



# Digitally Driven, Strengthening Sustainability







Rapid advancement in technology has opened up opportunities, evolving the way we do business. That is why at Sunway, we have embarked on a journey of digital transformation in this Age of Disruption.

The theme for Sunway Berhad’s 2019 Annual Report portrays how each of the businesses within the Group is unlocking their potential; to carve new ways of thinking and new perspectives to stay ahead in this digital era.

As we continue to integrate technology more deeply into the way we work, we stay focused on our commitment towards Sustainable Development.

At Sunway, we are “Digitally Driven, Strengthening Sustainability”.

## ABOUT THIS REPORT

### SUSTAINABILITY THROUGH <IR>

At Sunway Berhad (“Sunway” or “Group”), sustainability is a philosophy ingrained in our DNA, as evidenced by our commitment to advancing the United Nations Sustainable Development Goals through our principal activities. As one of Malaysia’s largest conglomerates, we are in a strong position to lead the charge on sustainability, for which the support of our stakeholders is crucial.

With that in mind, Sunway has embarked on our journey towards Integrated Reporting (“<IR>”), which is intended to address the information requirements of long-term investors while kickstarting the Integrated Thinking process in the organisation necessary to drive the business in perpetuity.

In this Annual Report, we aim to enhance our disclosures on strengths, strategies, business models and the impacts of the Sunway Group of companies, going beyond financial and performance disclosures to provide our readers line of sight into how Sunway will continue creating value over the short, medium and long term.

We hope to progressively achieve a level of reporting that reflects the best practices of the guiding principles and content elements as set out by the International Integrated Reporting Council (“IIRC”).

### REPORTING SUITE & RELATED INFORMATION

This Report should be read in conjunction with the other reports in Sunway Berhad’s 2019 Annual Report Suite for a comprehensive account of our value creation process.

The suite consists of:

- Annual Report 2019 (hardcopy and online publication)
- Sustainability Report 2019 (online publication)
- Corporate Governance Report 2019 (online publication)

Additional information on Sunway’s robust framework of corporate governance, organisational policies and codes of conduct can be found on the company’s Investor Relations portal.

All documents are available on our website at [www.sunway.com.my](http://www.sunway.com.my).

### SCOPE AND BOUNDARY

Unless otherwise indicated, the information in this Report reflects data and activities of the Group for the financial year ended 31 December 2019 (1 January to 31 December 2019).

In line with <IR>’s guiding principles of conciseness and completeness, this Report will focus on matters which have a material impact on Sunway’s business sustainability and its stakeholders, presented in a manner that is meaningful to the report users.

### APPROACH TO MATERIALITY

In line with Bursa Malaysia’s listing requirements, we have conducted our materiality assessment in prior years. Materiality is a key content element in <IR>. The Group aims to regularly assess its materiality topics from the perspective of value creation as well as in terms of the impacts or potential impacts of material topics on business strategies, risk factors, capitals and future business priorities.

### NAVIGATION

Discussions on matters that relate to our capitals, stakeholders and business units are identified with the following icons:

OUR SIX CAPITALS

Human

Natural

Social

Intellectual

Financial

Manufactured

Please refer to the Group Value Creation Model on pages 46 to 47 of this report for more information on our capitals.

OUR STAKEHOLDERS

Customers

Employees

Government and Industry Affiliations

Local Communities and NGOs

Shareholders

Suppliers

Please refer to our Sustainability Report 2019 for more information on our Material Matters.

## ABOUT THIS REPORT

BUSINESS UNITS

PROPERTY DEVELOPMENT

HEALTHCARE

PROPERTY INVESTMENT AND REIT

TRADING AND MANUFACTURING

LEISURE

QUARRY

HOSPITALITY

BUILDING MATERIALS

CONSTRUCTION

### CROSS REFERENCES

- Tells you where you can find more information within the reports
- Tells you where you can find more information online at [www.sunway.com.my](http://www.sunway.com.my)

### FRAMEWORKS APPLIED

This Report has been prepared in line with the International <IR> Framework issued by the IIRC while complying with prevailing regulations guided by:

- The Companies Act 2016 (“Act”)
- Main Market Listing Requirements of Bursa Malaysia Securities Berhad
- Malaysian Code on Corporate Governance 2017
- Bursa Malaysia Sustainability Reporting Guide – Second Edition
- Malaysian Financial Reporting Standards (“MFRS”)
- International Financial Reporting Standards (“IFRS”)

### FORWARD-LOOKING STATEMENTS

This Report may contain forward-looking statements discussing targets, future plans, operations and performance of the Group based on reasonable current assumptions. As our business operates in an ever-changing environment, it is subject to uncertainties that could cause our plans and results to differ from those reflected in these statements.

### FEEDBACK

We strive to make this Report meaningful to all our stakeholders. Should you have any feedback, comments or queries regarding this report, please write to our Investor Relations team at [irsunwayberhad@sunway.com.my](mailto:irsunwayberhad@sunway.com.my).

### DIRECTORS’ STATEMENT OF RESPONSIBILITY

The Board of Directors of Sunway has applied its collective mind to present a balanced and comprehensive Annual Report based on good governance practices and guided by IIRC’s <IR> Framework.

The Board also provides assurance that the financial statements audited by Messrs BDO PLT were prepared in accordance to the relevant standards and frameworks, including the MFRS, IFRS and the Act.



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### 402 CORPORATE DIRECTORY







## BUILDING SMART SUSTAINABLE CITIES

As one of Malaysia's leading property developers, Sunway's Property Development division stands tall on a legacy of excellence and for continuing to set industry benchmarks for innovation, quality and technology. Tapping new building technologies, the Property Development division leads the way in the realisation of cutting-edge, game-changing solutions that offer enhanced lifestyles and stronger value propositions for work, live and play while creating connected and empowered communities.



Launches  
**RM1.2**  
billion

Next



Sales  
**RM1.6**  
billion

Live

Work

Play

Learn



Landbank  
**3,347**  
acres



Back



### 8 OVERVIEW

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# CORPORATE PROFILE



Sunway City Kuala Lumpur

## WHO WE ARE & WHAT WE DO

Established in 1978, Sunway Berhad has since grown from a tin-mining enterprise to one of Malaysia’s largest and most formidable conglomerates with 9 main business divisions spanning 50 locations worldwide and over 11,000 strong employee base.

We are a Master Community Developer committed to advancing the United Nations Sustainable Development Goals (“UNSDG”) to meet the needs of our communities.

## OUR VISION

To be Asia’s model corporation in sustainable development, innovating to enrich lives for a better tomorrow

## OUR MISSION

- Empowering our people to deliver enhanced value to all stakeholders
- Embracing sustainability in our business processes and decisions
- Attracting and nurturing a talented and progressive workforce for the digital era

## OUR CORE VALUES

- Integrity
- Humility
- Excellence



## CORPORATE PROFILE

Our vision, mission and core values are synonymous throughout the Group, guided by our Founder and Chairman, **Tan Sri Dato’ Seri Dr Jeffrey Cheah AO**, who inspires us to make a difference through our principal activities in:

### PROPERTY DEVELOPMENT



Sunway’s Property Development division is one of the top property developer in Malaysia that has delivered over 30,000 units of residential, commercial and retail properties in Malaysia and overseas.

With the success of our award-winning flagship township of Sunway City Kuala Lumpur, the division continued to build a reputation for innovative and sustainable integrated townships/developments in Sunway City Ipoh, Sunway Damansara, Sunway Velocity, Sunway Penang and Sunway City Iskandar, and standalone developments alike in Malaysia, as well as key property markets such as Singapore, China and Australia.

### PROPERTY INVESTMENT AND REIT



Under the Group’s ‘Build, Own, Operate’ business model, Sunway’s Property Investment and Real Estate Investment Trusts (“REIT”) division owns an extensive portfolio of retail assets, hotels, offices, university campuses, student accommodations, a medical centre and an industrial asset, predominately located within the Group’s integrated townships.

These properties are held either directly through subsidiaries of the Group or Sunway REIT, a 40.9%-owned associate. The total Assets under Management (“AUM”) of the division is in excess of RM10.7 billion with a total net lettable area (“NLA”) of approximately 11.3 million square feet. These assets generate stable and recurring rental income for the Group.

### LEISURE



Sunway’s Leisure division offers thrilling adventures to international and local visitors through its two signature theme parks – Sunway Lagoon in Sunway City Kuala Lumpur, and Lost World of Tambun in Sunway City Ipoh, Perak.

Spanning 88 acres and boasting over 90 attractions across six uniquely designed parks, Sunway Lagoon has attracted over 30 million visitors since its inception in 1992 and is internationally recognised as one of the best theme parks in Asia and one of the most sought-after concert and events venue in the region.

Lost World of Tambun is set in the majestic 260 million years old limestone hills, landscaped with lush tropical flora and fauna and natural hot springs. With over 40 acres of attractions and rides as well as natural hot springs pools, the park offers both day and night entertainment for all ages.

### HOSPITALITY



Our Hospitality division operates 11 hotels and resorts in Malaysia, Cambodia and Vietnam, representing a collection of over 3,300 guestrooms, suites and villas.

The division’s portfolio of hospitality assets and services includes ownership and management of a cluster of hotels with large scale convention, meeting and exhibition facilities in an integrated city, to private villa destination, a wellness retreat and a portfolio of 5, 4 and 3-star hotels in mixed-use developments with adjoining leisure and retail facilities.

## CORPORATE PROFILE

### CONSTRUCTION



With a track record of over 38 years, Sunway Construction Group Berhad (“SunCon”) is a leading contractor in turnkey building and infrastructure projects contributing significantly to nation-building through iconic landmark projects.

Re-listed on the Main Board of Bursa Securities since 2015, SunCon has thrived into one of the most reputable and largest listed pure play construction players in Malaysia, offering a full range of integrated services from building, civil and infrastructure engineering, foundation and geotechnical engineering, mechanical, electrical and plumbing services (MEP), renewable energy services, to the manufacture and sale of precast concrete products.

### HEALTHCARE



Established in 1999, Sunway Medical Centre is our flagship hospital for the Group’s Healthcare division. The hospital is one of the leading private hospitals in the region offering a comprehensive range of tertiary healthcare services and advanced treatment options.

In September 2019, a second hospital, Sunway Medical Centre Velocity, was opened in the integrated development of Sunway Velocity Kuala Lumpur.

The division is currently undertaking capacity expansion at the flagship Sunway Medical Centre and has embarked on an expansion plan to build six more hospitals over the next 5 years within our integrated developments in Malaysia.

### TRADING AND MANUFACTURING



The Trading and Manufacturing division of Sunway Group began operations in 1983 and has since grown into an international trading establishment serving various industries including construction, marine, oil and gas, mining, agriculture, manufacturing, logging and quarry.

With a network of 43 active locations over 7 countries in the region, the division offers a wide range of well-established in-house brands and agency lines, classified into five major product lines, namely Hoses & Fittings, Heavy Equipment Parts, Heavy Equipment, Building Materials and Industrial Hardware.

### QUARRY



Sunway returned to the quarry industry in 2005 and has since become a well-established player in the local quarry scene with the supply of single sized and blended aggregates and production of asphalt for the paving of roads and highways.

The division made two acquisitions in 2019, namely Blacktop Industries and Dolomite Granite Quarry. The transaction for the first tranche of Blacktop Industries’ acquisition was successfully completed in July 2019 which helped increase the size of its operations to a total of 8 quarries and 24 asphalt plants across 19 locations in Malaysia, contributing to some of the nation’s largest developments and infrastructure projects. The acquisition of Dolomite Granite Quarry is currently pending completion.

### BUILDING MATERIALS



The Group’s Building Materials division consists of three core segments; namely Interlocking Concrete Pavers (“ICP”), Vitrified Clay Pipes (“VCP”), and Spun Piles. Each of these segments manufacture products which are in compliance with Eco-Label and Green Label requirements, through sustainable business practices and eco-friendly manufacturing processes.

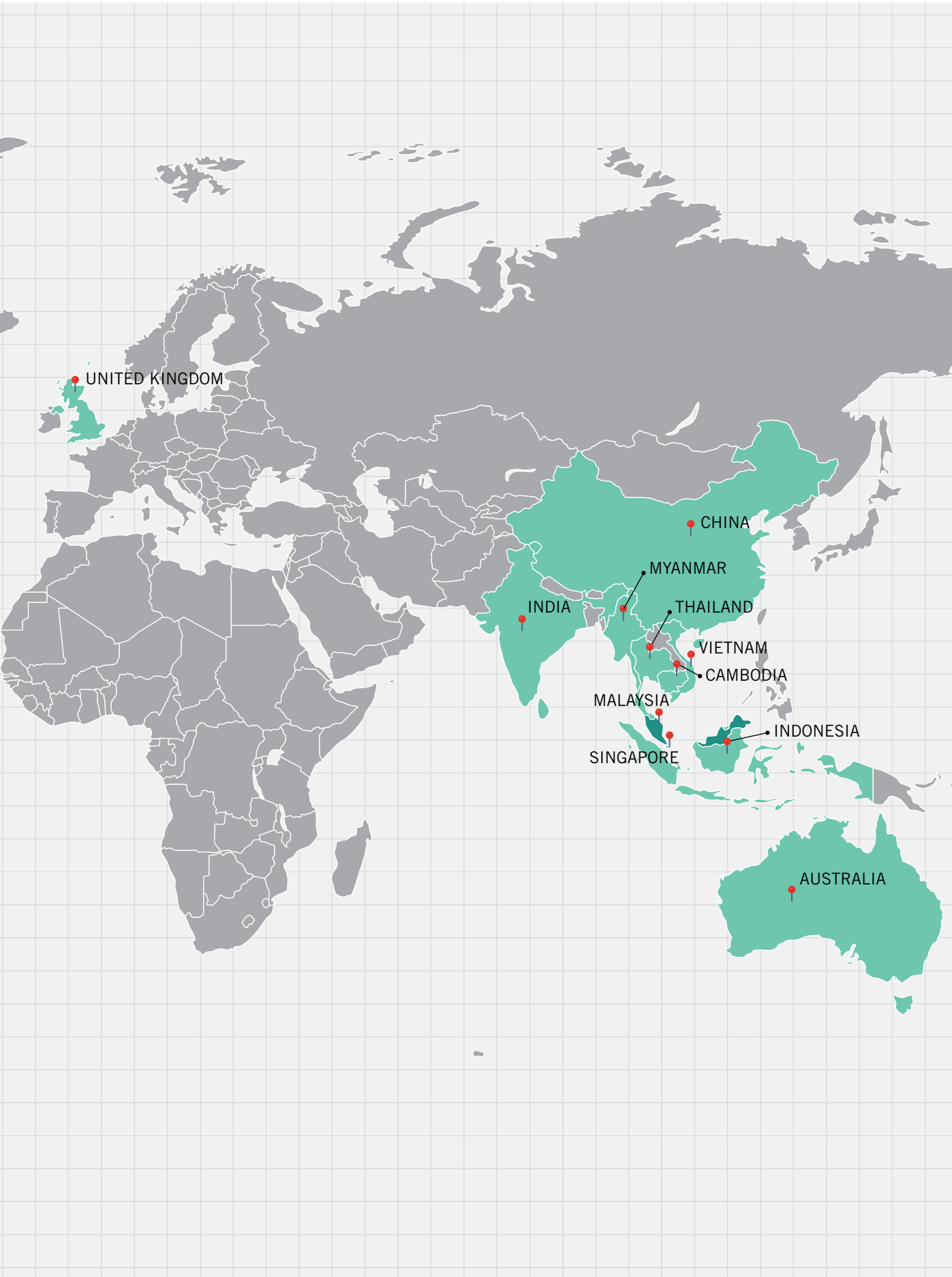
All manufacturing facilities are ISO accredited in Quality Management System and Environment Management Systems.

### OTHERS

At Sunway, we are always on a look out and exploring new business opportunities that complement Sunway’s service offerings within our value chains and help us realise our vision of sustainability by enriching lives for a better tomorrow.



## OUR GLOBAL PRESENCE



## OUR GLOBAL PRESENCE



50

LOCATIONS



>11,000

EMPLOYEES UNDER  
SUNWAY BERHAD

### MALAYSIA

- Property Development
- Property Investment
- Leisure
- Hospitality
- Construction
- Healthcare
- Trading and Manufacturing
- Quarry
- Building Materials

### SINGAPORE

- Property Development
- Construction
- Healthcare
- Trading and Manufacturing

### CHINA

- Property Development
- Trading and Manufacturing
- Building Materials

### AUSTRALIA

- Property Development
- Trading and Manufacturing

### VIETNAM

- Hospitality
- Building Materials
- Trading and Manufacturing

### THAILAND

- Trading and Manufacturing

### CAMBODIA

- Hospitality

### INDONESIA

- Trading and Manufacturing

### MYANMAR

- Construction

### INDIA

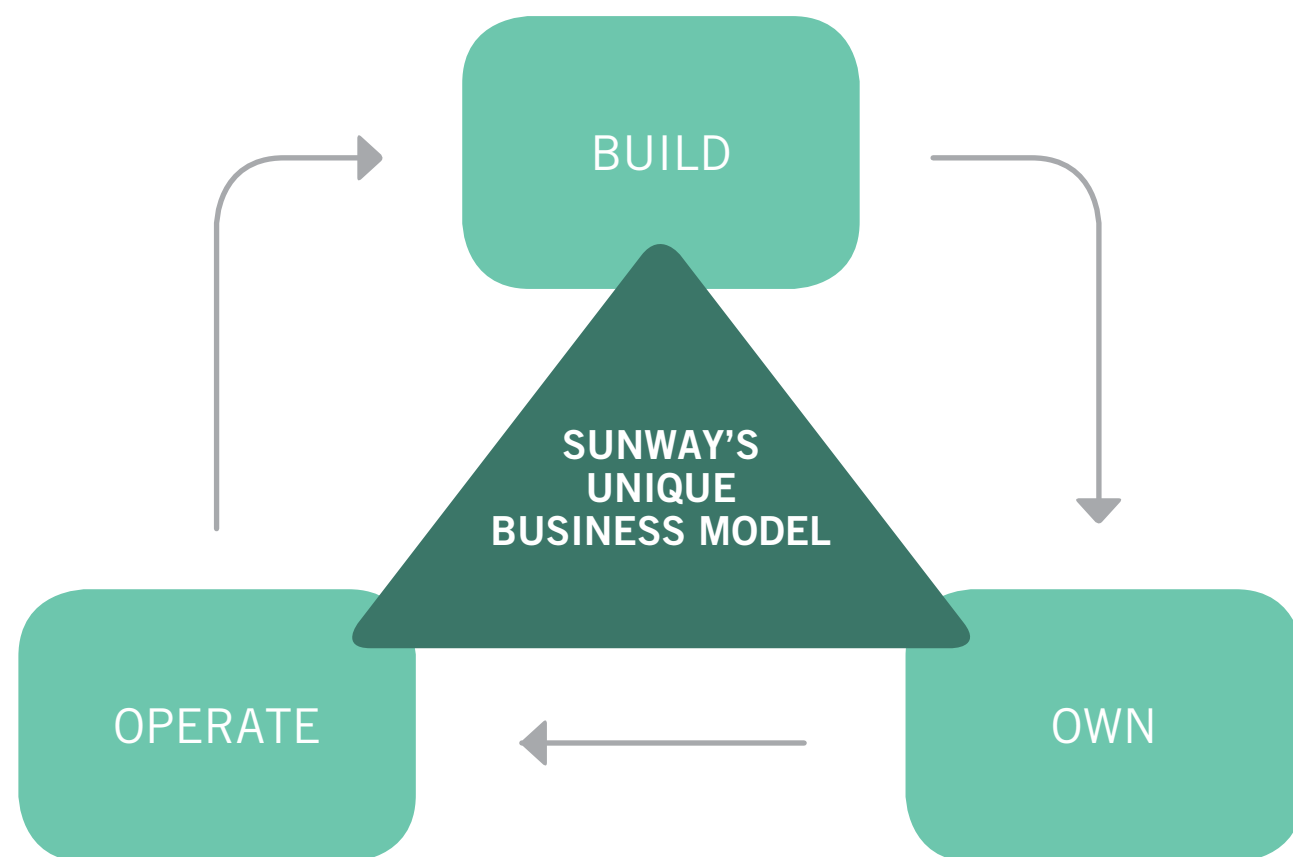
- Property Development
- Construction

### UNITED KINGDOM

- Property Investment



## OUR APPROACH TO VALUE CREATION



### HOW IT WORKS TO CREATE AND SUSTAIN VALUE



We own 50-60% of investment assets in our developments



This ensures that our interests align with that of our communities

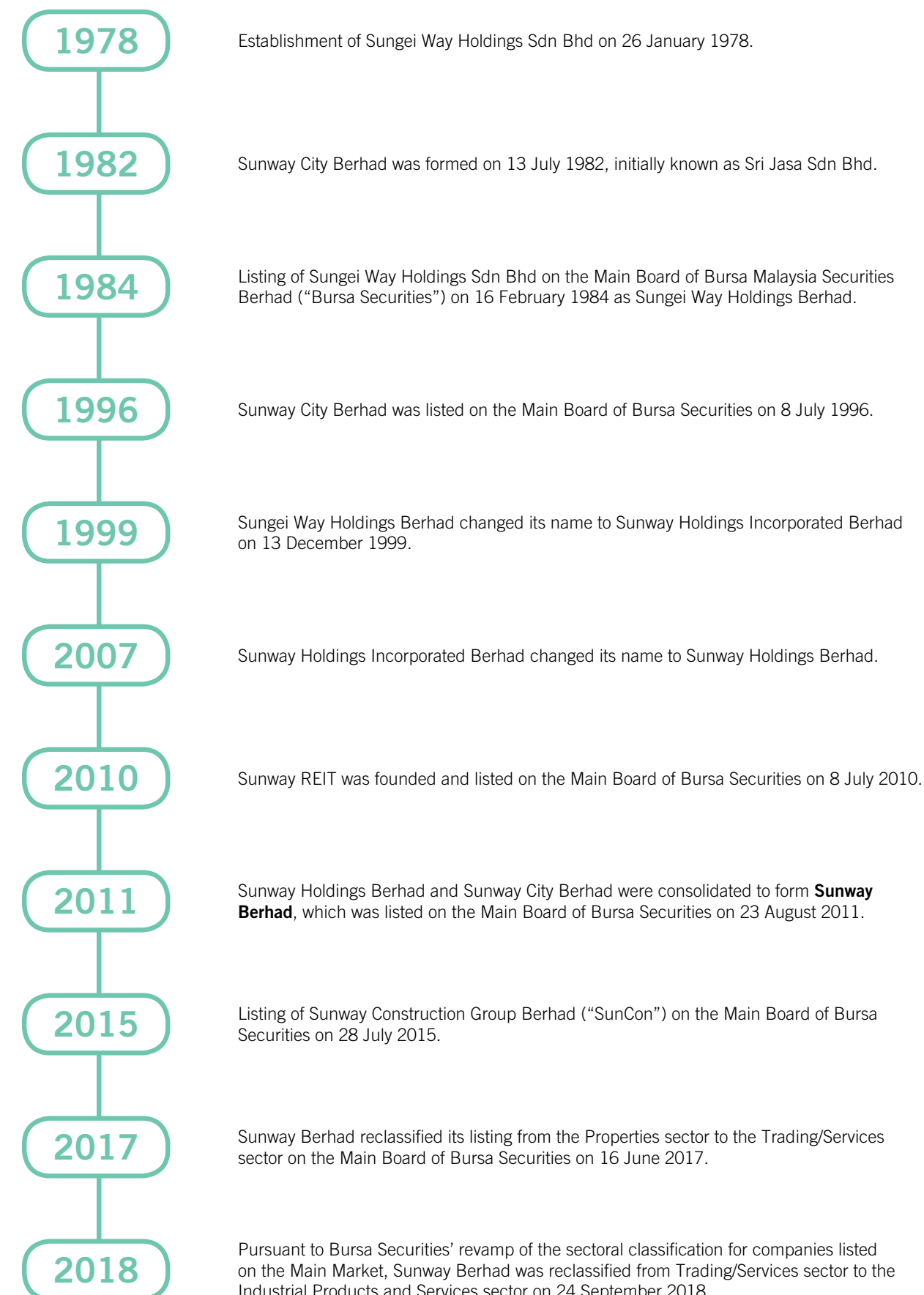


We exercise active management and operations of the entire ecosystem



Value and sustainability are masterplanned in the design and build phases

## CORPORATE MILESTONES



Please refer to the Group Value Creation Model on pages 46 to 47 for more information.

