% | 2.62% |
| - Long term loan (SGD denominated) | 1.76% | 2.25% |

Net cash generated from operating activities for the period ended 31 March 2020 stood at RM18.8 million compared to RM60.2 million recorded in the preceding financial year.

B8 Derivative Financial Instruments

The Group's outstanding derivatives as at 31 March 2020 were as follows:

| Type of Derivatives | Contract/ Notional Value RM'000 | Fair Value RM'000 | Gains/(Losses) for the period RM'000 |
|---------------------------------------|---------------------------------------|-------------------------|--|
| Interest rate swap contracts | | | |
| - Less than 1 year | - | - | - |
| - 1 year to 3 years (SGD denominated) | 61,016 | (1,063) | (870) |
| - More than 3 years | - | - | - |
| Total derivatives | | <u>(1,063)</u> | <u>(870)</u> |

Interest rate swap contracts

The Group entered into interest rate swap contracts to manage its interest rate risk arising primarily from interest-bearing borrowings. Borrowings at floating rate expose the Group to the fluctuation of market interest rate and the hedging contract minimises its impact on the cash flow. The above interest rate hedging contracts are executed with credit-worthy financial institutions which are governed by appropriate policies and procedures.

The derivatives arising from the interest rate swap contracts are computed using the present value of the difference between the floating rates and fixed rates applied to the principal amounts over the duration of swap expiring subsequent to period end. Any changes in fair value of derivatives during the year are taken directly to the income statement.

B9 Receivables, deposits and prepayments

The ageing analysis of the Group's trade receivables and other receivables breakdown are as follows:

| | As at 31 March 2020 RM'000 (Unaudited) | As at 31 December 2019 RM'000 (Audited) |
|---|---|--|
| Current | 593,984 | 731,494 |
| 1 to 30 days past due | 110,325 | 23,875 |
| 31 to 60 days past due | 23,056 | 17,045 |
| 61 to 90 days past due | 17,186 | 20,028 |
| 91 to 120 days past due | 18,892 | 13,286 |
| More than 121 days past due | 35,613 | 35,651 |
| | <u>205,072</u> | <u>109,885</u> |
| Total trade receivables | 799,056 | 841,379 |
| Less: Allowance for impairment | (23,895) | (23,443) |
| Other receivables | 33,086 | 29,266 |
| Amounts due from intermediate holding company | 367 | 415 |
| Amount due from related companies | 120,401 | 102,159 |
| Amount due from an associate | 16,398 | 15,539 |
| Amount due from a joint venture | 3,325 | 5,077 |
| | <u>948,738</u> | <u>970,392</u> |

The Group's credit term is generally for a year of 30 days to 90 days for both its related parties and external customers.

B10 Changes in Material Litigation

Except for the following claims, there was no pending material litigation.

- (a) On 4 September 2008, the solicitors of Sunway Construction Sdn Bhd ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed the late Mr H.L. Agarwal as the sole arbitrator. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs.89,14,55,047.83 in addition to interest and cost.

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defense and Counterclaim. In the counterclaim, SunCon is seeking for Rs.78,13,94,628.61 in addition to interest and cost for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition has been filed by Shristi on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator in place of the late Justice H.L. Agrawal (Retd.) for adjudication of the disputes and differences between the Parties. The first hearing before Mr Justice Vikramajit Sen was held on 24 February 2017 and cross examination has been completed on 7 October 2017.

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. Arguments stand concluded. The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs. 12,84,41,929.37.

SunCon has filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with up to date interest with the Registrar General of the High Court of Delhi within 6 weeks from 10 February 2020. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019. The matter has now been postponed until further notice due to the Coronavirus disease 2019 "COVID-19" pandemic.

In light of the above order, the Honorable Court was pleased to dispose of the enforcement petition filed by Shristi as non maintainable at this stage in as much as the Arbitral Award has been stayed. 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 unable to give a precise estimations of the possibility of success.

B10 Changes in Material Litigation (Contd.)

- (b) Sunway Creative Stones Sdn Bhd ("Sunway Creative Stones"), 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.

The Arbitrator published his award on 18 March 2019 and awarded Sunway Creative Stone RM4,954,584.86 plus pre-award interest of RM1,942,326.36 and the cost of the arbitration award of RM138,000 and post award interest.

Sunway Creative Stone has filed an application to enforce the Arbitration Award and SPYTL has filed an application to set aside the Arbitration Award. On 7 November 2019, the High Court dismissed SPYTL's application to set aside the Arbitration Award and allowed Sunway Creative Stones' application to enforce the Arbitration Award. SPYTL has submitted an appeal on 29 Nov 2019 and have paid us a sum of RM7,675,615.69 on 17 Dec 2019 pending this appeal process. Case management on SPYTL appeal was re-scheduled to 9 July 2020.

The solicitors acting for Sunway Creative Stone is of the view that Sunway Creative Stone has a high chance of success to defeat the appeals filed by SPYTL.