## FINANCIAL CALENDAR

### ANNOUNCEMENT OF QUARTERLY RESULTS

**21 May 2019**

Announcement of the unaudited consolidated results for the 1<sup>st</sup> quarter ended 31 March 2019

**21 November 2019**

Announcement of the unaudited consolidated results for the 3<sup>rd</sup> quarter ended 30 September 2019

**27 August 2019**

Announcement of the unaudited consolidated results for the 2<sup>nd</sup> quarter ended 30 June 2019

**25 February 2020**

Announcement of the unaudited consolidated results for the 4<sup>th</sup> quarter ended 31 December 2019

### DIVIDEND

- First interim single tier dividend for the financial year ended 31 December 2019 comprising:-

- A first interim cash dividend of 3.0 sen per ordinary share.

Announcement of the notice of entitlement and payment: 3 September 2019

Date of entitlement : 27 September 2019

Date of payment : 17 October 2019

- A share dividend distribution of approximately 48.7 million treasury shares on the basis of 1 treasury share for every 100 ordinary shares held.

Announcement of the notice of entitlement and payment: 3 September 2019

Date of entitlement : 2 October 2019

Date of payment : 17 October 2019

- Second interim single tier cash dividend of 4.5 sen per ordinary share for the financial year ended 31 December 2019

Announcement of the notice of entitlement and payment: 11 March 2020

Date of entitlement : 26 March 2020

Date of payment : 22 April 2020

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Executive Chairman, Non-Independent Executive Director**

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO

**Non-Executive Co-Chairman,  
Independent Non-Executive Director**  
Dato' Sri Idris Jala

**Deputy Executive Chairman,  
Non-Independent Executive Director**  
Tan Sri Datuk Seri Razman M Hashim

**President, Non-Independent Executive Director**  
Dato' Chew Chee Kin

**Non-Independent Executive Director**  
Sarena Cheah Yean Tih, *S.M.S.*

**Senior Independent Non-Executive Director**  
Wong Chin Mun

### Independent Non-Executive Directors

Tan Sri Dato' Dr. Lin See Yan

Tan Sri Datuk Dr Rebecca Fatima Sta Maria

Philip Yeo Liat Kok

*(Appointed with effect from 9 April 2020)*

Lim Swe Guan

*(Resigned with effect from 9 April 2020)*

### AUDIT COMMITTEE

Wong Chin Mun (Chairman)

Tan Sri Dato' Dr. Lin See Yan

Tan Sri Datuk Dr Rebecca Fatima Sta Maria

Lim Swe Guan

*(Resigned with effect from 9 April 2020)*

### NOMINATION COMMITTEE

Philip Yeo Liat Kok (Chairman)

*(Appointed with effect from 9 April 2020)*

Wong Chin Mun

Tan Sri Dato' Dr. Lin See Yan

Dato' Sri Idris Jala

Tan Sri Datuk Dr Rebecca Fatima Sta Maria

Lim Swe Guan

*(Resigned with effect from 9 April 2020)*

### REMUNERATION COMMITTEE

Tan Sri Datuk Dr Rebecca Fatima Sta Maria (Chairman)

Wong Chin Mun

Tan Sri Dato' Dr. Lin See Yan

Dato' Sri Idris Jala

Philip Yeo Liat Kok

*(Appointed with effect from 9 April 2020)*

Lim Swe Guan

*(Resigned with effect from 9 April 2020)*

### RISK MANAGEMENT COMMITTEE

Tan Sri Dato' Dr. Lin See Yan (Chairman)

Wong Chin Mun

Tan Sri Datuk Dr Rebecca Fatima Sta Maria

Lim Swe Guan

*(Resigned with effect from 9 April 2020)*

### EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

*(Dissolved on 1 September 2019)*

Wong Chin Mun (Chairman)

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO

Dato' Chew Chee Kin

Sarena Cheah Yean Tih *S.M.S.*

Foo Shiang Wyne

### COMPANY SECRETARIES

Tan Kim Aun (MAICSA 7002988)

(SSM PC No. 202008001249)

Chin Lee Chin (MAICSA 7012347)

(SSM PC No. 202008001355)

### 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

[Registration No. 197901006377 (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 PLT

Chartered Accountants

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

### WEBSITE ADDRESS

www.sunway.com.my

### INVESTOR RELATIONS

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

Tel No : (603) 5639 9257



## GROUP CORPORATE STRUCTURE

### PROPERTY DEVELOPMENT



### PROPERTY INVESTMENT



### LEISURE



### HOSPITALITY



### CONSTRUCTION

## GROUP CORPORATE STRUCTURE

### HEALTHCARE



### TRADING AND MANUFACTURING



### QUARRY



### BUILDING MATERIALS



### INVESTMENT HOLDINGS AND OTHERS



GROUP CORPORATE STRUCTURE

PROPERTY DEVELOPMENT

- Sunway Integrated Properties Sdn Bhd
- Sunway South Quay Sdn Bhd
- Sunway PKNS Sdn Bhd
- Sunway D’Mont Kiara Sdn Bhd
- Sunway City (Penang) Sdn Bhd
- Sunway Bintang Sdn Bhd
- Sunway City Properties Sdn Bhd
- Sunway City (Ipoh) Sdn Bhd
- Sunway Tunas Sdn Bhd
- Sunway Semenyih Sdn Bhd
- Sunway City (JB) Sdn Bhd
- Sunway Iskandar Sdn Bhd \*
- Sunway Iskandar Development Sdn Bhd \*
- Sunway Monterez Sdn Bhd
- Sunway Grand Sdn Bhd
- Sunway Melawati Sdn Bhd
- SunwayMas Sdn Bhd
- Sunway Termuning Sdn Bhd
- Sunway Rawang Heights Sdn Bhd
- Sunway Kanching Heights Sdn Bhd
- Sunway Bangi Sdn Bhd
- Sunway Eastwood Sdn Bhd
- Sunway Kiara Sdn Bhd
- Sunway Subang Sdn Bhd
- Sunway Serene Sdn Bhd
- Sunway Marketplace Sdn Bhd \*
- Sunway Parkview Sdn Bhd \*
- Sunway Seafront Sdn Bhd \*
- Sunway Velocity Two Sdn Bhd \*
- Hoi Hup Sunway Development Pte Ltd \*\*
- 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 Mount Sophia Pte Ltd \*\*
- Hoi Hup Sunway Sengkang Pte Ltd \*\*
- Hoi Hup Sunway Clementi Pte Ltd \*\*
- Hoi Hup Sunway Canberra Pte Ltd \*\*
- Hoi Hup Sunway Tampines J.V. Pte Ltd \*\*
- Sunway Australia Unit Trust #
- Sunway Guanghao Real Estate (Jiangyin) Co. Ltd #
- Tianjin Eco-City Sunway Property Development Co. Ltd \*\*
- Associated Circle Sdn Bhd
- Bisikan Seni Sdn Bhd
- Imbasan Intisari Sdn Bhd
- Tidal Elegance Sdn Bhd
- Emerald Freight Sdn Bhd
- Park Symphony Sdn Bhd
- Prosper Revenue Sdn Bhd
- Sunway Belfield Sdn Bhd
- Sunway Avila Sdn Bhd \*
- Sunway Supply Chain Enterprise Sdn Bhd
- Daksina Harta Sdn Bhd \*
- Sunway Permai Sdn Bhd
- Sunway GD Piling Sdn Bhd
- Sunway Opus International Private Limited \*\*
- Sunway Mak International Private Limited \*\*
- Sterling Paradise Sdn Bhd
- Sunway Rydgeway Sdn Bhd

PROPERTY INVESTMENT

- Sunway Pinnacle Sdn Bhd
- Sunway Giza Mall Sdn Bhd
- Sunway Giza Parking Sdn Bhd
- Sunway Destiny Sdn Bhd
- Sunway MUSC Sdn Bhd
- Sunway Monash-U Residence Sdn Bhd
- Sunway Residence Sdn Bhd
- Sunway Pyramid Development Sdn Bhd
- Sunway Velocity Mall Sdn Bhd \*
- Sunway REIT Management Sdn Bhd \*
- Sunway Real Estate Investment Trust \*\*
- Sunway PFM Sdn Bhd
- Sunway IFM Sdn Bhd
- Sunway Parking Services Sdn Bhd
- Sunway Big Box Sdn Bhd (formerly known as Sunway Mall Parking Sdn Bhd) \*
- Sunway Ambience Sdn Bhd
- Sunway Facility Management Sdn Bhd
- Sunway Symphony Sdn Bhd
- Sunway Century Sdn Bhd
- Rich Worldclass Sdn Bhd
- Sunway Tower 1 Sdn Bhd
- Sunway Townhouse Sdn Bhd
- Sunway Orient Sdn Bhd
- Sumber Dorongan Sdn Bhd
- Sunway Nexis Parking Sdn Bhd
- Sunway Transit System Sdn Bhd
- Sunway Integrated Parking Sdn Bhd (formerly known as Sunway Geo Parking Sdn Bhd)
- Sunway REM Sdn Bhd
- Sunway Geo Sdn Bhd
- Sunway Living Space Sdn Bhd (formerly known as Sunway International Vacation Club Sdn Bhd)
- Reptolink Sdn Bhd
- Galaxy Avenue Sdn Bhd
- Sunway Sustainability Solutions Sdn Bhd
- Sunway Leisure Sdn Bhd
- Emerald Tycoon Sdn Bhd
- Sunway RE Capital Pte Ltd
- Sunway RE Capital Advisors (SG) Pte Ltd (formerly known as Sunway Invoice Interchange Pte Ltd)
- Sunway RE Capital Advisors (UK) Limited
- Sunway Residence Trust
- Sunway Residence (Guernsey) Limited

LEISURE

- Sunway Lagoon Sdn Bhd
- Sunway Lost World Water Park Sdn Bhd
- Sunway Lagoon Club Berhad
- Sunway Travel Sdn Bhd
- Sunway Healthy Lifestyle Sdn Bhd
- Pyramid Bowl Sdn Bhd \*

HOSPITALITY

- Sunway Resort Hotel Sdn Bhd
- Sunway Velocity Hotel Sdn Bhd \*
- Sunway Putra Hotel Sdn Bhd
- Sunway Biz Hotel Sdn Bhd
- Sunway Hotel (Seberang Jaya) Sdn Bhd
- Sunway Lost World Hotel Sdn Bhd
- Sunway International Hotels & Resorts Sdn Bhd
- Kinta Sunway Resort Sdn Bhd
- Sunway Property Management Sdn Bhd
- Sunway Hotel Phnom Penh Ltd #
- Sunway Hotel Hanoi Liability Limited Company with one member #

GROUP CORPORATE STRUCTURE

CONSTRUCTION

- Sunway Construction Sdn Bhd
- Sunway Engineering Sdn Bhd
- Sunway Concrete Products (S) Pte Ltd #
- Sunway Geotechnics (M) Sdn Bhd
- Sunway Precast Industries Sdn Bhd
- Sunway Machinery Sdn Bhd
- Sunway Concrete Products (M) Sdn Bhd
- Sunway Builders Sdn Bhd
  - Sunway Builders Branch in Abu Dhabi
- Sunway Construction India Pte.Ltd. #
- Sunway Innopave (S) Pte. Ltd. #
- Sunway Builders (Myanmar) Co. Ltd #
- Sunway Pekat Solar Sdn Bhd
- Sunway CT Geotechnics Pte.Ltd. #
- HL-Sunway JV Pte.Ltd \*\*

HEALTHCARE

- Sunway Medical Centre Sdn Bhd
- SunMed@Homes Sdn Bhd
- SunMed Clinics Sdn Bhd
- SunMed Velocity Sdn Bhd
- Sunway Specialist Centre Sdn Bhd
- Sunway Medical Centre (Singapore) Pte Ltd #

TRADING AND MANUFACTURING

- Sunway Marketing Sdn Bhd
- Sunway Enterprise (1988) Sdn Bhd
- Sunway Hydraulic Industries Sdn Bhd
- Sunway Marketing (East Malaysia) Sdn Bhd
- Sunway Hose Centre Sdn Bhd
- Sunway Marketing (S) Pte Ltd #
- Sunway Marketing (Thailand) Ltd #
- Sunway Marketing (Vietnam) Co Ltd #
- PT Sunway Flowtech #
- PT Sunway Trek Masindo #
- PT Sunway Pacific Flow #
- PT Sunway Distribusi Indonesia #
- Sunway TotalRubber Ltd #
- Sunway TotalRubber Services Franchising Pty Ltd #
- Sunway Hydraulic Industries (Wuhu) Co Ltd #
- Sunway Trading (Shanghai) Pte Ltd #
- Sunway Daechang Forging (Anhui) Co Ltd #
- Sunway Winstar Sdn Bhd
- Sunway Saf-T-Quip Sdn Bhd
- Sunway United Star Sdn Bhd
- Sunway Hsing Yeat Sdn Bhd
- Sunway Coating Solutions Sdn Bhd
- Jaya DIY Mart Sdn Bhd

QUARRY

- Sunway Quarry Industries Sdn Bhd
- Sunway Quarry (Kuala Kangsar) Sdn Bhd
- Sunway Quarry Industries (Melaka) Sdn Bhd
- Twinners (Malaysia) Sdn Bhd
- Blacktop Industries Sdn Bhd
- Sunway Quarry Industries (Taiping) Sdn Bhd
- Blacktop Lanchang Sdn Bhd
- Can Technical Services Sdn Bhd

BUILDING MATERIALS

- Sunway Paving Solutions Sdn Bhd
- Sunway Paving Solutions (Sabah) Sdn Bhd
- Sunway VCP Sdn Bhd
- Sunway Spun Pile (M) Sdn Bhd
- Sunway Spun Pile (Zhuhai) Co Ltd #

INVESTMENT HOLDINGS AND OTHERS

- Sunway City Sdn Bhd
- Sunway Holdings Sdn Bhd
- Sunway Holdings (Vietnam) Sdn Bhd
- Sunway Global Limited #
- Sunway Management Sdn Bhd
- Sunway Management Services Sdn Bhd
- Sunway Shared Services Sdn Bhd
- Sunway HR Shared Services Sdn Bhd
- Sunway Leasing Sdn Bhd
- SWL Nominees (Tempatan) Sdn Bhd
- Sunway Elite Sdn Bhd
- Sunway Credit Sdn Bhd
- Sunway Risk Management Sdn Bhd
- Sunway Captive Insurance Ltd
- Gopeng Berhad \*\*
- Sunway City (S'pore) Pte Ltd #
- Sunway Real Estate (China) Limited #
- Eastern Glory Enterprises Limited #
- Sunway REIT Holdings Sdn Bhd
- Sunway Treasury Sdn Bhd
- Sunway Treasury Sukuk Sdn Bhd
- Sunway Investment Management Consultancy (Shanghai) Co. Ltd #
- Sunway Hospitality Holdings Limited #
- International Theme Park Pty Ltd #
- Sunway Developments Pte Ltd #
- Fortuna Gembira Enterpris Sdn Bhd
- Hartford Lane Pty Ltd #
- Sunway FSSC Sdn Bhd
- Sunway Labuan Investment Ltd
- Sunway Pals Loyalty Sdn Bhd
- Sunway Money Sdn Bhd
- Deco Style Sdn Bhd
- Sunway Design Sdn Bhd
- Sunway Construction Group Berhad ^
- Sunway Pendas Management Sdn Bhd
- Sunway Southern Management Sdn Bhd
- Sunway Brands Sdn Bhd
- Sunway Pharma Sdn Bhd
- Sunway PopBox Sdn Bhd
- Monumental Productions Sdn Bhd
- Sun Sea Capital Sdn Bhd
- Sunway Ventures Sdn Bhd
- Sunway Leadership Centre Sdn Bhd
- Pasir Mas Holdings Sdn Bhd
- Fame Parade Sdn Bhd
- Sunway Quantum Sdn Bhd
- Sunway (Tianjin) Management Consultancy Co. Ltd. #
- Sunway Land Pte Ltd #
- Sunway City India Private Limited #
- SunCity Vietnam Sdn Bhd
- Konsep Objektif (M) Sdn Bhd
- Bidara Cahaya Resources Sdn Bhd
- Sunway iLabs Accelerator Sdn Bhd (formerly known as Sunway Factoring Sdn Bhd)
- Sunway Little Sunshine Child Care Centre Sdn Bhd (formerly known as Contemporary Deal Sdn Bhd)
- TKM Sdn Bhd
- Sunway Properties Services Sdn Bhd
- Sunway Organic Garden Sdn Bhd (formerly known as Ganda Antik Sdn Bhd)
- Sunway Synergy Sdn Bhd

Notes:  
This Group Corporate Structure excludes non-major and dormant companies.

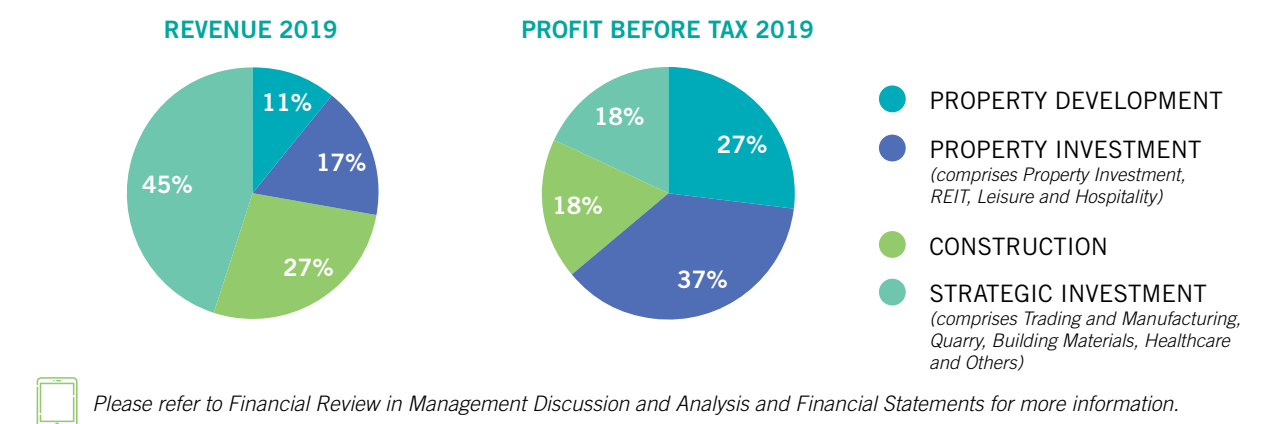
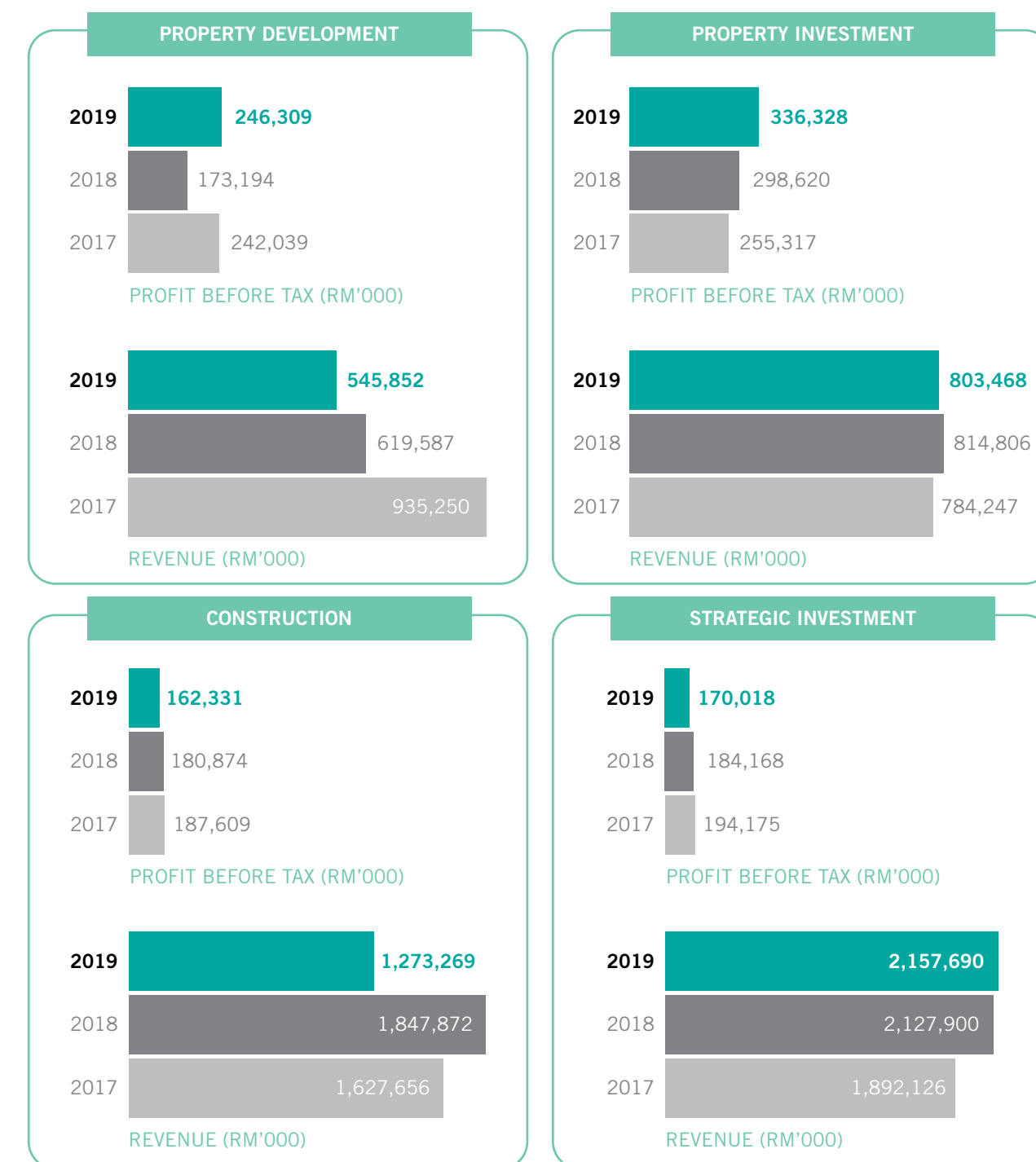
# Overseas company  
^ Public listed company  
\* Associated company / Joint venture company



## 2019 FINANCIAL & BUSINESS HIGHLIGHTS

TOTAL REVENUE <b>RM4.8 BILLION</b>	<b>9.3%</b> HIGHER PROFIT BEFORE TAX	PATMI <b>RM767.3 MILLION</b>	<b>SUNWAY'S SHARES CLOSED AT RM1.80</b> AS AT 31 DECEMBER 2019
EARNINGS PER SHARE <b>14.62 SEN</b>	DIVIDEND PER SHARE <b>9.07 SEN</b>	PRICE-EARNING RATIO <b>11.58 TIMES</b>	MARKET CAPITALISATION <b>RM8.9 BILLION</b> AS AT 31 DECEMBER 2019
LOW NET GEARING RATIO AT <b>0.36 TIMES</b>	<b>SECURED RM1.6 BILLION IN PROPERTY SALES</b> EXCEEDING OUR SALES TARGET OF RM1.3 BILLION	UNBILLED PROPERTY SALES OF <b>RM2.7 BILLION</b>	TOTAL LANDBANK OF <b>3,347 ACRES</b> WITH A GDV OF <b>RM58.6 BILLION</b>
CONSTRUCTION ORDER BOOK HAS <b>RM1.8 BILLION NEW ORDERS</b> , SURPASSING 2019 TARGET OF RM1.5 BILLION	<b>CONSTRUCTION ORDER BOOK OF RM5.2 BILLION</b> PROVIDES EARNINGS VISIBILITY FOR THE NEXT THREE YEARS	COMPLETED THE <b>DISPOSAL OF SUNWAY UNIVERSITY AND SUNWAY COLLEGE TO SUNWAY REIT</b> ON 15 APRIL 2019	<b>OPENING OF SUNWAY MEDICAL CENTRE VELOCITY</b> WITH 240-BED CAPACITY IN SEPTEMBER 2019
<b>RM10.7 BILLION WORTH</b> OF ASSETS UNDER MANAGEMENT	SUNWAY'S THEME PARKS ATTRACTED <b>2.5 MILLION VISITORS</b> IN 2019	COMPLETED 1 <sup>ST</sup> TRANCHE OF <b>BLACKTOP INDUSTRIES' ACQUISITION</b> BY QUARRY DIVISION IN JULY 2019	SUNWAY HOSPITALITY HOTELS SCORED <b>CLOSE TO 90% ON GUEST REVIEW INDEX</b> IN 2019
SUNWAY BIG BOX RETAIL PARK, <b>THE 1<sup>ST</sup> HYBRID RETAIL PARK IN MALAYSIA</b> , SOFT LAUNCHED IN DECEMBER 2019	INTRODUCED <b>UNIFIED PAYMENT TERMINALS</b> AT SUNWAY'S MALLS AS PART OF SUNWAY'S DIGITISATION DRIVE	LAUNCHED <b>SUNWAY SMART PARKING SYSTEM</b> AT SUNWAY PYRAMID, THE LARGEST FULLY INTEGRATED LICENSE PLATE RECOGNITION SYSTEM	SUNWAY PYRAMID LAUNCHED <b>REAL-TIME IN-MALL NAVIGATION MOBILE APP</b>

## SEGMENTAL PERFORMANCE



## FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	Financial Year Ended				
	2019 RM'000	2018 RM'000 (Restated)	2017 RM'000	2016 RM'000	2015 RM'000
<b>OPERATING RESULTS</b>					
Revenue	4,780,279	5,410,165	5,239,279	4,655,592	4,448,390
Profit before tax	914,986	836,856	879,140	858,992	930,362
Income tax expense	(78,429)	(121,441)	(149,357)	(140,394)	(130,939)
Profit net of tax	836,557	715,415	729,783	718,598	799,423
Non-controlling interests	69,305	69,852	102,311	132,715	66,974
Profit attributable to owners of the parent	767,252	645,563	627,472	585,883	732,449
<b>KEY BALANCE SHEET DATA</b>					
Property, plant and equipment	2,749,044	2,627,664	1,522,895	1,879,929	1,333,563
Investment properties	2,327,617	1,942,744	2,066,760	2,798,405	2,722,348
Rock reserves	5,605	5,868	6,131	6,394	6,657
Land held for property development	1,674,576	1,671,311	1,682,127	1,191,512	1,194,112
Investments in associates and joint ventures	3,750,866	3,390,661	3,628,603	3,229,934	3,181,173
Goodwill	311,808	313,893	311,814	311,840	320,060
Deferred tax assets	66,722	110,342	100,828	70,758	83,714
Trade receivables	140,071	63,838	51,407	30,380	10,521
Derivatives	-	-	34,181	164,711	351,271
Other non current assets	1,363,699	1,993,256	1,270,187	53,492	57,878
Current assets	11,163,140	9,174,612	8,536,361	9,014,598	6,739,560
Assets of disposal group classified as held for sale	-	486,128	294,283	-	-
<b>Total assets</b>	<b>23,553,148</b>	<b>21,780,317</b>	<b>19,505,577</b>	<b>18,751,953</b>	<b>16,000,857</b>
Long term borrowings	1,542,563	2,535,226	2,868,344	2,553,122	2,818,189
Hire purchase and lease liabilities	768,204	810,389	-	-	-
Deferred tax liabilities	130,304	146,907	121,331	94,561	90,886
Derivatives	187	36	4,496	3,644	7,709
Other long term liabilities	59,414	128,993	258,013	340,183	306,648
Current liabilities	10,878,209	9,174,800	7,741,149	7,527,213	5,564,151
<b>Total liabilities</b>	<b>13,378,881</b>	<b>12,796,351</b>	<b>10,993,333</b>	<b>10,518,723</b>	<b>8,787,583</b>
<b>Total equity</b>	<b>10,174,267</b>	<b>8,983,966</b>	<b>8,512,244</b>	<b>8,233,230</b>	<b>7,213,274</b>
Perpetual sukuk	1,150,000	400,000	-	-	-
Non-controlling interests	631,399	619,106	621,526	763,508	650,558
<b>Shareholders' equity</b>	<b>8,392,868</b>	<b>7,964,860</b>	<b>7,890,718</b>	<b>7,469,722</b>	<b>6,562,716</b>
<b>FINANCIAL RATIOS</b>					
Profit before tax margin (%)	19.14%	15.47%	16.78%	18.45%	20.91%
Basic earnings per share (sen)**	14.62	13.05	13.04	12.85	17.90
Diluted earnings per share (sen)**	14.62	13.04	13.00	12.74	17.40
Closing share price as at end of period (RM)**^	1.80	1.47	1.63	1.29	1.31
Price-earning ratio (times)	11.58	11.21	12.78	10.67	7.57
Return on capital employed (ROCE) (%)	6.83%	7.00%	7.55%	8.66%	11.55%
Return on equity (ROE) (%)	9.63%	8.18%	8.40%	8.93%	12.34%
Net gearing ratio (times) ®	0.36	0.42	0.39	0.40	0.45
Net tangible assets per share (sen)*	163.27	154.89	153.65	147.88	147.58
Net assets per share (sen)*	170.11	161.74	160.43	155.17	156.28
Share capital (RM'000)	5,393,666	5,379,437	5,370,606	2,063,067	1,799,755
Number of ordinary shares ('000)	4,933,931	4,924,402	4,918,491	2,063,067	1,799,755

Notes:

1) The financial statements for FY 2019 and FY 2018 (Restated) are prepared in accordance with Malaysian Financial Reporting Standards (MFRS) including the effects of MFRS 16 Leases which was adopted during the financial year. The financial statement for FY 2017 is prepared in accordance with MFRS and has not been restated to include the effects of MFRS 16.

2) The financial highlights for FY 2016 above does not reflect prior year restatements arising from the Group's reclassification of its investment in Sunway Velocity Mall Sdn. Bhd. from investment in subsidiaries to investment in joint ventures in FY 2018.

\* Basic / diluted earnings per share, closing share price, net tangible assets per share and net assets per share for FY 2015 and FY 2016 have been adjusted to reflect the enlarged number of shares of Sunway after the bonus issue of shares.

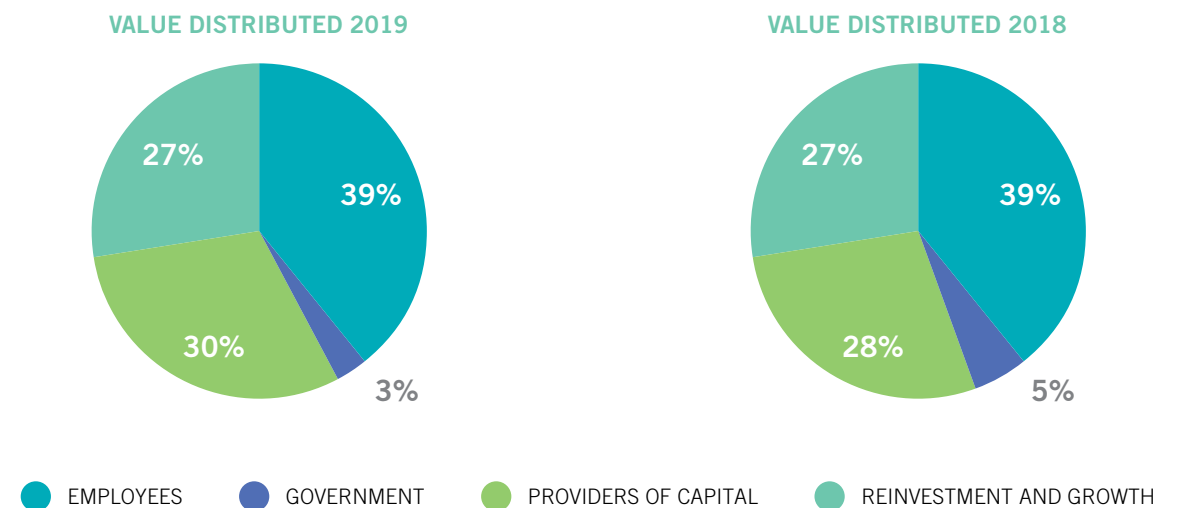
# The earnings per share calculations have excluded the distribution to holders of perpetual sukuk.

^ Source: Bloomberg

® Net gearing ratio calculations exclude cross currency swap.

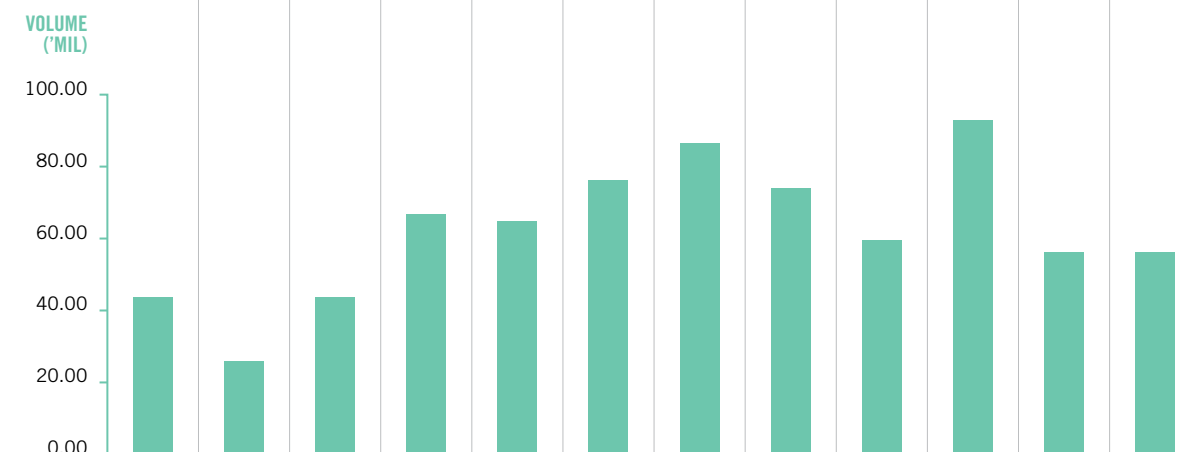
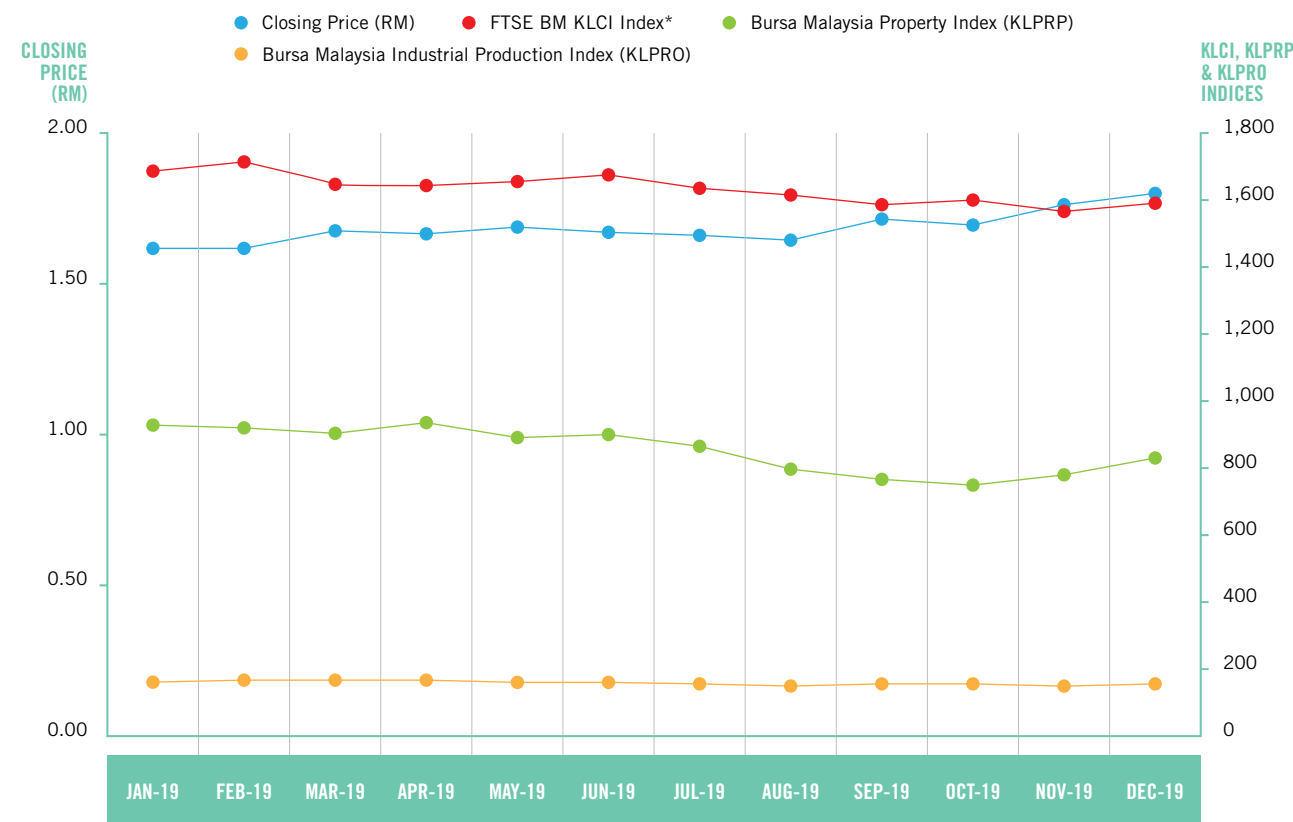
## VALUE ADDED STATEMENT

FINANCIAL YEAR ENDED	2019 RM'000	2018 RM'000 (Restated)
<b>Value Added</b>		
Total Turnover	4,780,279	5,410,165
Purchases of goods and services	(2,688,935)	(3,374,090)
<b>Value Added by the Group</b>	<b>2,091,344</b>	<b>2,036,075</b>
Share of profits of associates	192,755	172,322
Share of profits of joint ventures	68,468	56,932
Net gain on revaluation of investment properties	37,139	23,049
<b>Total Value Added</b>	<b>2,389,706</b>	<b>2,288,378</b>
<b>Reconciliation:</b>		
Profit for the year	836,557	715,415
Add: Depreciation and amortisation	233,580	222,893
Finance cost	233,498	263,283
Staff costs	938,337	895,494
Taxation	78,429	121,441
Minority Interests	69,305	69,852
<b>Total Value Added</b>	<b>2,389,706</b>	<b>2,288,378</b>
<b>Value Distributed</b>		
Employees		
Salaries and other staff costs	938,337	895,494
Government		
Corporate Taxation	78,429	121,441
Providers of capital		
Dividends	421,759	316,493
Finance Costs	233,498	263,283
Minority Interest	69,305	69,852
Reinvestment and growth		
Depreciation and amortisation	233,580	222,893
Income retained by the Group	414,798	398,922
<b>Total Distributed</b>	<b>2,389,706</b>	<b>2,288,378</b>





## SHARE PERFORMANCE



	JAN-19	FEB-19	MAR-19	APR-19	MAY-19	JUN-19	JUL-19	AUG-19	SEP-19	OCT-19	NOV-19	DEC-19
Closing Price (RM)	1.62	1.62	1.68	1.67	1.69	1.68	1.66	1.65	1.72	1.70	1.76	1.80
Volume ('mil)	43.37	25.80	44.03	67.14	64.60	76.36	87.00	75.03	60.22	93.31	56.08	56.74
FTSE BM KLCI Index*	1,683.53	1,707.73	1,643.63	1,642.29	1,650.76	1,672.13	1,634.87	1,612.14	1,583.91	1,597.98	1,561.74	1,588.76
Bursa Malaysia Property Index (KLPRP)	928.14	923.61	909.18	938.34	896.53	900.92	869.33	800.79	771.06	751.53	778.92	830.62
Bursa Malaysia Industrial Production Index (KLPRO)	161.11	168.06	168.93	169.93	160.05	160.72	154.32	148.68	153.28	153.51	149.91	153.40

\* Financial Times Stock Exchange Bursa Malaysia Kuala Lumpur Composite Index

## SUNWAY IN THE NEWS





## CALENDAR OF SIGNIFICANT EVENTS

### JANUARY

#### 23 JANUARY 2019

Sunway Berhad, via its wholly-owned subsidiary Sunway Developments Pte Ltd and Singapore developer Hoi Hup Realty Pte Ltd has secured a 6.16-acre plot of land in Tampines, Singapore for S\$434.45 million (approximately RM1.32 billion), following a successful joint tender bid. The 65:35 joint venture company will undertake the development of executive condominium on the land parcel.

#### 29 JANUARY 2019

Tan Sri Dr Jeffrey Cheah was appointed chairman of SDSN Malaysia chapter, which is part of a network of chapters under the United Nations Sustainable Development Solutions Network (“UN SDSN”). The Jeffrey Sachs Center on Sustainable Development at Sunway University also serves as the host of SDSN Malaysia.

### FEBRUARY

#### 18 FEBRUARY 2019



Sunway Resort Hotel & Spa in collaboration with Kechara Soup Kitchen Society distributed specially prepared vegetarian meals to homeless individuals within Jalan Imbi area in Kuala Lumpur during Chinese New Year. This special project is part of Sunway’s #zerofoodwastage initiative where surplus food from buffet lunches and dinners are given to Kechara to help feed the homeless and urban poor in Malaysia.

### MARCH

#### 21 MARCH 2019



CNBC brought its flagship feature show, Managing Asia, hosted by award-winning anchor Christine Tan, to Sunway City Kuala Lumpur for a special event focusing on sustainability. During a special interview, Tan Sri Dr Jeffrey Cheah shared Sunway’s challenges and efforts in advancing the sustainable development agenda.

The event was held in partnership with Sunway Group and was graced by former Minister of Energy, Science, Technology, Environment & Climate Change YB Yeo Bee Yin and former Minister of Water, Land and Natural Resources YB Dr Xavier Jayakumar.

#### 26 MARCH 2019



During the 3<sup>rd</sup> Cambridge-Oxford-Sunway Biomedical Symposium titled “DIABETES: Disarming the Silent Killer”, Sunway Medical Centre (“SunMed”) and Sunway University signed a Memorandum of Agreement with University of Cambridge and the Royal College of Physicians, London, to establish a series of jointly collaborated Continuous Medical Education (“CME”) seminars.