- (c) 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 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:

- (a) 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. NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favor of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Next date of hearing date fixed on 27 March 2020. The scheduled hearing was subsequently postponed until further notice due to the Coronavirus disease 2019 "COVID-19" pandemic. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and would depend on the perceptions of the Supreme Court.

- (b) Reference 4 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project year 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.

NHA appealed against the Arbitral Tribunal's award to the High Court. The case is now further adjourned to 20 August 2020.

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.

B10 Changes in Material Litigation (Contd.)

- (d) PNSB Acmar Sdn Bhd ("Plaintiff") has on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn Bhd ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

The Plaintiff is claiming, amongst other, for the following:-

- a) Special damages of RM711,367,434.46 and/or to be determined by the Senior Assistant Registrar or Deputy Registrar of the High Court of Malaya;
- b) The costs between the solicitor and client amounts to RM400,000.00 or cost to be determined by the Honorable Court;
- c) Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the date of filing of the writ and from the date of the Honorable Court's order until the full settlement; and
- d) Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper.

The Court had scheduled a further case management on 23 January 2020 to provide further pre-trial on case management directions. On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. The Court had scheduled a further case management on 21 May 2020 and will provide further directions.

The solicitors acting for SunCon, after taking into consideration the evidence available, a review of the Statement of Claim, documents with client and a review of the law, are of the considered opinion that the Plaintiff's claim for the sum of RM711,367,434.46 is likely to be dismissed.

- (e) All the above material litigations are subject to further postponement due to the 21-day lockdown declared by the Government of India on 24 March 2020, which is subsequently extended to 31 May 2020 and the Malaysia's MCO as disclosed in Note A4 of this report.

B11 Earnings per share

The calculation of the earnings per share for the Group is based on profit after taxation and non-controlling interests on the weighted average number of ordinary shares in issue during the year.

| | INDIVIDUAL QUARTER | | CUMULATIVE QUARTER | |
|--|---|---|---|---|
| | Current Year Quarter 31 March 2020 RM'000 | Preceding Period Quarter 31 March 2019 RM'000 | Current Year To Date 31 March 2020 RM'000 | Preceding Year To Date 31 March 2019 RM'000 |
| <u>Basic earnings per share</u> | | | | |
| Profit attributable to members of the Company | 16,350 | 31,018 | 16,350 | 31,018 |
| Weighted Average Number of Ordinary Shares ('000) | 1,289,359 | 1,292,246 | 1,289,359 | 1,292,246 |
| Earnings per share (sen) | 1.27 | 2.40 | 1.27 | 2.40 |

By Order of the Board

Tan Kim Aun

Soh Ke Yi

Secretaries

| As at Mar 2020 (RM mil) | Completion | Contract Sum | O/S Orderbook | |
|---|----------------|---------------|---------------|------------|
| Building | | | 1,191 | 22% |
| Putrajaya Parcel F | 1Q 2019 | 1,610 | 25 | |
| PPA1M Kota Bharu | 2Q 2021 | 582 | 68 | |
| TNB HQ Campus (Ph 2) | 2Q 2021 | 781 | 677 | |
| PLC | 2Q 2021 | 310 | 287 | |
| Oxley Tower (MEP) | 2Q 2022 | 68 | 66 | |
| IOI Mall (MEP) | 2Q 2021 | 68 | 67 | |
| Infrastructure/Piling | | | 1,858 | 35% |
| MRT V201 + S201 | 2Q 2021 | 1,213 | 142 | |
| LRT 3 : Package GS07-08 | 2Q 2021 | 2,178 | 1,622 | |
| Piling works | Various | 99 | 19 | |
| GS06,09 + GS10 | Various | 60 | 17 | |
| Sentul West Station (MEP) | 1Q 2021 | 57 | 57 | |
| India | | | 508 | 9% |
| Thorapalli Agraharam - Jittandahalli | 4Q 2022 | 508 | 508 | |
| Internal | | | 1,512 | 28% |
| SMC 4 | 4Q 2021 | 450 | 363 | |
| Sunway Serene | 3Q 2021 | 413 | 243 | |
| Velo 2 | 4Q 2021 | 352 | 286 | |
| Velocity 3C4 | 2Q 2021 | 100 | 66 | |
| Sunway GEOLake | 1Q 2021 | 223 | 61 | |
| Carnival Mall Ext | 1Q 2021 | 286 | 215 | |
| SMC Seberang Jaya | 1Q 2021 | 180 | 137 | |
| Big Box Hotel | 3Q 2020 | 100 | 63 | |
| Parcel CP2 (piling) | 3Q 2021 | 119 | 79 | |
| Renewable Energy (Internal) | | | 4 | 0% |
| Sw Pyramid Solar | 2Q 2020 | 3 | - | |
| BB Solar | 2Q 2020 | 8 | 0 | |
| New Order 2020 | 2Q 2020 | 4 | 4 | |
| Singapore | | | 286 | 5% |
| Precast | Various | 331 | 285 | |
| New Order 2020 | Various | 1 | 1 | |
| Grand Total | | 10,102 | 5,359 | |
| Red : Secured in 2020 | | 513 | 513 | |