These CME seminars aim to combine clinical care, research and education and will further SunMed’s ambition to become one of the few private teaching hospitals in Malaysia.

#### 29 MARCH 2019

Sunway Berhad’s wholly-owned subsidiary, Sunway Holdings Sdn Bhd has entered into a Share Sale Agreement to acquire 1 million shares or a 100% stake in Blacktop Industries Sdn Bhd for RM70.1 million. The acquisition is expected to improve both market share and financial performance of the Group’s Quarry division via penetration into new markets. The increased coverage will also result in greater cost efficiency through economies of scale. The 1<sup>st</sup> tranche of the acquisition was completed in July 2019.

### APRIL

#### 1 APRIL 2019

Sunway Builders (Myanmar) Co. Ltd, a subsidiary of Sunway Construction Group Berhad has signed a Memorandum of Understanding with Capital Construction Limited (“CCL”) to develop major infrastructure and construction projects in Myanmar.

CCL is the construction division of Capital Diamond Star Group, one of Myanmar’s most respected and prominent conglomerates with leading businesses in food, retail, real estate development, construction, healthcare, banking, insurance and micro finance sectors.

#### 15 APRIL 2019

Sunway Destiny Sdn. Bhd., a wholly-owned subsidiary of Sunway City Sdn. Bhd., which is in turn a wholly-owned subsidiary of Sunway, had on 24 December 2018 entered into a conditional sales and purchase agreement with RHB Trustees Berhad, the trustee of Sunway Real Estate Investment Trust (REIT), for the disposal of Sunway University assets for a total disposal consideration of RM550 million. This corporate exercise which enables Sunway to monetise its assets was completed on 15 April 2019.

#### 26 APRIL 2019

Sunway’s Leisure division and Sunway University signed a Memorandum of Understanding, formalising a joint collaboration to develop a series of specially designed educational programmes. The venture also allows for excursions by Sunway University students to Sunway’s theme parks facilities, networking opportunities, and collaborative projects aimed at promoting transparent discourse and sharing of ideas.

## CALENDAR OF SIGNIFICANT EVENTS

### MAY

#### 23 MAY 2019



Sunway hosted 300 orphans and stateless children for a fun-filled day in conjunction with Hari Raya Aidilfitri. The children were invited to Sunway Pyramid to shop for new clothing for Hari Raya, followed by games and a scrumptious Ramadan buffet spread at Sunway Resort Hotel & Spa. The programme is a part of the month-long #SunwayforGood Raya Cheer 2019 community outreach which aims to aid 11,520 underserved Malaysians in the B40 groups.

#### 28 MAY 2019

Sunway forged a partnership with the United Nations Technology Innovation Labs (“UNTIL”) Malaysia, reinstating its commitment to developing urban solutions to solve some of humanity’s most pressing issues. The alliance allows UNTIL Malaysia and Sunway to collaborate on funding, technology, knowledge and expertise for various projects.

#### 29 MAY 2019

Sunway Resort Hotel & Spa held a showcase event themed “Re.Defined” that saw more than 350 corporate guests and members of the media who came to discover its redesigned and refreshed event spaces and the hotel’s new technology upgrades.

The RM54 million major refurbishment work, included enhanced facilities and new technology integration to its Grand Ballroom, meeting and functions rooms which spread across three levels as well as all the pre-function areas.

### JUNE

#### 3 JUNE 2019

Sunway Berhad’s wholly-owned subsidiary, Sunway Holdings Sdn Bhd has entered into a Share Sale Agreement with Dolomite Industries Company Sdn Bhd, a subsidiary of Dolomite Corporation Berhad, to acquire 100% of the total issued and paid-up share capital in Dolomite Granite Quarry Sdn Bhd. The acquisition includes 4 parcels of leasehold lands measuring approximately 784 acres and the plants and machinery, for RM125 million. It is expected to improve the market share and contribute positively to the financial performance of the Group’s Quarry division given its strategic location and huge rock reserves. The acquisition is currently pending completion.

#### 12 JUNE 2019



Sunway has launched five additional electric vehicle (EV) charging bays at Sunway Pyramid, in partnership with smart parking reservation service provider ParkEasy, Shell Malaysia and BMW Group Malaysia. In total, there are now 20 charging bays across Sunway Group’s selected premises in the Klang Valley, with 15 located at Sunway Pyramid, three at The Pinnacle Sunway corporate tower, and two at Sunway Velocity.

#### 28 JUNE 2019

Sunway’s Construction division has received the Letter of Award from Petronas Management Training Sdn Bhd for the Construction and Completion of a Private Institutional Building (PETRONAS Leadership Centre), for a contract sum of RM310.0 million.

The second project award is from Sunway South Quay Sdn Bhd for a contract sum of RM119.0 million for piling works for a proposed mixed development project in Sunway South Quay at Sunway City Kuala Lumpur.

The third project was awarded by Oxley Rising Sdn Bhd for the electrical works for its proposed mixed commercial developments in Jalan Ampang for a contract sum of RM67.8 million.

### JULY

#### 1 JULY 2019

Sunway Berhad has inked a privatisation agreement with Perbadanan Kemajuan Negeri Selangor (PKNS) via its 60:40 subsidiary, Sunway PKNS Sdn Bhd, for the right to develop on a prime 9.46-acre parcel of leasehold land in Kota Damansara. It is earmarked for the development of serviced apartments with some lifestyle retail units.

#### 3 JULY 2019



Tan Sri Dr Jeffrey Cheah, Sunway Group Founder and Chairman, was invited to speak at the first Talent Grooming Programme (TGP) Inspirational Leadership Symposium 2019 at the National Institute of Health where he shared his extraordinary journey as an entrepreneur and philanthropist with more than 450 Ministry of Health (“MoH”) staff, hospital directors, allied health practitioners and doctors from around the country. The symposium organised by MoH convened prolific speakers in the healthcare sector to discuss public health, hospital services, medical research and support among other topics.



## CALENDAR OF SIGNIFICANT EVENTS

16 JULY 2019



During the Teach For Malaysia (“TFM”) Week, Sunway Group Corporate Advisor and Trustee of the Jeffrey Cheah Foundation (“JCF”), Tan Sri Dato’ (Dr) Ramon Navaratnam surprised students at Sekolah Menengah Kebangsaan Seksyen 5 Wangsa Maju where he shared his close to three-decade service with the government and the importance of English as the medium for scientific development and innovation.

The teaching session was part of TFM Week in which key influencers, including corporate figures, celebrities and members of the civil service spend time as “teachers” for a day, co-teaching a lesson in school with a TFM Fellow. The programme has been crucial in raising awareness on the importance of education in grooming the next generation.

31 JULY 2019



Sunway PopBox has signed a collaboration with Lazada eLogistics Malaysia, the first to last mile logistics arm of the online eCommerce giant Lazada, to provide online shoppers a more convenient and safer platform for item delivery.

This collaboration foresees a third option where Lazada shoppers can opt for delivery to one of the 100 Sunway Popbox lockers located throughout Klang Valley area based on their convenience at their preferred time, at no service charge.

## SEPTEMBER

3 SEPTEMBER 2019

The latest addition to Sunway’s Healthcare segment, Sunway Medical Centre Velocity commenced its operations on 3 September 2019. Located in Cheras, Kuala Lumpur, the 12-storey medical centre is specially built to hold 240 beds and a total of 77 specialist clinics.

Sunway Medical Centre Velocity is a comprehensive tertiary care hospital, offering multi-disciplinary medical services and is part of the integrated commercial and residential development of Sunway Velocity, consisting of shopping mall, offices, hotel, residences and education institution.

11 SEPTEMBER 2019

Sunway won a tender to acquire from Sino-Singapore Tianjin Eco-City Investment and Development Co. Ltd, a 6.85-acre plot of land located in Tianjin, China at a tender price of RMB438 million (equivalent to approximately RM257.78 million).

Following the success of the first two phases of Sunway Gardens, a 60:40 JV company of Sunway will undertake a residential development known as Sunway Garden Phase 3 which consists of 7 blocks of condominiums on the acquired land.

19 SEPTEMBER 2019

Sunway City Sdn Bhd, a wholly-owned subsidiary of Sunway Berhad, signed a Share Sale Agreement to acquire 100% of Sterling Paradise Sdn Bhd for RM15 million with the rights to 47 parcels or approximately 11.8 acres of prime freehold land in the mature neighbourhood of Mutiara Bukit Jalil. The lands come with an approved development order, thus accelerating speed to market. The acquisition was completed on 25 November 2019.

20 SEPTEMBER 2019



Sunway’s annual one-day conference, Sunway Leaders Conference was held at Sunway Pyramid Convention Centre. Themed “Sustain 3.0: Good Health and Well-being” this year, the conference brought together around 2,000 Sunwayians from across the Group.

Guest speaker Tan Sri Rafidah Aziz, the former International Trade and Industry Minister, gave an inspiring speech on aspects of leadership and on the importance of discipline. Motivational speaker, Dr William Tan also shared his extraordinary life journey and emphasised on the importance of being resilient in overcoming adversity and achieving one’s goal.

## OCTOBER

13 – 14 OCTOBER 2019



In an effort to spread the merriment of Deepavali to those in need, Sunway brought cheer to 900 children from the B40 community in Perak via its #SunwayforGood Deepavali Cheer programme. The programme includes an educational tour at Lost World of Tambun; providing school supplies to students; upgrading school libraries; and ICT Literacy Aid programme.

## CALENDAR OF SIGNIFICANT EVENTS

17 OCTOBER 2019



Sunway Pharmacy launched its largest flagship outlet in Sunway Pyramid, marking its 15<sup>th</sup> outlet since debuting in 2016, with 13 outlets located around the Klang Valley, an outlet in Johor and another outlet in Perak. All Sunway Pharmacy outlets practice a community-first approach where counselling sessions are offered for free as part of the initiatives to serve and help the community.

20 OCTOBER 2019



Held in conjunction with Sunway Medical Centre’s 20<sup>th</sup> anniversary, Sunway The Good Run was supported by Rapid KL and Majlis Perbandaran Subang Jaya. Back for its second year in aid of cancer awareness and prevention, The Good Run attracted more than 7,000 Malaysians, including cancer survivors to Sunway City Kuala Lumpur. Runners sprinted across the elevated Bus Rapid Transit (BRT) – Sunway Line tracks and around Sunway City Kuala Lumpur. The run collected approximately RM275,000 which will be used to support medical treatment costs for cancer patients of the B40 group via the Media Prima-NSTP Humanitarian Fund.

29 OCTOBER 2019

Sunway held a media preview of Sunway Smart Parking, the largest fully integrated license plate recognition system which embraces multiple e-wallet partners including GrabPay, Boost, WeChat Pay, Alipay, Touch N’ Go Digital, and Maybank QR alongside credit partners MasterCard, Visa, American Express, JCB, UnionPay, and MyDebit.

The cashless and ticketless parking experience is part of Sunway’s digitalisation journey to enable hassle-free experiences for its shoppers. Sunway Smart Parking will also reduce the carbon footprint of all shoppers, in line with Sunway’s commitment to the UNSDG.

## NOVEMBER

12 NOVEMBER 2019

Sunway Hotels & Resorts partnered with FatHopes Energy to recycle over 50% of its used cooking oil from participating Sunway hotels into biodiesel, taking another significant step on its commitment towards a sustainable environment.

13 NOVEMBER 2019



Sunway Pals announced the first strategic partnership with Malaysia Airlines’ frequent flyer programme, Enrich, to benefit avid members through points exchange collaboration. The partnership will see Enrich and Sunway embark on more joint promotions in the future aimed at strengthening customer loyalty whilst enhancing the overall member experience.

25 NOVEMBER 2019



Sunway rolled out the “Celebrate Giving with Sunway” project as part of Sunway Group’s sustainability initiatives under the #SunwayforGood banner. The wish-fulfilling truck, which is supported by Sunway Pals, Fujifilm, Parkson and AEON roved around Klang Valley for three weeks, carrying more than 1,500 wishes of the children from thirty welfare homes in the Klang Valley. The public across Klang Valley made generous donation to fulfil the children’s wishes, along with a personalised holiday wish and message.

30 NOVEMBER 2019

Sunway PopBox has announced its partnership with POS Malaysia in extending the national courier’s parcel delivery services across all Sunway PopBox’s locations. Sunway PopBox is an integrated smart locker service provider which offers a secure, self-service kiosk acting as delivery destinations for parcels instead of home or office addresses, one of Sunway’s digitalisation move to support the booming e-commerce businesses.

## DECEMBER

8 DECEMBER 2019

Sunway Lagoon hosted Sunway employees and their family members to Sunway’s annual Family Day to enjoy the attractions that the theme park has to offer. The Sunway Family Day is held yearly to foster closer relationships amongst Sunway employees and their families.

18 DECEMBER 2019

Located in the integrated township of Sunway City Iskandar, Sunway Big Box Retail Park officially opened its doors to the public.

Sunway Big Box is the first hybrid retail park in Malaysia which features some of the key brands including NSK, Sports Directs, Ace Hardware, Tomaz, BookXcess, Golden Screen Cinemas, Skechers, Universal Traveller, Fun Scape by Cobay, Mr Dakgalbi, Happy Fish and EnerG X Park.



AWARDS & ACCOLADES

SUNWAY BERHAD

- Corporate Social Responsibility Malaysia Awards 2019 - Company of the Year in the Conglomerate Category
- Minority Shareholder Watchdog Group-ASEAN Corporate Governance Award 2018
  - Excellence Award for Overall Corporate Governance & Performance – 2<sup>nd</sup> Place
  - Excellence Award for Corporate Governance disclosure (Sunway Berhad) – Top 15 Companies
  - Industry Excellence Award in the Industrial Products and Services Category – 1<sup>st</sup> Place
- Cambridge International Financial Advisory (IFA) 4<sup>th</sup> Good Global Governance Awards 2019 - 3G Sustainability of Performance Award 2019
- 11<sup>th</sup> Annual Global Corporate Social Responsibility Summit and Awards 2019
  - Platinum for Best Environmental Excellence Award (Companies with market capitalisation more than USD 1 Billion)
  - Best Country Award Category for Overall Corporate Social Responsibility Excellence in Malaysia
- Putra Brand Awards 2019 - Putra Malaysian Marketer of the Year (People's Choice Award)
- PwC Malaysia Building Trust Awards 2019 - Top 20 Finalist
- FTSE4Good Index Series Constituent for the Fifth Consecutive Year Since 2014
- Malaysian Venture Capital and Private Equity Association Awards 2018 - Outstanding Property Development for Startups Award

TAN SRI DR JEFFREY CHEAH ao

- Asian Association of Management Organisations (AAMO) Asian Leadership Award 2019
- Forbes Asia's 2019 Heroes of Philanthropy (2009, 2015, and 2019)
- 5<sup>th</sup> Fortune Times Awards Ceremony and Gala Dinner - Asia's Lifetime Achievement Award 2019
- Sin Chew Education Awards 2018 - Lifetime Education Award
- EdgeProp Malaysia's Best Managed Property Awards 2019
  - Editor's Choice Award for Malaysia's Exemplary Leader of Sustainable Development
- British Malaysian Chamber of Commerce's Business Excellence Awards 2019 - UK-Malaysia Business Personality Award
- 30<sup>th</sup> World Hakka Conference
  - Global Outstanding Hakka Personality 2019 Award
  - Outstanding Malaysian Hakka 2019 Award

PROPERTY DEVELOPMENT

- StarProperty Award 2019 (National)
  - Top 10 Developers Award (Sunway Berhad)
  - Five Elements – Excellence (Sunway Iskandar)
- EdgeProp Malaysia's Best Managed Property Awards 2019
  - EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award
- The Edge Malaysia Property Excellence Awards 2019 – Top 10 Property Developers' Award
- FIABCI Singapore Property Awards 2019 Winner in the Heritage and Residential (Mid-Rise) Category (Sophia Hills)
- BCI Asia Awards 2019 – Malaysia's Top 10 Developer Awards 2019
- Malaysia Green Building Council's Top 10 Green Buildings of the Decade Awards (Sunway City Kuala Lumpur)

- Putra Brand Awards 2019 - Silver in the Property Development Category
- Malaysia Landscape Architecture Awards Gala Night 2019 - Landscape Development Award (Sunway Montana)
- Graduates' Choice Award 2019/2020 - Best Employer Brand Award - Champion in Real Estate/Property category

PROPERTY INVESTMENT / REIT

- The Asset ESG Corporate Awards 2019
  - Best Investor Relations Team (Sunway REIT)
  - Gold Award for Corporate Governance Investor Relations and Environmental, Social and Governance (Sunway REIT)
  - Highly Commended Initiative for Environmental Responsibility Recipient (Sunway REIT)
- National Annual Corporate Report Awards 2019 - Certificates of Merit Recipient (Sunway REIT)
- Motherhood.com.my Motherhood Choice Award 2019 – Malaysia's Family Friendly Mall Operator (Sunway Malls)
- Human Resources Asia Recruitment Awards (Malaysia) 2019
  - Silver for Best Onboarding Experience (Sunway Malls)

SUNWAY PYRAMID

- Influential Brands - 2019 Asia's Top Influential Brands award
- The International Council of Shopping Centers Asia-Pacific Shopping Center Awards 2019 - Gold for Emerging / Digital Technology Marketing Category
- Forest Stewardship Council (FSC) Asia Pacific Region - Leadership Award 2019
- Customer Experience Asia Excellence Award 2019 - Gold for Best Brand Experience
- Marketing Events Award 2019
  - Silver for Best Venue: Conventions / Exhibition / Festivals (Sunway Pyramid Hakka Celebration)
  - Bronze for Best Venue: Conventions / Exhibition / Festivals (Sunway Pyramid Artbox)
  - Bronze for Best Event Ambience (Sunway Pyramid Hakka Celebration)
  - Bronze for Best Shopper / Retail Event (Sunway Pyramid Hakka Celebration)
  - Silver for Best Shopper/Retail Event (PlayStation Play Everything Lounge)

SUNWAY VELOCITY MALL

- Malaysia Social Media Week 2019 - Social Media Excellence Award in the Popular Shopping Mall Category

SUNWAY PUTRA MALL

- Malaysia Social Media Week 2019 - Social Media Excellence Award in the Community & Social Welfare Category
- The National Autism Society of Malaysia - Autism Star Certificate of Recognition for the Autism Friendly Initiative
- Malaysian Shopping Malls Association and Council of Asian Shopping Centres 2019 - Best Experiential Marketing Gold Award for the “In the Woods for Wonder” Campaign
- The International Council of Shopping Centers Asia-Pacific Shopping Center Awards 2019 - Silver in the Cause-Related Marketing Category for the “Autosome is Awesome” Initiative
- Marketing Excellence Awards 2019 - Bronze in the Corporate Social Responsibility Category

AWARDS & ACCOLADES

LEISURE

SUNWAY LAGOON

- Graduates' Choice Award 2019/2020 - Best Employer Brand Award - 1<sup>st</sup> runner-up in Entertainment & Leisure category
- Tripzilla Excellence Awards 2019 - Best Theme Attraction (Malaysia)
- Malaysia Tourism Gold Council Awards 2019 - Best Outdoor Theme Park Concert Venue
- TripAdvisor Travellers' Choice Award 2019 - Top 10 Water Parks in Asia – 7<sup>th</sup> Place
- TripAdvisor Certificate of Excellence – Hall of Fame
- Putra Awards 2019 - Silver in Entertainment Category (People's Choice Award)
- International Association of Amusement Parks and Attractions 'Asia's Best Attraction' from 2007 – 2010
- Themed Entertainment Association Top 10 Water Parks in Asia Pacific – 4<sup>th</sup> Place
- Advertising + Marketing Agency of the Year Awards
  - Gold for Most Effective Use in Events
  - Silver for Most Effective Use in Media/Public Relations
  - Bronze in Most Creative Consumer Event
- BabyTalk + MamaPapa Readers' Choice Awards 2019
  - Best Outdoor Edutainment
  - Best Family Friendly Destination
- Going Places Readers' Choice Awards 2018 - Best Theme Park

LOST WORLD OF TAMBUN

- TripAdvisor Top 25 Amusement Parks in Asia
- Asia Book of Records - Most Expansive Ice Sculpture

HOSPITALITY

SUNWAY RESORT HOTEL & SPA

- TripAdvisor 2019 Certificate of Excellence – Sunway Pyramid Hotel and Sunway Clio Hotel
- International Excellence Awards 2019 - Best Premier Holiday Destination in Malaysia
- Marketing Excellence Awards 2019 – Shortlisted in the Excellence in B2B Marketing Category

SUNWAY PUTRA HOTEL KUALA LUMPUR

- TripAdvisor 2019 Certificate of Excellence
- CTrip Award for Chinese Preferred Hotel 2019

SUNWAY VELOCITY HOTEL

- TripAdvisor 2019 Certificate of Excellence
- Ctrip Malaysia Top Rising Star Award 2019

THE BANJARAN HOTSPRINGS RETREAT

- TripAdvisor 2019 Traveller's Choice Award Winner (Top 25 Hotels Malaysia, Top 25 Hotels for Romance Malaysia, Top 25 Luxury Hotels Malaysia and Top 25 Hotels for Service Malaysia)
- TripAdvisor 2019 Certificate of Excellence
- TripAdvisor 2019 Certificate of Excellence – Hall of Fame
- Asia Pacific Travel & Tourism Federation - 2019 Best Luxury Nature Resort & Best Family Retreat Destination
- Malaysia Tatler's Best 20 Restaurants 2020 (Jeff's Cellar)
- Going Places Readers' Choice Awards 2018 - Best Spa & Wellness Centre

SUNWAY HOTEL GEORGETOWN

- CTrip Top Production Hotel 2019 - Bronze Award (4-star)
- CTrip Hotel Guide's Most Recommended Award 2019
- TripAdvisor 2019 Certificate of Excellence
- Penang Green Council's Penang Green Office Certification 2019 – 2021

SUNWAY HOTEL SEBERANG JAYA

- Penang Green Council's Penang Green Office Certification 2019 – 2021
- Best Employer 2019 award by KWSP

SUNWAY HOTEL HANOI

- Booking.com Review Award 2019
- Loved By Guest Award 2019 by Expedia

CONSTRUCTION

- Minority Shareholder Watchdog Group-ASEAN Corporate Governance Award 2018
  - Excellence for Overall Corporate Governance and Performance - 2<sup>nd</sup> Place
  - Excellence Award for Corporate Governance Disclosure (Sunway Construction Group Berhad) – Top 15 Companies
- Six Awards at the Malaysian Society for Occupational Safety and Health (MSOSH) Occupational Safety and Health (OSH) Award 2018:
  - Gold Class I Award – LRT3
  - Gold Class II Award – Sunway GeoLake, Sunway Serene, SMC4 & Sunway Big Box
  - Silver Award – MRT V201
- The Malaysian Construction Industry Excellence Award 2019 – Contractor of the Year
- The Edge Billion Ringgit Club Awards 2019 - Highest Return on Equity Over Three Years in the Construction Sector
- National Annual Corporate Report Awards 2019 - Industry Excellence Awards in the Construction Category
- Construction Industry Trade Awards 2019 - Best Mechanical & Electrical Contractor Award
- Construction Industry Development Board 5 Star SCORE Achievement Award for 2019
  - Sunway Construction Sdn Bhd
  - Sunway Engineering Sdn Bhd
- Asia Sustainability Reporting Awards 2018 - Winner of Asia's Best Sustainability Report in Annual Report
- Putrajaya Holdings Health, Safety & Environment Appreciation Awards 2019
  - Gold Award – Environment Officer
  - Gold Award – Senior Project Manager
  - Excellent HSE Management System 2019 - Gold Award - 7MD7 Project
- Construction Industry Development Board 5 Star SCORE Rating for 2019 (Sunway Geotechnics Sdn Bhd)

HEALTHCARE

- FIABCI Malaysia Property Awards 2019 Winner in the Purpose-built Category
- British Malaysian Chamber of Commerce's Business Excellence Awards 2019 - UK-Malaysia Partnership Award
- Global Health & Travel Awards 2019
  - Medical Tourism Hospital of the Year in Asia Pacific
  - Oncology Service Provider of the Year in Asia Pacific
  - Urology Service Provider of the Year in Asia Pacific
  - Neurology Service Provider of the Year in Asia Pacific
- Malaysia Health & Wellness Brand Award 2018 in the Cancer Centre of the Year Category, Private Hospitals Category and Health Institutions Category
- International Data Corporation's Digital Transformation Awards 2019 - DX Talent Accelerator
- Parent's Choice Awards 2019 - Best Fertility Centre Award





## CREATING CONDUCTIVE SHOPPING ENVIRONMENT

Sunway's Property Investment and REIT division leverages on solar energy, advanced energy management systems, electric charging stations and ticketless parking systems to enhance customer and tenant satisfaction while improving building management and environmental performance. Mobile apps and other consumer technologies enable a more conducive shopping experience with both merchants and shoppers benefitting from on-demand, real-time engagement and easier mall navigation that are bound to set the benchmark for retail and commercial buildings going forward.



Assets Under Management

**RM10.7**  
billion



Mobile App



Dining



Fashion



Fun

Next



Beauty



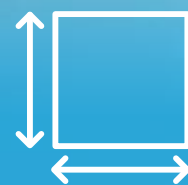
Smart Parking



Parents' Survival kit



Sustainable Development Goals



Total Net Lettable Area

**11.3**  
million square feet



Back



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## OUR BUSINESS STRENGTHS

The review of Sunway's business model and business strategies from an Integrated Reporting (“<IR>”) perspective begins with an introduction to the Group's strengths. The Group's inherent strengths as a business entity, coupled with its Vision and Mission, provide the basis for the Group's value creation approach. Group's strengths provide the impetus for business strategies towards competing effectively and realising operational and strategic synergy in driving business and operational sustainability.

### DIVERSIFIED & INTEGRATED BUSINESS GROUP

Sunway's diversified business operations provides the Group with exposure to a large number of industries. This allows for a wide range of strategic advantages such as tapping emerging business opportunities, having multiple income streams to reduce dependence on a single sector, greater insulation against the cyclical nature of businesses and allows for cross-sharing of ideas, innovations, technologies and talents.

### PROVEN BUSINESS MODEL

The Group's Build, Own, Operate model allows for strategic and operational synergy between business divisions, with each supporting the other across an integrated value chain. This enables cost and operational efficiencies, greater productivity and quality, and stronger project management. Sunway is also able to provide comprehensive, turnkey solutions to clients and undertake large scale projects both locally and abroad.

### INTERNATIONAL PRESENCE

With operations in multiple countries, the Group has reduced reliance on a single geographical market. Successful businesses in one country can be replicated in another. Ideas or methods proven successful in one market can be potentially implemented in another geographic location.

### STRONG RECURRING INCOME

By owning and operating its assets, Sunway derives recurring income. This provides stability in revenues and earnings.

### STRONG ASSET AND FINANCIAL BASE

The Group's asset position remains strong and continues to grow. This enables the Group to effectively pursue its growth strategies and to undertake large scale projects.

### PROVEN EXPERTISE AND TRACK RECORD

The Sunway brand has become synonymous with high-quality, reliability and for innovation, having earned the trust of stakeholders for over four decades.

### HIGHLY EXPERIENCED PROFESSIONAL TALENT

Sunway Berhad employs over 11,000 employees across the Group. This rich talent pool provides the Group with a wealth of knowledge, experience and expertise to drive its business operations.

### GOOD MARKETPLACE PRACTICES AND CORPORATE GOVERNANCE

The Group's commitment to accountability, transparency and good governance has further strengthened the organisation's business model and organisational structure, ensuring that systems and processes are business driven and safeguard the best interest of our shareholders.

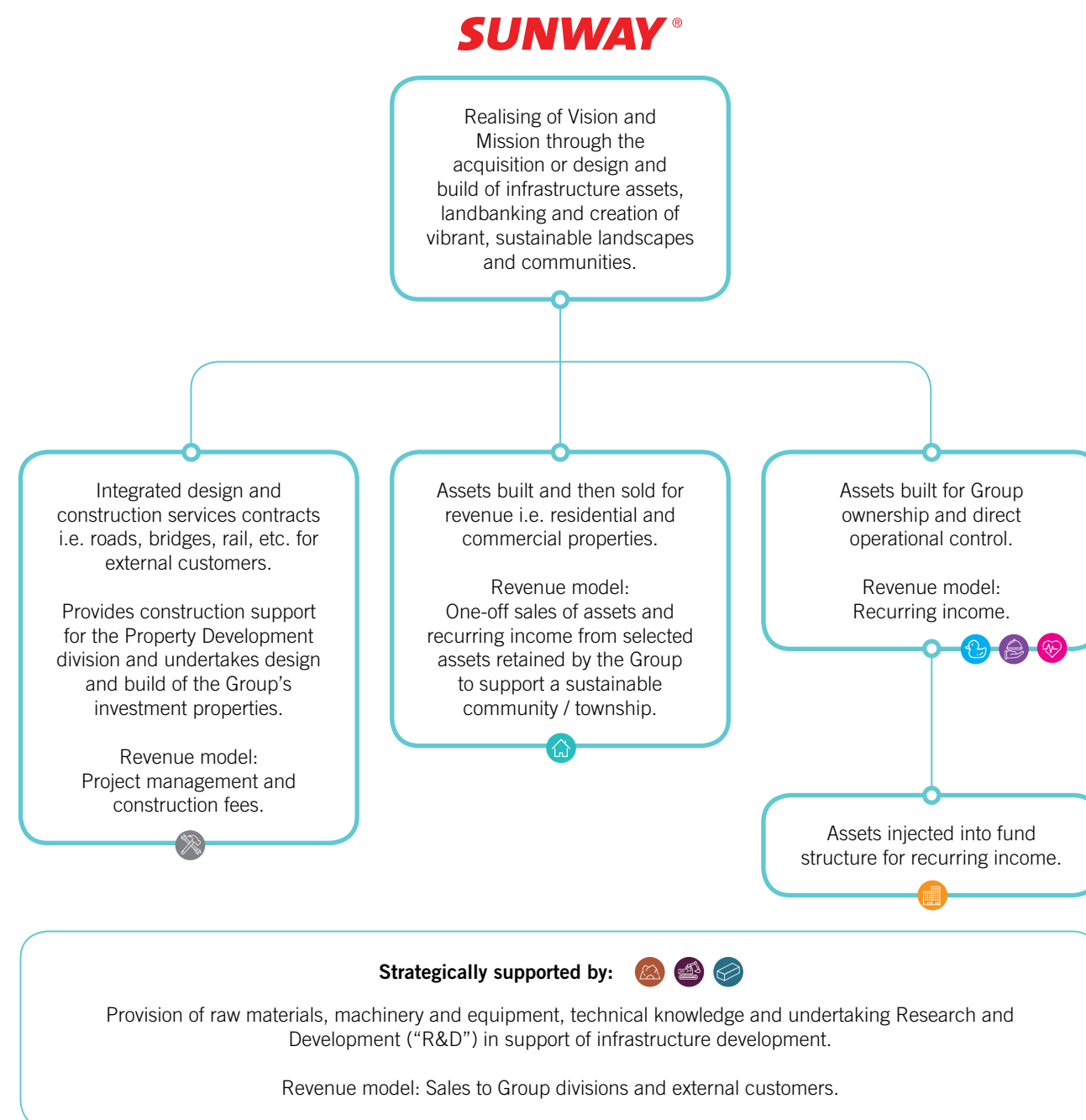
### SUSTAINABILITY AT THE CORE

By placing sustainability at the heart of its business model, the Group creates enduring value that results in positive outcomes. This ensures the viability of its business model and approach in the long run.

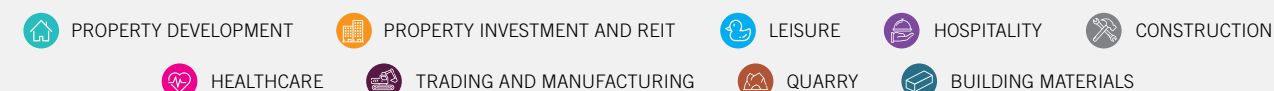
## BUILD, OWN, OPERATE BUSINESS MODEL

Sunway employs a Build, Own and Operate (“BOO”) business model, where assets are acquired, designed and built for ownership by the Group. While the Group can operate as a third party contractor by constructing assets for others, its primary focus is to own assets built to generate recurring income and enable the Group to expand its business presence across its chosen industries.

Whether the focus is on developing a more competitive value proposition towards securing infrastructure contracts or towards developing a successful township, strategic synergy allows the Group to realise its vision and mission and deliver sustainable, enduring value for stakeholders.



### SUNWAY'S BUSINESS DIVISIONS INCLUDE:









BUILD, OWN, OPERATE BUSINESS MODEL

TO SELL	
Maximisation of land value through strategic landbanking, master planning and development to balance growth, cash flow and management of inventory.	
FOR OTHERS	
Proven contractor with strong technical expertise to drive efficiencies, timeliness, cost savings and high quality through highly specialised expertise in Design & Build and Virtual Design and Construction (VDC).	
FOR SELF	
Property and Construction collaboration from planning stage to reduce delays and design inefficiencies. In-house jobs provide bedrock orders.	  
TO OPERATE	
Yield optimisation through creation of space and asset enhancement initiatives. Management of assets to drive operational yield for hospitality, leisure, retail, commercial, healthcare and industrial components, with potential for future REIT injection.	   
FOR YIELD	
Acquisition or organic growth opportunities with management of capital and yield.	
STRATEGIC VALUE CHAIN SUPPORT	
Providing a reliable, cost-effective and high-quality supply of essential materials and inputs that is required by other business divisions such as Construction, Property Development and others.	  

SUNWAY'S BUSINESS DIVISIONS INCLUDE:



 PROPERTY DEVELOPMENT	 PROPERTY INVESTMENT AND REIT	 LEISURE	 HOSPITALITY	 CONSTRUCTION
 HEALTHCARE	 TRADING AND MANUFACTURING	 QUARRY	 BUILDING MATERIALS	

GROUP STRATEGIC SNAPSHOT


ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
<b>Diversified &amp; Integrated Business Group</b> <b>Proven Business Model</b>	Continue to harness strategic and operational synergies between divisions to enable effective leveraging on the strengths of each towards bolstering competitive ability and delivering strong value creation for customers and stakeholders	Sunway City Kuala Lumpur, the Group's flagship integrated township is a living embodiment of Sunway's identity as a master community developer	Inability to achieve compatibility or realise strategic collaborations between divisions	Each business units within the Group are market leaders in their respective industries, having established a proven track record over the years in business	To focus specifically on business divisions that have a shared value chain i.e. construction, property development, building materials and quarry
	Constantly refine and enhance the Build, Own, Operate business model towards achieving operational efficiency, closer strategic collaboration		Over reliance on internal contracts or supply of products and services may cause complacency and thus impact ability to compete in the external marketplace		
<b>International Presence</b>	Drive further geographical expansion, based on the respective business division's identified markets.	Sunway has a strong market presence and proven track record in the international countries in which its businesses operate	Potentially capex intensive during initial phase  Lack of local market insight and experience.  Unfamiliarity with local regulatory environment	Continue to seek reputable local JV partners to drive regional expansion	To leverage on the strong Sunway brand to penetrate markets such as Myanmar and India (Construction), Singapore (Property Development, Construction and Healthcare), Australia (Trading and Manufacturing) and others
<b>Strong Recurring Income</b>	Continue to expand asset portfolio and drive stronger revenue streams from our Healthcare, Hospitality, Leisure and Property Investment / REIT divisions	As at 31 December 2019, Asset under Management worth RM10.7 billion (2018: RM9.9 billion)	Inability of assets to generate targeted returns	Most of Sunway's investment properties are located within the Group's integrated developments	To continue strengthening the operating models of the divisions to boost their operational efficiency and competitive capabilities



GROUP STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
<b>Strong Asset and Financial Base</b>	Tap on financial strength to drive organic and inorganic business growth. This includes geographical market expansion, merger and acquisitions, fund capital expenditures and large-scale investments to improve capabilities and competitiveness of the Group's business divisions	Revenue: RM4.8 billion  Profit before tax: RM915.0 million  Total 9.07 sen per share in dividend payout	Failed investments	The Group performs necessary due diligence on any business preposition to ensure adequate risks and returns are evaluated before making investment decisions  The Group will take the necessary steps to mitigate the various risks identified. However, no assurance can be given that significant changes in any of these factors will not materially affect Sunway's operations and financial performance	To strengthen performance by growing order book and launching more properties into the market, both locally and abroad
<b>Proven Expertise and Track Record</b>	Leverage on strong brand reputation towards securing contracts, earning the trust of customers and to distinguish Sunway for high quality and for its commitment to sustainable operations	Our divisions have attained numerous industry and other awards that attests to their quality, performance and operational excellence   <i>Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.</i>	Unable to deliver on commitments, which may impact brand credibility  Incidents beyond our control which could impact brand perception	Active negotiation with clients to accelerate works due to unforeseen delays, deploying more resources and supervision to ensure projects are on track	To continue securing new quality and industry certifications to ensure that business divisions operate to the highest standards and progressively adopt global best practices
<b>Highly Experienced Professional Talent</b>	Sunway as an employer of choice towards attracting professional talent and developing a conducive organisational culture that attracts high-performing talent	Employee turnover rate of 17.9%   <i>Please refer to Sustainability Report 2019 for more information</i>	Unable to retain high-performing employee due to lack of industry talent	Group HR works closely with respective business units to continuously improve and enhance strategies and plans for recruitment and retention of employees	To develop a sustainable talent pipeline  To provide clear career pathways for high-calibre talents

GROUP STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
<b>Good Marketplace Practices and Corporate Governance</b>	Continue to strengthen corporate governance practices at Group, divisional and operating unit level	Introduction of policies and measures to strengthen corporate governance, including transparency, risk mitigation, integrity, anti-bribery and corruption	Policies not fully implemented or adhered to, especially at divisional or operating unit level	Employee's yearly submission of compliance to company policies	To drive the propagation of desired corporate culture and shared values across all divisions and companies within the Group towards ensuring consistency  In essence, ensuring good corporate governance is not just practiced at corporate level but across all subsidiaries
<b>Sustainability at the Core</b>	Implement strategies and solidify commitment to the 17 UNSDG  Sunway's sustainability approach and strategies are guided by these goals	The Board has approved specific targets to be achieved by the Group by 2030   <i>Please refer to Sustainability Report 2019 for more information</i>	Paper adoption of goals with little or no tangible results produced.	Beyond first level alignment of SDG, Sunway also aligns to the respective themes and targets of each goals, with specific strategies and measures to monitor results achieved	To continue encouraging all business divisions to further embed UNSDG into their business strategies



## GROUP RISKS

The Group believes that identifying and managing risks is central to its business operations towards enhancing value creation. An efficient risk management framework is in place and has been endorsed by the Board. A summary of key risks and mitigation plans are disclosed below while the full report is disclosed under the Statement of Risk Management and Internal Control section on pages 172 to 175 of the Annual Report.

Upon identification of risks, the formulation of risk mitigation measures must be implemented immediately to ensure that these risks do not pose further financial and operational threat to the respective Business Unit(s).

The Risk Management Committee seeks to look beyond current business practices and cultures to anticipate potential threats and trends that are highly prevalent in today's business environment. Nonetheless, the Group's Internal Control System, encompassing policies and procedures, audits, risk management and key performance indicators are frequently assessed against current risks and threats to ensure compatibility and effectiveness.

The Group Risk Management Department ("GRMD") is separate and independent from Business Units, whom are the inherent risk owners of these risks. GRMD is thus, tasked to further identify, quantify, mitigate and monitor existing and potential risks surrounding the operational environment of the Business Units. Business Units and GRMD work synergistically to support the Group's efforts in embracing change, evolutionary and revolutionary practices and initiatives in adapting to risks and changes.

RISK	DESCRIPTION OF RISK	IMPACT TO BUSINESS STRATEGY AND BUSINESS MODEL	SPECIFIC MITIGATION MEASURES & TRADE-OFFS
<b>Human Capital Risk</b>	Loss of talent in a competitive market and the challenge of recruiting highly skilled and competent employees	Assimilation of highly skilled and talented workforce into the Group's workforce is crucial to achieve the goals and objectives set out	<p>Together with Group Human Resources, the respective Business Units continuously improve and enhance strategies and plans</p> <p>This includes employee engagement surveys, team building exercises, training and development – internal and external, and reviews of the Group's remuneration and compensation benefits for staff</p> <p>Other focus areas include leadership effectiveness, employer brand, decision-making, career development, talent and rewards and recognition</p>
<b>External Environment Risk</b>	Economic uncertainties, currency fluctuation, intense competition and global economic uncertainties has made the business environment ever more challenging for the Group	Failure to pro-actively navigate against adverse market conditions could severely affect the achievement of goals and objectives set and	<p>Business Units continue to formalise and improve business strategies to remain resilient against these risks</p> <p>While the country is expected to grow moderately for 2020, the Group has adopted various strategies to provide value-added products and services that are competitively priced while maintaining competitive advantage via flexible procurement of supplies, self-sustaining resources and continuous exploration of new businesses</p>
<b>Operational Risk</b>	Where delivery of products and services, disaster recovery, infrastructure, production and safety are of paramount importance	Any unfavourable or untoward incidents will adversely affect the Group's reputation and resulting in negative publicity and impairing public confidence towards the Sunway brand	Appropriate and effective policies and procedures are implemented and thoroughly monitored jointly by the business units and GRMD to mitigate these risks. These are also continuously reviewed to ensure effectiveness and adequacy, in accordance with the latest in global best practices and standards
<b>Regulatory Risk</b>	Changes in regulations, guidelines and laws in Malaysia or any other countries	Such changes are bound to impact the Group's operations directly and indirectly	The framework aims to minimise adverse impact arising from non-compliance of such changes. Together with GRMD, relevant departments and business units engage in discussions to attend to necessary changes to ensure compliance and monitor the resulting changes adopted

## GROUP RISKS







RISK	DESCRIPTION OF RISK	IMPACT TO BUSINESS STRATEGY AND BUSINESS MODEL	SPECIFIC MITIGATION MEASURES & TRADE-OFFS
<b>Cyber &amp; IT Risk</b>	With the advent of cyber threats and other potential hazards such as fire, floods and other major equipment failures, among others, the continuity of business operations is of a major concern to the Group	This risk, if left unattended, could result in major disruption of critical business processes and possible unauthorised disclosure of sensitive business information, resulting in financial or reputational loss	<p>The Group has centralised its IT services with IT Shared Services Centre (ITSSC) since 2004 in which various policies, resources, processes, and systems have been developed and deployed</p> <p>The Group-wide Information Security policy, called the Sunway Information Security Policies (SISP), was developed in accordance with ISO/IEC 27002 (2005) standards. ITSSC is also certified in Disaster Recovery ("DR") through ISO27001:2013 Information Security Management System ("ISMS") standard in order to minimise the risk of business financial lost, business interruptions and unavailability of IT service through timely backup of data, migration to Cloud and having off-site storage for backup tapes</p> <p>In addition, continuous initiatives are in place to enhance the cyber defence capabilities and IT resiliency of the Group</p>
<b>Technological Disruption Risk</b>	<p>The Group, as well as its business units are tasked with keeping abreast with upcoming business and technological trends</p> <p>The Group has always explored new technological breakthroughs that could render existing practices, products and services obsolete</p>	Falling behind on technological advancement that impacts the way businesses can operate more efficiently, loss of business opportunities	The Group continues to foster partnerships and incubators to harness market and technology driven innovations to drive competitiveness further
<b>Project Completion (Construction) Risk</b>	<p>As the Group strives to maintain its position as Malaysia's largest listed pure play construction group by revenue, this risk is perennial and holds a significant weight in risk analysis</p> <p>Any delay in project delivery may result in the Group being faced with Liquidated and Ascertained Damages ("LAD") as well as affecting the reputational risk of the Group</p>	Inability to deliver on commitments would impact the credibility and perception of the Sunway Brand	<p>The Group has successfully negated such risks for the financial period with effective and efficient procurement of necessary resources to mitigate any potential delays and claims</p> <p>This includes active negotiation with clients to accelerate works due to unforeseen delays, deploying more resources and improving supervision for the purpose of increasing productivity</p> <p>The Group has also ensured that all documentation is in place in the event that we need to apply for Extension of Time ("EOT") due to matters beyond our control such as late handover of site possession or changes in design</p>
<b>Credit and Liquidity Risk</b>	Risks arising from the inability to recover debts in a timely manner, which may negatively affect the Group's profitability and cash flows	Inability to recover debts would impact the Group's credit risk and fund accessibility	The Group minimises exposure through persistent and close monitoring of collections and overdue debts, engage in active negotiations and employing strict debt repayment policies



**DRIVEN BY SUNWAY'S VISION**


## MISSION

- Guided by:  
**CORE VALUES**

- | CAPITAL   | INPUTS   |
|---|--|
| <p><b>Financial</b></p> <p>Efficient utilisation of funds generated from operations or investments through optimal equity and debt financing structures</p>    | <ul style="list-style-type: none"> <li>• Net Assets: RM8.4 billion</li> <li>• Net Gearing ratio: 0.36 times</li> <li>• Market Capitalisation: RM8.9 billion</li> </ul>       |
| <p><b>Manufactured</b></p> <p>Our physical assets across all business divisions: Property Development, Property Investment, REIT, Leisure, Hospitality, Construction, Healthcare, Trading and Manufacturing, Quarry and Building Materials</p>                                     | <p>Properties, shopping malls, office buildings, hospitals and more</p>  |
| <p><b>Intellectual</b></p> <p>Our business strategies, inherent industry experience and expertise, management's skills and the strong credibility of the Sunway brand</p>    | <p>Specific or proprietary industry knowledge, techniques and intellectual property. Eg: Virtual Design and Construction ("VDC"), Building Information Modelling ("BIM")</p> |
| <p><b>Human</b></p> <p>The Group's repository of human capital, which includes our staff's skills, experience, ideas, morale, professional qualities as well as a conducive corporate culture that is centred on strong corporate governance, competence and sustainability</p>  | <p>The professional contribution of over 11,000 direct employees of Sunway Berhad</p>  |
| <p><b>Social</b></p> <p>Strengthening of existing relationships through a wide range of engagement activities towards continuously ensuring alignment of our value creation approach with the aspirations of our stakeholders</p>    | <p>Dialogues and engagement activities across FY 2019 with stakeholders</p> <p>#SunwayforGood CSR initiatives</p>  |
| <p><b>Natural</b></p> <p>Sustainable consumption of land, water and energy in the operation of its businesses.</p> <p>Greater emphasis on recycling and other environmentally friendly practices in line with adoption of UNSDG</p>    | <p>Partnership with 17 UNSDG</p>   |

## OUR BUSINESS STRENGTHS

- Strong Asset and Financial Base
- Proven Expertise and Track Record
- Highly Experienced Professional Talent
- Good Marketplace Practices and Corporate Governance

 Please refer to page 38 for detailed description of our business strengths**SUNWAY®**

**Strategically supported by:**

Provision of raw materials, machinery and equipment, technical knowledge and undertaking R&D in support of infrastructure development.

Revenue model: Sales to Group divisions and external customers.

Integrated design and construction services contracts i.e. roads, bridges, rails, etc. for external customers.

Provides construction support for the Property Development division and undertakes design and build of Group's investment properties.

Revenue model:  
Project management and construction fees.

Assets built and then sold for revenue i.e. residential and commercial properties.

Revenue model:  
One-off sales of assets and recurring income from selected assets retained by the Group to support a sustainable community / township.

Assets built for Group ownership and direct operational control.


Revenue model:  
Recurring income.

Assets injected into fund structure  
for recurring income.

Please refer to pages 39 to 40 for detailed description of the business model

## RISKS

- Human Capital Risk
- External Environment Risk
- Operational Risk
- Regulatory Risk
- Cyber & IT Risk
- Technological Disruption Risk
- Project Completion Risk
- Credit and Liquidity Risk

 Please refer to pages 148 to 164 for Corporate Governance Overview Statement and pages 172 to 175 for Statement of Risk and Management and Internal Control for more information

**SUSTAINABILITY DRIVEN BY THE 17 UNSDG**

 Please refer to our Sustainability Report 2019 for more information

## OUTPUTS & OUTCOMES

Revenue: RM4.8 billion  
Profit before tax: RM915.0 million  
Dividend payout: 9.07 sen per share  
Share price appreciation of 22% in FY 2019  
Market capitalisation of the Group's three listed companies: RM16.7 billion

Completed properties, various finished products and services across all business divisions.

High customer satisfaction levels and contribution to nation-building and economic growth, job creation and acquisition of intellectual property and technology

Accreditation and awards  
recognising Sunway's expertise  
in various industries

Adoption of various industry best practice or globally recognised standards for quality excellence.

- Growth of staff workforce by 2.1% to 11,430.
- RM850.2 million paid in wages
- RM87.0 million paid in statutory contributions
- Provision of 369 internship opportunities

Stronger investor confidence

Improved relationships with government and regulators

Close network with the communities

40,131 tonnes of CO<sub>2</sub>e avoided  
(cumulative from 2015 – 2019)

4.1 tonnes of recyclable waste diverted from landfills since 2015



## OUR INDUSTRY STRATEGIC PROFILES

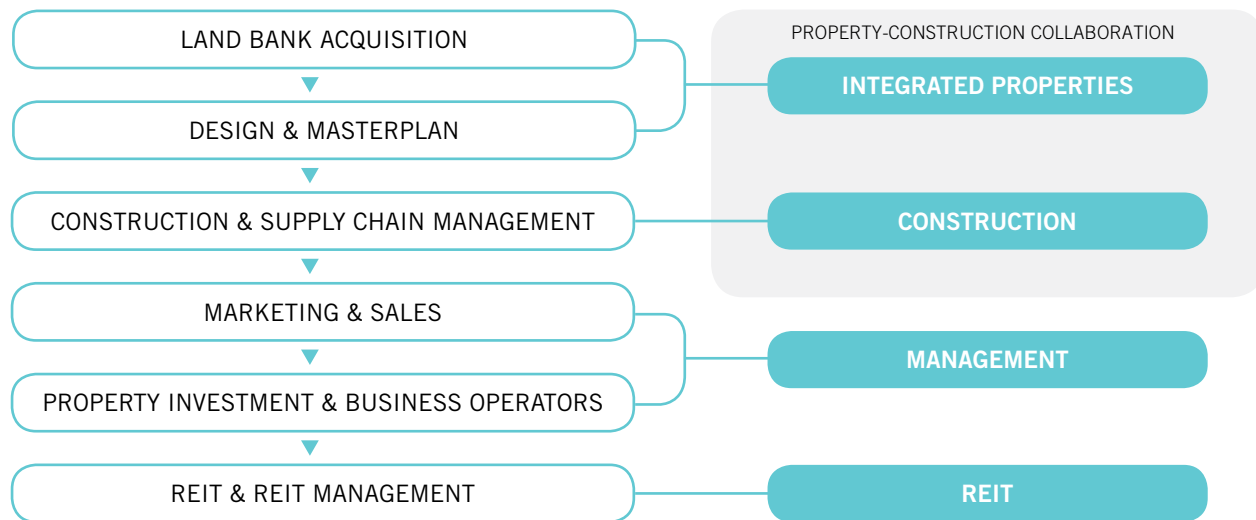
### PROPERTY DEVELOPMENT

#### VALUE CHAIN

The Property Development division has a well-defined value chain that enables the division to create value at every stage of the property development project cycle. From landbanking to delivery of vacant possession of units to buyers, the division strives to create value for stakeholders.

The division leverages on the strengths and capabilities of other business divisions within the Group i.e. the Construction and Building Materials divisions to achieve optimum efficiency and productivity across the value chain. This allows for the division to design, build and deliver properties that continue to set the industry benchmark for quality, innovation and customer satisfaction.

The Build, Own, Operate model ensures that quality is assured through the entire lifecycle of our properties. The seamless transition between builder, developer, and manager ensures sustainability throughout the entire lifecycle.



<b>LANDBANK ACQUISITION AND REPLENISHMENT</b>	<p>Acquisition of strategic land parcels is often the most fundamental requirement in the property development value chain. The division continues to be on the look out for strategic landbank acquisitions locally and abroad.</p> <p>By acquiring land, Sunway's Property Development division stimulates interest and demand in various areas, which helps to raise land valuations and attracts investors. This benefits local landowners and other stakeholders including fulfilling housing requirements or demand for the location.</p>
<b>DESIGN &amp; MASTERPLAN</b>	<p>Through thoughtful masterplanning, Sunway's developments are designed for a more sustainable future. By incorporating design efficiencies and innovations directly into the end products, it unlocks value for property purchasers and its communities.</p> <p>Township masterplanning meets not just housing needs but also leads to the creation of thriving, sustainable ecosystems.</p>
<b>CONSTRUCTION &amp; SUPPLY CHAIN MANAGEMENT</b>	Through construction activities, the landscape is reshaped for a better future. Through infrastructure development, idle, neglected or even abandoned areas are transformed into growing, sustainable townships that become focal points for commercial activities and growth. The construction and development activities provide a multiplier effect leading to job creation, commercial growth and other benefits.
<b>MARKETING &amp; SALES</b>	Sales and marketing activities create demand for the property sector, which spurs industry growth. It also leads to the creation of prime addresses that drives capital appreciation for the area and for the buyers.
<b>PROPERTY INVESTMENT &amp; BUSINESS OPERATORS</b>	Completed properties can be sold for profit or retained for, and managed to generate recurring income. In Sunway townships, the Group maintains its position as the largest community stakeholder in key non-residential properties such as offices, malls, hospitals, hotels, education institutions and theme parks to ensure effective management in upholding the growth and progress of the township community.
<b>REIT &amp; REIT MANAGEMENT</b>	In enabling retail and institutional investors to benefit from the value created, properties are injected into a real estate investment trust ("REIT"). This allows REIT shareholders to enjoy returns, which are generated from the injected assets. Injection of matured properties into the REIT vehicle allows the Group to unlock their values and to recycle capital for funding of other projects.

## OUR INDUSTRY STRATEGIC PROFILES

### PROPERTY DEVELOPMENT DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
<p>Strong branding notably for townships / integrated developments</p> <p>Proven track record in execution and delivery</p> <p>Group Synergy – ability to cross leverage on strengths across the group in construction, retail, healthcare, leisure, hospitality, and others</p>	<p><b>Do More with Less</b> Drive economies of scales and improve operational productivity via IBS and BIM</p> <p>Innovate new products and concepts</p> <p><b>Increase Digital Adoption</b> Tap digital channels and data analytics to better understand and engage prospects to drive sales</p> <p><b>Increase Customer Satisfaction</b> Enhance customer satisfaction levels towards ensuring higher referral rates</p>	<p><b>Launches and Sales in 2019:</b></p> <p>Property Launches: RM1.2 billion</p> <p>Property Sales: RM1.6 billion</p> <p>Launched Sunway Property Customer application software to facilitate in-depth market research</p> <p>Awarded BCI Asia's Top 10 Developers Awards 2019 for 9<sup>th</sup> consecutive years</p> <p>Recognised in EdgeProp Malaysia's 2019 Best Managed Property Awards - Malaysia's Responsible Developer: Building Sustainable Development Award</p>	<p>Continued sluggish property market in Malaysia</p> <p>Stringent bank lending policies, purchaser unable to secure differential sum/ downpayment</p> <p>Overhang of supply affecting sentiment and demand</p> <p>Scarcity of land in strategic location</p>	<p>Capitalised on Group Synergy towards enhancing value proposition of properties launched</p> <p>Leveraged on Sunway integrated development ecosystem in marketing properties</p> <p>Launched innovative financing scheme: Super 5 campaign</p> <p>Improved customer engagement and experience through a customer centric - ownership culture</p>	<p><b>New Market</b> Continue strategic landbanking in Klang Valley</p> <p>Pursue overseas property development projects</p> <p>Diversify revenue streams</p> <p><b>New Product</b> Explore new development concepts</p> <p>Continue to launch integrated or transit-oriented developments</p> <p><b>New Customer</b> Target a wider range of customers</p> <p>Target foreign buyers with the lifting of the price threshold for foreign purchases</p> <p><b>Digital Technology</b> Leveraging on digital platforms to cater to all customer needs</p> <p>Continue to leverage on IT to improve internal work processes</p>



OUR INDUSTRY STRATEGIC PROFILES

PROPERTY INVESTMENT / REIT

VALUE CHAIN

Sunway is well-known for its unique Build, Own, Operate business model, exercising active management of the entire property value chain. These properties are held under the Property Investment division and REIT. This model allows the Group to manage its own properties and also recycle its capital while retaining asset ownership through REIT. In addition, this symbiotic relationship between Sunway and Sunway REIT allows the Group to operate a business model that is sustainable.

PROPERTY INVESTMENT AND REIT DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
RETAIL & COMMERCIAL PROPERTIES					
Strong Brand Equity	Capitalise on the strength of Sunway brand to build confidence amongst business partners	Ability to attract business partners, international retailers, shoppers, office tenants	Increasing competition in the retail and office space due to oversupply	Continuous improvement on its services and offerings at all the retail and commercial properties to continue to draw crowds to the integrated township	<b>New Market</b> Explore new market opportunities in tandem with evolving business landscape
Integrated Property Township	Working in synergy with surrounding business units such as hotels, education institutions, property / community and theme park for a bigger market share / catchment	High occupancy rates at most malls above 90%  High occupancy rates at matured office buildings such as Sunway Pinnacle and Sunway Geo Tower, and gaining traction on new office buildings such as Sunway Visio Tower and V Office Tower at Sunway Velocity			<b>Enhance Collaborations</b> To continue with synergistic collaborations with other business divisions

OUR INDUSTRY STRATEGIC PROFILES

PROPERTY INVESTMENT AND REIT DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
RETAIL					
Breadth and depth of tenant mix	Pursue new brands into the Malaysian market, and convert online brands into physical retail stores	More vibrancy in the mall due to a vast brand selection	Weaker consumer spending due to uncertain economic developments  Slow sales impacting the retail tenants  Additional retail space coming into the market	To balance off existing and new brands to ensure business sustainability	<b>New Market</b> Explore new market opportunities to meet customers' needs  <b>Digital Technology</b> To embrace technology for improved efficiency and productivity for both customers and tenants
COMMERCIAL					
Office space within an integrated township / development	Fully utilise the benefit of surrounding amenities as a pull factor	Close to 100% occupancy rate at Sunway Pinnacle and Sunway GEO Tower	Maintaining occupancy levels as more office space coming into the market	Office buildings within Sunway integrated developments still have good demand due to its nearby amenities and convenience  Rejuvenation of office space to accommodate current market trends	<b>New Market</b> Explore opportunities to attract new tenants  <b>Digital Technology</b> To embrace technology for improved efficiency and productivity for tenants



OUR INDUSTRY STRATEGIC PROFILES

LEISURE

VALUE CHAIN

Through its two signature theme parks – Sunway Lagoon in Sunway City Kuala Lumpur and Lost World Of Tambun in Sunway City Ipoh, Perak, the Leisure division provides the entertainment component within the Group’s integrated townships, thus completing the value proposition.

LEISURE DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
Comprehensive facilities – dry & wet, day & night park and animal parks, to cater to visitors’ needs	<b>Capitalise on Group Synergy</b> Collaboration with other business units to enhance value proposition for visitors	<b>Number of visitors in 2019:</b>  2.5 million	Intensifying competition with new entrants in the market	Leveraged on Sunway integrated development ecosystem in marketing initiatives such as special packages with hotels and vouchers	<b>New Market</b> To increase market penetration to other regional and international markets
Natural setting and unique attributes – hotsprings and limestone hills	Emphasise on unique attributes	Awarded TripAdvisor’s Top 25 Amusement Parks in Asia	Weather impact from haze and rain affecting visitorship	Launched attractions and promotions to entice visitors to visit the theme parks	<b>Showcase Unique Attributes and Attractions</b> Continue to leverage on the loyalty scheme to attract repeat visitors
Group Synergy – ability to cross leverage on strengths across the group in retail, healthcare, hospitality	<b>Increase Digital Marketing opportunities</b> Embrace digital mediums to understand demographic and create more brand awareness		Threat of diseases and viruses	Improved customer engagement and experience	Opening of new attractions to draw crowds to the theme parks
	<b>Increase Customer Satisfaction</b> Emphasise on quality of service at the theme parks		Retention of talents		<b>Digital Technology</b> Strategic digital marketing initiatives and collaborations

OUR INDUSTRY STRATEGIC PROFILES

HOSPITALITY

VALUE CHAIN

The Hospitality division plays a vital role within Sunway’s townships as well as other cities or regions within Malaysia and abroad.

Our hotels are essential in attracting visitors and retail traffic to support local businesses and communities, and providing a venue for business events and other commercial activities. By working in tandem with other components such as retail, leisure and healthcare, Sunway’s Hospitality division unlocks synergy that spurs the local economy of Sunway’s integrated townships as well as the other locations which our hotels operate in.

HOSPITALITY DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
Excellent brand reputation among customers and the hospitality industry, both in Malaysia and abroad	<b>Strengthen Brand Reputation</b> Leverage on the strength of the Sunway brand to acquire new customers and venture into new markets	Sunway’s Hospitality hotels scored close to 90% on the Guest Review Index in FY 2019	Uncontrollable factors such as virus epidemics and economic uncertainties that affect travels	Contagious Disease Protocol and Business Continuity Plan are in place in all hotels to manage potential crisis	<b>New Market</b> Establishment of full-fledged office and support systems in specific countries
Established presence in key markets across South East Asia as well as nationwide presence in Malaysia	<b>Create greater Product Differentiation</b> Enhancing our products offering and customer service to drive market share and reach targeted audience	Continued increase in average occupancy rates from both tourists and business guests	Opening of new hotels / developments lead to competitive business environment	Ramp up brand visibility and to reduce reliance on any single geographical location	<b>New Products and Offerings</b> Constant refurbishment and upgrades to hotel assets and launch of new packages to attract guests
Diverse hotel portfolio to attract various guests’ segments with diverse products, rooms and services			Escalating cost of goods and resources	Further collaborations with other business segments to develop unique value proposition	<b>Digital Technology</b> Invest in digital media for brand awareness
Robust business structure				Participation in tradeshow and market research to better understand emerging market trends	Invest and implement smart hotel technology for guests’ convenience
				Prudent cost management efforts to sustain profitability while not compromising product and service delivery	Development of an integrated web-based solution to optimise distribution reach and maximise direct bookings to sunwayhotels.com



OUR INDUSTRY STRATEGIC PROFILES

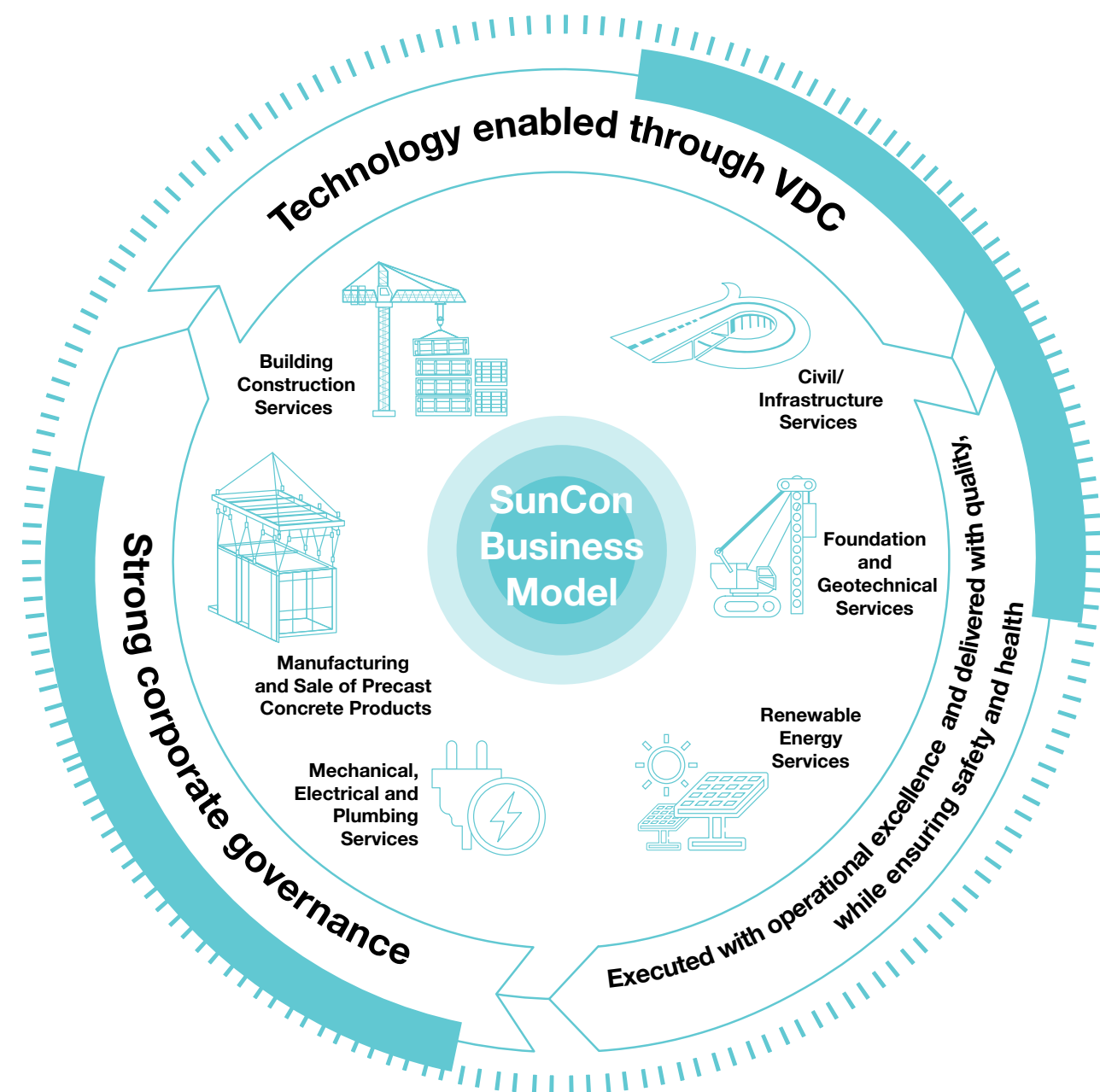
CONSTRUCTION

VALUE CHAIN

Sunway Construction (“SunCon”) is the Sunway Group’s Construction division. SunCon contributes to nation-building and socio-economic development with its construction projects.

As the largest pure play construction company in Malaysia, SunCon operates based on the premise of sustainable development, looking to mitigate its environmental and social impacts as it creates sustainable, long-term value.

SunCon also leverages on construction projects arising within the Group, essentially providing its design and build expertise to support the infrastructure requirements of other divisions i.e. property development, hospitality and healthcare.



OUR INDUSTRY STRATEGIC PROFILES

CONSTRUCTION DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
<p>Fully integrated construction company with a proven track record of 38 years in the local and international stage</p> <p>Strong brand name under Sunway</p> <p>VDC / BIM enabled capabilities</p> <p>Supported by a large fleet of machinery and best practices</p>	<p>Continue with regional expansion (ASEAN)</p> <p>Further increase operational capacity and capabilities via M&amp;A</p> <p>Further progression in BIM from 4D to 6D towards enabling increased cost control and more effective project delivery</p>	<p>Solid diversified order book of RM5.2 billion</p> <p>Secured RM1.8 bil order book in 2019</p> <p>Various progress highlights achieved into key overseas markets such as Myanmar, Singapore, India, Indonesia, the Philippines and Vietnam</p> <p>Successful project execution &amp; delivery within time and on budget</p> <p>Successfully completed Parcel F, Putrajaya project in 2019, its largest government office building project fully implemented to BIM standards and using 6D design capabilities</p> <p>Published Sunway VDC Handbook</p>	<p>Scarcity of projects in the local construction sector</p> <p>Unfamiliarity with countries' business environment</p> <p>Competition risk</p> <p>Currency exchange risk</p> <p>Project completion risk</p> <p>Lack of skilled personnel in VDC / BIM</p>	<p>Establish partnerships and JVs with local partners for reduced learning curve and faster market entry</p> <p>Explore new business ventures</p> <p>Leverage on Sunway business units to source for in-house development projects</p> <p>Continuously improve operational processes, productivity and technical capabilities</p> <p>Hedging strategy as well as other currency risk mitigation measures</p> <p>Implementation of in-house training</p> <p>Maintaining knowledge base in BIM</p>	<p><b>New Market</b> Opportunity to secure construction projects in fast growing markets outside of Malaysia</p> <p>Potential for JV partnerships in Myanmar and other countries in South East Asia as well as India</p> <p><b>New Projects</b> Continue to pursue infrastructure development projects that contribute to nation-building i.e. highways, rail and transit projects, roads, bridges as well as commercial and mixed developments</p> <p><b>New Revenue Stream</b> Business diversification into Renewable Energy (Large Scale Solar), biomass, hydroelectric plants</p> <p><b>Future BIM Opportunity</b> To implement BIM in upcoming projects, such as TNB HQ Campus and PETRONAS Leadership Center</p> <p><b>Knowledge Base</b> Develop an in-house training module to effectively develop the competencies of BIM personnel</p> <p>Further refinement on Sunway VDC Handbook to serve as a BIM guide for all future projects</p>
<p>Automated prefabrication processes</p>	<p>Development of Integrated Construction Prefabrication Hub (ICPH) facility</p>	<p>Construction of ICPH facility commenced in 2019 with expected completion in 2021</p>	<p>Delay in ICPH completion</p> <p>Slowdown in growth of the Singapore construction sector</p>	<p>Close monitoring of construction progress</p>	<p><b>Market Focus</b> Growing demand for precast products in Singapore and Malaysia.</p> <p><b>Cost Management</b> Ensure ICPH plant is completed on time and within budget.</p> <p><b>Upgrading of Facilities</b> Upgrade of facilities at Senai plant facilities to enhance product offering mix to cater to growing demand for precast products</p>

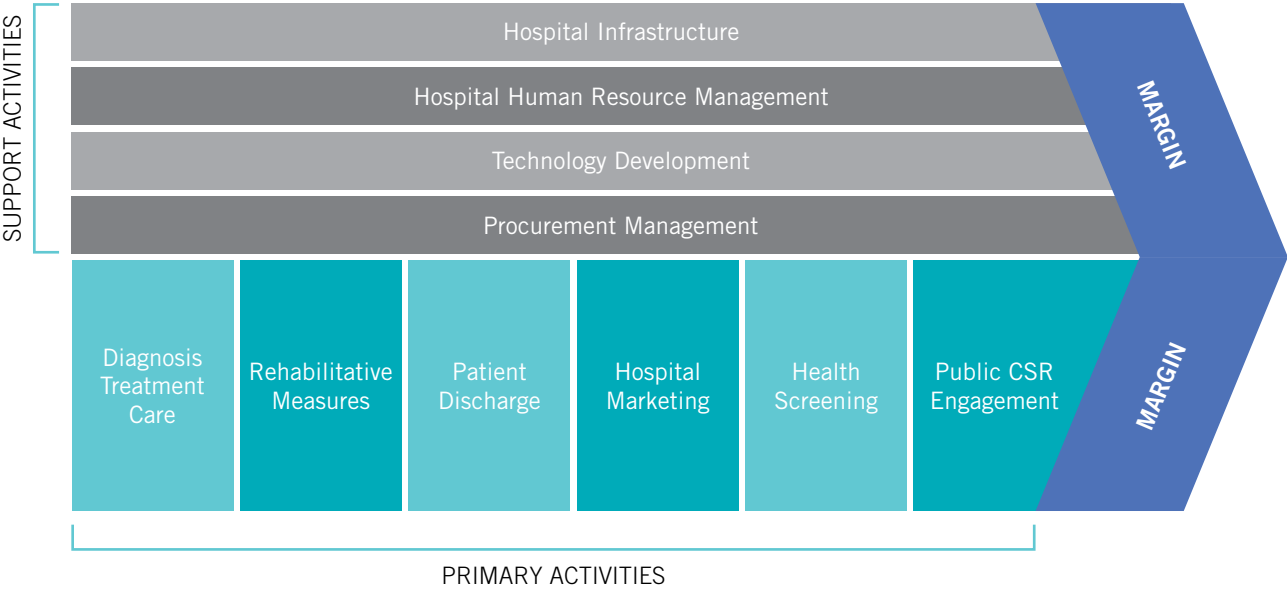
OUR INDUSTRY STRATEGIC PROFILES

HEALTHCARE

VALUE CHAIN

Sunway’s Healthcare division creates value in a wide number of ways for the nation and the communities it serves. Apart from meeting the needs of Malaysians for good quality and economical healthcare, the hospital also creates highly skilled jobs and supports the growth of the local healthcare sector. It is the division’s deep commitment to raise the standards of Malaysian healthcare with state-of-the-art technology in seamless patient care within an equally seamless medical system.

The division goes beyond the generic value chain by collaborating with reputable universities to organise educational programmes, seminars, and symposiums to create a platform for knowledge sharing, research and lifelong learning among healthcare professionals and also the general public.



OUR INDUSTRY STRATEGIC PROFILES

HEALTHCARE DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
Strong brand reputation among domestic and international patient segments	Continue to leverage on the presence of our townships and the Construction division to establish and build new medical centres	Opening of Sunway Medical Centre Velocity, Sunway Specialist Centre Damansara, Sunway Traditional Complementary Medicine (TCM)	Loss of brand credibility due to customer dissatisfaction, poor customer services rendered	Leveraged on Sunway's marketing initiatives such as special packages with hotels, vouchers etc	<b>New Market</b> The division will explore greenfield development of tertiary hospitals at Sunway's integrated townships and developments to complement Sunway's business model
Group Synergy – ability to leverage across all business units in Sunway Group	Continue to invest in state-of-the-art medical technology	Centre and Sunway Medical Centre (Singapore) during the year	Margin compression due to stiff competition from a wide range of industry players	Continued focus on developing independent business plans to respond with agility to market conditions	<b>New Service Offering</b> To tap into growing healthcare travel segment, home nursing, assisted living and rehabilitative services
26 dedicated Centres of Excellence with more than 60 specialties and sub-specialties	Selective recruitment of skilled doctors and talent	Acquired the new Accuray Radixact-X9 Tomotherapy for cancer treatment and the latest CT scanner, Siemens SOMATOM Force for advanced cardiac treatment plan	Lack of trained doctors and nurses	Intensive training provided to doctors, nurses and staff	<b>Synergistic Collaboration</b> To seek further synergistic opportunities by tapping on the natural strengths and assets of the other divisions within the Group.
Investment in cutting-edge technology e.g. Gamma Knife Icon, Da Vinci Robotic Surgical Systems	Proactive collaborations with government bodies and internationally renowned healthcare organisations	Partnerships with Harvard Medical School, University of Cambridge, Royal College of Physicians and Royal Papworth Hospital	Economic uncertainties induced by COVID-19 pandemic	Develop crisis and recovery measures to adapt to business uncertainty	<b>Digital Technology</b> To remain on technology acquisition mode, monitoring market innovations that can be compatible with ASEAN's healthcare market needs
Recruitment of highly skilled and professional specialists in their respective fields					<b>Enhance Customer Experience</b> Development and training of medical team across the hospitals and medical centres to deliver consistent and quality service
					<b>Talent Development</b> Continue to develop a steady talent stream to ensure expanding talent pool



OUR INDUSTRY STRATEGIC PROFILES

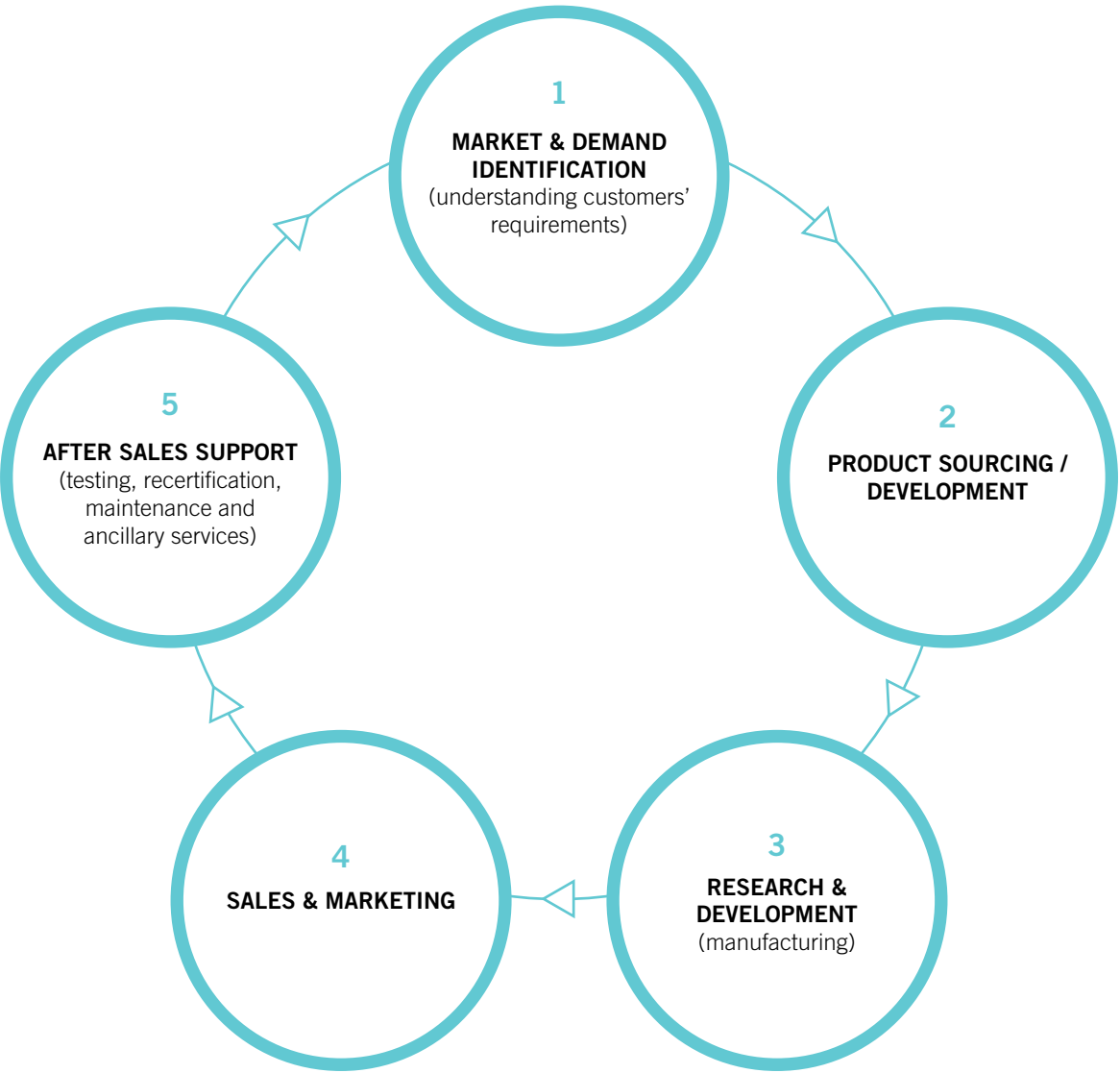
TRADING AND MANUFACTURING

VALUE CHAIN

The Group’s Trading and Manufacturing division employs 1,200 employees over 7 countries and 43 locations. It has 181 agency lines and besides holding distributorship rights to leading brands, the division has also progressively developed in-house brands.

By sourcing and providing a wide range of products including machinery, industrial products, building materials and more, Trading and Manufacturing division plays a strategic role in supporting various divisions in the Group in meeting their business and operational requirements.

The division also supports external customers and thus contributes to Sunway Group’s revenue and profit performance. Its extensive distribution system ensures the timely delivery of products and services to meet customer satisfaction.



OUR INDUSTRY STRATEGIC PROFILES

TRADING AND MANUFACTURING DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
Distributorship rights to key agency lines as well as a large number of in-house brands  Wide network coverage  Leverage on internal demand within Sunway Group  Large customer base with a wide product portfolio  Strong relationships with principals	Continued expansion of product lines  Its present distribution network is its strength and is also the platform for further growth  Continued development of overseas business to achieve revenue balance between domestic and international operations  Focused on staff training and development  Leverage on digital technologies as enabler for business strategies and to manage its network of distribution  Work closely with principals to increase market share	181 agency lines  43 distribution points across seven countries  1,200 strong professional workforce  13,000 customers	Loss of distributorship rights  Foreign market and talent availability risks  Loss of talents to competitors  Technology related risks  Exposure to currency risks as goods are purchased in USD and Euro denominated currencies	Strengthening existing relationships with customers, principals and continue to stay abreast with local regulations  Strategic employee retention and reward programme  Implementation of proper IT security controls	<b>New Market</b> Expansion into regional markets  To explore strategic acquisition to grow the division  <b>New Product</b> To actively pursue opportunities to expand product lines  <b>Staff Retention Programme</b> Continue to grow the talent pipeline to helm key positions for offices abroad  <b>Digital Technology</b> Further adoption of digitalisation across our business process and value chain

OUR INDUSTRY STRATEGIC PROFILES

QUARRY

VALUE CHAIN

The Quarry division plays a fundamental role in the growth of the nation, by supplying raw materials to construction as well as public infrastructure such as for road and highway projects, which are important in ensuring roads remain in proper working condition and are safe for road users.

QUARRY DIVISION STRATEGIC SNAPSHOT

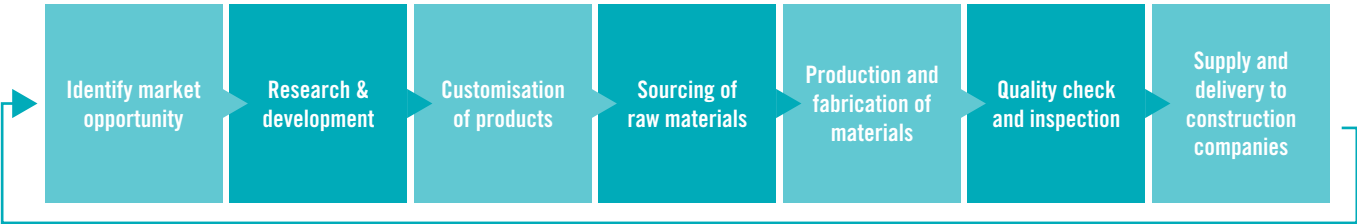
ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
Industry market leader in Malaysia	Expand market leadership position through acquisition of quarries and asphalt plants	Asset strength of 8 quarries and 24 asphalt plants	Regulatory Risks: Tighter enforcement by authorities	Focus on improving internal business processes to achieve operational efficiency	<b>New Market</b> Continue to expand its asset base of quarries and asphalt plants in Peninsular Malaysia
Extensive market coverage across Peninsular Malaysia via strategically located quarries and asphalt manufacturing plants	Continued dialogue with regulatory authorities and industry bodies towards implementing better sustainability practices	First rubberised premix supplier to the Northern region	Market Risks: Continued reduction in public and private sector infrastructure development or road maintenance projects	Review of staff recruitment and retention strategies	<b>New Innovation</b> Introduce batching plants with flexibility to support manufacturing activities.
Skilled, professional workforce	Continue to develop staff competency	Additional asphalt manufacturing plant located in Sungai Buloh	Loss of experienced and competent talent		Further improvement in overall environmental impacts
Technologically enhanced production capabilities	Leverage on technology and digitalisation towards improving operational efficiency and productivity				<b>Talent Retention</b> To develop a robust succession plan for the division

OUR INDUSTRY STRATEGIC PROFILES

BUILDING MATERIALS

VALUE CHAIN

Through the manufacture and supply of Interlocking Concrete Pavers (“ICP”), Vitrified Clay Pipes (“VCP”) and Spun Piles, Sunway’s Building Materials division plays an integral role in supporting property development, construction and infrastructure developments.



BUILDING MATERIALS DIVISION STRATEGIC SNAPSHOT

ASSETS & RESOURCES, BUSINESS STRENGTHS	BUSINESS STRATEGIES	HIGHLIGHTS & ACHIEVEMENTS	RISKS	RISKS MITIGATION MEASURES	IDENTIFIED OPPORTUNITIES & STRATEGIC PRIORITIES
Market leading position for ICP & VCP	Maintain market share through intensified conversion by creating awareness on sustainable products	Number of manufacturing facilities: 9	Slowdown in infrastructure development activities impacting demands	Continued dialogue with authorities, developers and architects on sustainable and green products	<b>New Market</b> Explore new regional market and participation in international trade shows
Wide range of innovative and proprietary products with excellent ability to meet customers’ specific requirements	Develop quality products and enhance product integrity through continuous innovation	Opening of a new plant in Sabah extends market reach to East Malaysia	Economic uncertainty	Enhancing our product mix and design to maintain a competitive edge	<b>New Innovation</b> Continuous product innovation to create product differentiation
Effective network distribution and market coverage nationwide	Adoption of digital technology to streamline the documentation processes	First Malaysian manufacturer to achieve international standard specification EN295:2013 for clay pipes.	Impact of the COVID-19 virus outbreak		<b>Digital Technology</b> Continue to tap on technology to enhance the entire value chain for the business
Excellent product quality and commitment to responsible business practices		Launch of new product, Eco-Arc Grasspave	Drop in world oil prices		
		Holds numerous quality related accreditations (i.e. SIRIM/ IKRAM/ Green Label/ ISO 14001/ EN295:2013)	Price war and threat from substitute products		





## ELEVATING ADVENTURE ATTRACTIONS

Sunway's Leisure division proactively responds to emerging trends and developments in the travel and tourism markets. Technology and sustainability are key priorities going forward to ensuring the appeal of the division's theme parks. Similarly, technological adoption enables the division to feel the pulse of its customers and to develop meaningful engagement while strengthening its brand presence and brand recall towards retaining and capturing consumer mindshare.



Visitorship  
**2.5**  
million

Next



AMUSEMENT  
PARK

WATER  
PARK

WILDLIFE  
PARK



Total  
Park Size  
**128**  
acres



Back



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Analysis

SCREAM  
PARK

NICKELODEON  
LOST LAGOON

EXTREME  
PARK





## CHAIRMAN'S STATEMENT



**TAN SRI DATO' SERI DR  
JEFFREY CHEAH FOOK LING AO**  
EXECUTIVE CHAIRMAN

### DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am honoured to present Sunway Berhad's Annual Report for the financial year ended 31 December 2019 ("FY 2019"). I am proud to share that Sunway continued to achieve sustainable growth amidst a very challenging economic environment. While 2019 was a tough year for most industries, our prudent business strategy kept us resilient and our diversified business model ensured that we are well positioned to capitalise on any opportunities which may arise to enhance our growth prospects.

## CHAIRMAN'S STATEMENT

### 2019 PERFORMANCE OVERVIEW

From our humble beginnings in tin mining and quarrying, Sunway is today one of the leading conglomerates in Malaysia commanding a portfolio of synergistic businesses. Since the successful merger between Sunway City Berhad and Sunway Holdings Berhad in 2011, our profits have been on an ascending course and we hope to continue this streak by being prudent in our strategic decisions and diligent in executing our operational plans.



*Sunway City Kuala Lumpur: From Wasteland to Wonderland*

### SOLID FINANCIAL RESULTS

For the year under review, the Group recorded a slight decline in revenue from RM5.4 billion of last year to RM4.8 billion this year. Despite a decrease in revenue of 11.6%, we managed to grow our profit attributable to shareholders by a remarkable 18.9%. Profit after tax and minority interest ("PATMI") clocked in at RM767.3 million in FY 2019, up from RM645.6 million in FY 2018.

Due to the adoption of MFRS 15, the development profits from the Group's Rivercove Residences project in Singapore and Sunway Gardens project in Tianjin, China, can only be recognised upon completion. The full recognition of the remainder development profit of approximately RM160 million for the projects will be made upon Vacant Possession delivery in 2020.

36% of the Group's PATMI was contributed by the Property Development and Construction divisions, while contributions from the other divisions, including Property Investment and REIT, Leisure, Hospitality, Healthcare, Trading and Manufacturing, Quarry, Building Materials and Investment Holdings, amounted to 64%. In terms of geographical location, 90% of Sunway's PATMI was generated through operations in Malaysia, followed by China as the second largest contributor.



Please refer to the Financial Review in Management Discussion and Analysis and Financial Statements for more information.

### DELIVERING VALUE TO SHAREHOLDERS

As a result of the Group's commendable financial performance, we declared an annual dividend payout of 9.07 sen per share for FY 2019, up from the total dividends for FY 2018 of 7.12 sen per share. The first interim dividend was paid out in October 2019 in the form of a cash dividend of 3 sen per share and a share dividend distribution of one treasury share for every 100 existing ordinary shares held. The share dividend distribution is equivalent to 1.57 sen per share, derived from the closing market price of Sunway's share of RM1.57 as at 27 August 2019, the dividend declaration date.

The Board declared a second interim cash dividend of 4.5 sen per share on 25 February 2020 and resolved that the dividend reinvestment scheme ("DRS"), which was approved by the shareholders of Sunway, be applied to the entire portion of the second interim dividend.

However, due to the COVID-19 pandemic which weakened the stock markets, on 18 March 2020, the board aborted the DRS exercise and decided to pay the second interim dividend in cash to the shareholders.

Sunway's warrants, which were issued as part of the Group's bonus issue exercise in FY 2017, are subject to fixed annual step-down adjustments on each anniversary date of the first issuance. This was designed to encourage long term holding as warrant holders will enjoy lower adjusted exercise price in subsequent years. In FY 2019, the exercise price of the warrants was further reduced by 7 sen per share from RM1.79 to RM1.72.



## CHAIRMAN'S STATEMENT



Parcel F Project, Putrajaya

### UPHOLDING OPERATIONAL EXCELLENCE

Sunway has always strived towards excellence in all areas of our business, and these results reflect the progress we have made operationally in FY 2019.

This year, we have increased our landbank position by acquiring over 35 acres in three countries.

The first was a 6.16-acre 99-year leasehold land at Tampines, Singapore, while Sunway's landbank acquisitions in Malaysia continued to be focused on the Klang Valley; we locked in three parcels between July and October 2019 – 9.46-acre leasehold in Kota Damansara, 11.77-acre freehold in Mutiara Bukit Jalil and 3.69-acre freehold in Wangsa Maju.

Due to the success of Phases 1 and 2 of Sunway Gardens in Tianjin, China, Sunway was awarded the Phase 3 tender, for which we had acquired a 6.86-acre tract of land on 13 September 2019 for RMB438 million (RM257.8 million). This brings our total landbank to 3,347 acres with an estimated Gross Development Value ("GDV") of RM58.6 billion over 15 years.

In the year under review, our Property Investment division had completed the disposal of the land and buildings known as Sunway University and Sunway College to our REIT vehicle on 15 April 2019. We have channelled the disposal proceeds to other investments within the Group.

Meanwhile, our non-property related businesses continued to see growth in FY 2019. In our Healthcare division, we saw Sunway Medical Centre Velocity commencing operations in September 2019, offering multi-disciplinary medical services in the 12-storey hospital block. This marks a major milestone in our healthcare expansion plan to build a network of tertiary hospitals in all of our integrated developments.

Our Construction division successfully handed over a large-scale design and construction project of Parcel F, Putrajaya. The project was one of the largest government office building projects that the Construction division implemented to full Building Information Management ("BIM") standards from design to facilities management stage, enabling effective management and maintenance of the building throughout its life cycle.

I am pleased that Sunway's former forte, the Quarry division, is gradually becoming a new pillar of growth for the Group. In FY 2019, Sunway has entered into two separate Share Sale Agreements to acquire a 100% stake of Blacktop Industries Sdn Bhd ("Blacktop") for RM70.1 million in two tranches, and the entire equity interest in Dolomite Granite Quarry Sdn Bhd ("Dolomite") for RM125.0 million respectively. We have seen tremendous growth for the division following the completion of the first tranche of the Blacktop acquisition in July 2019. The acquisition for Dolomite is currently pending completion.

### RECOGNITION AS INDUSTRY LEADERS

As a result of our strong business fundamentals and the collective effort of all our employees, we continued to be accorded a host of awards at national and world stages. Our Property Development division brought home the coveted Top 10 Developers at BCI Asia Awards 2019 for the 9<sup>th</sup> consecutive year, a recognition awarded to developers and architects in the region that have made the greatest contribution to environmental and social sustainability in the built environment. The division was also conferred EdgeProp Malaysia's Responsible Developer: Building Sustainable Development Award at Malaysia's Best Managed Property Awards 2019.

Sunway again won big at the Putra Brand Awards 2019, reaffirming Sunway's standing as the People's Choice – Sunway University retained its Gold Awards in the Education and Learning categories, while Sunway's Property Development division and Sunway Lagoon both bagged Silver in the Property Development and Entertainment categories respectively. Notably, Sunway Group was also named Putra Malaysian Marketer of the Year, recognising our team's effort in strengthening the Sunway brand.

## CHAIRMAN'S STATEMENT

Representing Sunway's Healthcare division, Sunway Medical Centre was the recipient of the UK-Malaysia Partnership Award at British Malaysia Chamber of Commerce's ("BMCC") Business Excellence Award 2019. The award recognises companies that bring mutual economic benefits to both nations – a nod to the division's many collaborations with various top universities in the United Kingdom, including University of Cambridge, Royal College of Physicians and Royal Papworth Hospital.

In addition, Sunway Medical Centre was again recognised at the Global Health & Travel 2019 Asia Pacific Healthcare & Medical Tourism Awards. For the second consecutive year, Sunway Medical Centre was declared joint winners alongside Thailand's renowned Bumrungrad Hospital for the Medical Tourism Hospital of the Year in Asia Pacific award. Our continued excellence in various fields of specialisation also garnered us Best Service Provider of the Year in Asia Pacific for Oncology, Neurology and Urology.

It was a proud moment for us when Sunway scored a hat-trick at the Graduates' Choice Award 2019/2020 with three of Sunway's business units bagging top awards for their respective categories. Sunway Lagoon, Sunway Property Development division and Sunway University received accolades in the Entertainment & Leisure, Real Estate/Property, and Education & Learning categories respectively. The awards recognised outstanding organisations that demonstrated exceptional employer branding within universities across Malaysia.

I am contented that Sunway's many efforts towards sustainability, Corporate Social Responsibility ("CSR") and corporate governance have not gone unnoticed. Sunway Berhad was conferred the Company of the Year award in the Conglomerate Category at 2019's CSR Malaysia Award. In addition, we received two awards at the 11<sup>th</sup> Annual Global CSR Summit and Awards 2019 under the Best Country Award for Overall CSR Excellence category for Malaysia and Platinum for the Best Environmental Excellence Award category.

Meanwhile, at the MSWG-ASEAN Corporate Governance Award 2018 held last year, Sunway was among the Top 15 companies to win the Excellence Award for Corporate Governance disclosures and ranked 1<sup>st</sup> for Industry Excellence Award for the Industrial Products and Services category.

Sunway Berhad has been a constituent in the FTSE4Good Bursa Malaysia Index since 2014. This certification by the UK-based FTSE Group, which measures the Environmental, Social and Governance ("ESG") practices of the top 200 listed companies on Bursa Malaysia, is an outstanding testament to the Group's strong commitment in balancing profitability and sustainability.

On a separate note, I am deeply honoured to be a recipient of several personal awards in 2019. Among those, I especially appreciate the recognition as Forbes Asia's 2019 Heroes of Philanthropy, standing amongst 30 other giants in the region who are committed to solving some of the most pressing issues facing the Asia-Pacific.

It is safe to say that all these awards would not have been possible without my team's faith in our vision, and their commitment in making it a reality. Therefore, to all Sunwayians, I dedicate these wins to you. Let us not rest on our laurels and strive harder to achieve our sustainability goals.



EdgeProp Malaysia's Best Managed Property Awards 2019



Putra Brand Awards 2019



CSR Malaysia Awards 2019



## CHAIRMAN'S STATEMENT

### DOING WELL BY DOING GOOD

A corporation must define a purpose beyond just profits if it is to make a difference in the world. Our purpose is encapsulated in our Vision statement, which is “To be Asia’s model corporation in sustainable development, innovating to enrich lives for a better tomorrow.”

Sunway’s embrace of the sustainability development agenda is driven by a recognition that realising the United Nations Sustainable Development Goals (“SDG” or “UNSDG”) require the commitment not just from governments of the world, but of all sectors of society. And that is why at Sunway, we ‘walk the talk’.

### MAKING PROGRESS ON OUR SUSTAINABILITY AGENDA

We are proud to be a partner and early adopter of the 17 UNSDG. In our journey so far, we have cemented partnerships with the United Nations through the Sustainable Development Solutions Network, as well as with one of the world’s best minds for sustainable development, Professor Jeffrey Sachs, the world-renowned special advisor on sustainable development to the UN Secretary-General. As we progress, sustainability continues to be a fundamental principle in our business practices and decision-making process. We endeavour to set an example for other corporations to follow.

According to the 2019 SDG Index and Dashboards Report, Malaysia ranked 68<sup>th</sup> out of 162 countries for its performance across all UNSDG and 4<sup>th</sup> among the ASEAN countries, behind Thailand, Vietnam and Singapore. In order for us to progress further and to contribute towards these goals, it is crucial that we educate and mobilise the youth, which represent the future of the nation.

The Jeffrey Sachs Center for Sustainable Development was established at Sunway University in December 2016 for this very purpose – to be a hub of sustainability promoting green development and social progress through research and education. Earlier this year, the Center started its Master in Sustainable Development Management programme, which was designed by Professor Jeffrey Sachs. Soon, the Center will also be launching a Master in Public Policy programme.

The Board has recently approved 8 groupwide goals and 16 specific targets for delivery by 2030. We aim to progressively track, measure and report our progress towards the goals in our Sustainability Report.



Jeffrey Sachs Center at Sunway University

### SUNWAY CITY KUALA LUMPUR: A BLUEPRINT FOR SUSTAINABLE DEVELOPMENT

As many of you already know, Sunway City Kuala Lumpur was transformed from an abandoned wasteland of disused mining pools into a wonderland of sustainability. It is now serving a community of 200,000 people living, working, playing and studying in a safe, healthy and connected environment that houses world-class resorts, hotels, shopping malls, education campuses and medical centres. Over the years, we have initiated a range of energy-efficiency and resource management measures within the township. These include using solar panels to generate green energy and having our own water treatment plant.

With our Build, Own, Operate business model as the foundation, this strengthens the competitiveness of the Group. More importantly, it allows us to realise our vision of sustainability through Sunway City Kuala Lumpur’s model as the country’s first integrated green township.

Going forward, we will continue to integrate technology even more deeply to transform it into a model ‘Smart Sustainable City’ of the 21<sup>st</sup> century. This is the model we are currently replicating in Sunway City Ipoh and in our most ambitious venture to date, Sunway City Iskandar, building sustainable cities and communities throughout Malaysia whose lives are enriched with smart technologies.

### PRIORITIES AND PROSPECTS FOR 2020 AND BEYOND

While we pursue our global sustainability agenda, it is also important to ensure the sustainability of the Group so that our mission can continue in perpetuity. Given the current volatile market outlook, Sunway will be pushing for greater operating synergies, efficiencies and effectiveness to face the challenges and uncertainties that 2020 has to offer.

The foremost issue is, of course, the Coronavirus Disease 2019 (“COVID-19”) outbreak sweeping the world with its far-reaching consequences that has shrouded global outlook in an air of uncertainty. Quarantines, lockdowns, movement control orders (“MCO”) and other social distancing practices have become the norm as governments move to contain the spread of this pandemic and prevent further loss of lives.

But with people staying home, the gears of commerce grind to a halt. We are expecting weaker growth from major economies as businesses are forced to shutter temporarily and global supply chain disruptions slow manufacturing output. This leads to heightened financial volatility at the global level that spills over to the local level, where Malaysians have to contend with the oil price crash in addition to our COVID-19 troubles.

The confluence of factors is dampening investor confidence and putting an unprecedented strain on domestic economy. Market conditions, local and export sales, production volume, capital investment and employment are expected to be below the optimistic threshold.

## CHAIRMAN'S STATEMENT

In an effort to manage liquidity, Bank Negara Malaysia reduced the Overnight Policy Rate (“OPR”) by 25 basis points to 2.75% in February 2020 and lowered Statutory Reserve Requirements (“SRR”) ratio to just 2% effective 20 March 2020. A RM260 billion Economic Stimulus Package has also been introduced by the Government, designed to protect business viability, ensure job security and return spending power to the hands of the *rakyat* to recirculate to the economy. Further, the Government has also provided reassurance that all projects allocated in Budget 2020 will continue to be funded. We can expect more policy measures to be announced in the coming months as the nation grapples with the fallout from this black swan event.

It is part of the reason why Sunway has pledged over RM34 million to help Malaysians adversely affected by the COVID-19 pandemic, including patients who have lost their jobs due to the disease, affected employees, our frontline healthcare staff and other employees who put themselves at risk while serving national interests. This includes a RM1 million donation to the national COVID-19 fund and a further RM300,000 in contribution to various non-profit organisations including Yayasan Kebajikan Negara to help B40 beneficiaries nationwide.

Operationally, Sunway has adapted its strategy to one of austerity while remaining nimble enough to capitalise on growth and investment opportunities that may be presented by the weaker market. We will be focused on protecting all our employees, managing the disruptions caused by the COVID-19 containment efforts, and mitigating the risks to our businesses across the various industries.

From a Group perspective, we will continue to weather the present and expected storm going forward. The COVID-19 pandemic, plummeting crude oil prices, overall weak consumer and investor sentiments cumulatively present serious challenges for the Group’s respective divisions.

Yet, as we have proven in the past, the Group is not averse to facing trying times and exemplifying resilience and strength to continue moving forward.

All of our business divisions are adapting their business and operational strategies towards ensuring a measured and effective response to the dynamic and fluid market conditions expected in FY 2020. We believe that times of crises present opportunities for our divisions to re-engineer and remodel our business model and overall market approach.

These are times to eschew the business as usual modus operandi and to embrace change such as tapping on technology, or going direct to consumers to ensure our divisions continue operating sustainability amidst present circumstances.

Despite the overall pessimistic sentiment, Sunway is of the view that opportunities will continue to present themselves going forward. The negating effects of COVID-19 and other drawbacks will eventually be resolved and the nation will be back on track towards growth and development.

As one of Malaysia’s leading conglomerates, our task at hand is to play a meaningful role in once again contributing to a turnaround in prospects for the country in FY 2020.

We will be monitoring the situation closely and review our plans as they unfold, but I believe the strong foundation that we have laid over the past few decades, the capable leadership of our management as well as our embrace of technological and digital innovation, will help Sunway to navigate the challenges in 2020.

### ACKNOWLEDGEMENTS

On behalf of the Board, I wish to record my sincerest appreciation to our customers, shareholders, investors, financiers, business partners, suppliers and government authorities, for your continued support.

The Board also wishes to thank Mr Lim Swe Guan, who has tendered his resignation as his tenure as an Independent Non-Executive Director will reach 9 years. We are grateful for his invaluable contribution to the Group. We are also pleased to welcome Mr Philip Yeo Liat Kok to the Board of Sunway with effect from 9 April 2020 as Independent Non-Executive Director. His experience and knowledge in formulating and championing Singapore’s first national computerisation plan and deep involvement in innovation technology will contribute greatly towards charting the success of Sunway in this digital age.

Given the highly competitive environment we operate in, I must express my gratitude to all my fellow Board of Directors, for their sound advice and strong governance. A proper thank you is also due to the Management team for rising above the challenges. Last but definitely not least, my deepest thanks to all Sunway employees, your contributions have been invaluable to the company.

I hope you will remain as driven, digitally and otherwise, to strengthen sustainability at Sunway in 2020 and beyond.

TAN SRI DATO' SERI DR  
JEFFREY CHEAH FOOK LING AO  
EXECUTIVE CHAIRMAN



## MANAGEMENT DISCUSSION AND ANALYSIS

### INTRODUCTION

Sunway Berhad is one of Malaysia’s leading conglomerates with a diversified portfolio of synergistic businesses. These businesses are Property Development, Property Investment, REIT, Leisure, Hospitality, Construction, Healthcare, Trading and Manufacturing, Quarry and Building Materials.

In their respective sectors, Sunway stands tall as a market leader, having achieved strong operational performance, expanding market presence, both locally and abroad and having achieved strong branding among stakeholders.

The Group’s conglomerate structure, driven by the Group’s unique Build, Own and Operate model enables Sunway to develop an inherent competitive advantage, with a stronger internal value chain.

For detailed information on the Group’s and the individual divisions’ business strengths, business strategies and risk factors, please refer to Our Strategy section on pages 38 to 61 of this annual report.

### FINANCIAL REVIEW

#### GROUP FINANCIAL PERFORMANCE

The Group recorded revenue of RM4,780.3 million and profit before tax of RM915.0 million in FY 2019 compared to revenue of RM5,410.2 million and profit before tax of RM836.9 million in FY 2018, representing a decrease in revenue of 11.6% and increase in profit before tax of 9.3%. Revenue in the current year was lower due to lower contributions from most business segments except Quarry and Healthcare divisions.

Profit before tax was higher, however, mainly due to higher profit contributions from most business segments except Construction, Building Materials and Trading and Manufacturing divisions. Profit contribution from the Property Development division was also impacted by the adoption of MFRS 15 on one of the Group’s Singapore and China property development projects, for which the Group can only recognise the development profits upon completion. The full recognition of the balance of the development profit of approximately RM160.0 million for the projects will be done upon Vacant Possession delivery in 2020.

#### DIVIDENDS

For FY 2019, the Group declared an annual dividend payout of 9.07 sen per share to its shareholders. This represents the sum of the first interim cash dividend of 3.0 sen and a share dividend distribution of one treasury share for every 100 existing ordinary shares held equivalent to 1.57 sen per share (estimated based on the market price of Sunway’s share of RM1.57 as at the close of 27 August 2019, being the dividend declaration date) paid in October 2019; and the second interim cash dividend of 4.5 sen to be distributed in April 2020. Total full year dividend in FY 2019 is higher than the total dividends paid per share of 7.12 sen for FY 2018.

While we remained cautious on the full impact of the uncertain global economic outlook on the Group’s performance, we endeavour to do our best to minimise any adverse consequences to our business.

#### SEGMENTAL FINANCIAL PERFORMANCE

##### Property Development

The Property Development division reported revenue of RM545.9 million and profit before tax of RM246.3 million in FY 2019 compared to revenue of RM619.6 million and profit before tax of RM173.2 million in FY 2018, representing a decrease in revenue of 11.9% and increase in profit before tax of 42.2%.

The lower revenue for the current year was mainly due to the higher revenue from the completion and handover of a local development project for FY 2018 in comparison. However, profit before tax for the current year was higher due to higher progressive profit recognition from local development projects and recognition of a portion of the development profit for the China property development project.

##### Property Investment

The Property Investment division reported revenue of RM803.5 million and profit before tax of RM336.3 million in FY 2019 compared to revenue of RM814.8 million and profit before tax of RM298.6 million in FY 2018, representing a decrease in revenue of 1.4% and increase in profit before tax of 12.6%.

Revenue in the current year was lower mainly due to lower rental income after the disposal of Sunway University assets to Sunway REIT, which was completed on 15 April 2019. However, profit before tax in the current year was higher mainly boosted by disposal gain on Sunway University, which offset the lower contributions from the Group’s hospitality properties and theme parks in the current year.

##### Construction

The Construction division reported revenue of RM1,273.3 million and profit before tax of RM162.3 million in FY 2019 compared to revenue of RM1,847.9 million and profit before tax of RM180.9 million in FY 2018, representing a decrease in revenue of 31.1% and profit before tax of 10.3%. Revenue in the current year was lower due to lower progress billings from local construction projects and higher intra-group eliminations, which led to lower profit for the current year.

The division closed the year with an order book replenishment to-date of RM1.8 billion and an outstanding order book of RM5.2 billion.

##### Healthcare

The Healthcare division reported revenue of RM584.8 million and profit before tax of RM61.8 million in FY 2019 compared to revenue of RM459.7 million and profit before tax of RM54.4 million in FY 2018, representing an increase in revenue of 27.2% and profit before tax of 13.6%. The financial performance in the current year was better mainly due to the strong performance of Sunway Medical Centre. However, the overall healthcare performance was partly offset by the operating loss of RM17.8 million from Sunway Medical Centre Velocity.

## MANAGEMENT DISCUSSION AND ANALYSIS

	Revenue (RM’000)		Profit Before Tax (RM’000)	
	2019	2018 (Restated)	2019	2018 (Restated)
Property Development	<b>545,852</b>	619,587	<b>246,309</b>	173,194
Property Investment (comprises Property Investment, REIT, Leisure and Hospitality)	<b>803,468</b>	814,806	<b>336,328</b>	298,620
Construction	<b>1,273,269</b>	1,847,872	<b>162,331</b>	180,874
Healthcare	<b>584,833</b>	459,723	<b>61,815</b>	54,419
Trading and Manufacturing	<b>959,762</b>	1,103,353	<b>31,423</b>	53,122
Quarry	<b>348,114</b>	223,355	<b>16,729</b>	13,695
Building Materials	<b>166,657</b>	215,919	<b>(25,673)</b>	23,648
Others	<b>98,324</b>	125,550	<b>85,724</b>	39,284
<b>Total</b>	<b>4,780,279</b>	<b>5,410,165</b>	<b>914,986</b>	<b>836,856</b>

##### Trading and Manufacturing

The Trading and Manufacturing division reported revenue of RM959.8 million and profit before tax of RM31.4 million in FY 2019 compared to revenue of RM1,103.4 million and profit before tax of RM53.1 million in FY 2018, representing a decrease in revenue of 13.0% and profit before tax of 40.8%. The financial performance of the segment in the current year was impacted by lower sales from subdued local and overseas market conditions and lower operating margins.

##### Quarry

The Quarry division reported revenue of RM348.1 million and profit before tax of RM16.7 million in FY 2019 compared to revenue of RM223.4 million and profit before tax of RM13.7 million in FY 2018, representing an increase in revenue of 55.9% and profit before tax of 22.2%. The financial performance of this division was better primarily due to higher sales from the completion of acquisition of 60% share in Blacktop and higher average selling price of premix.

##### Building Materials

The Building Materials division reported revenue of RM166.7 million and loss before tax of RM25.7 million in FY 2019 compared to revenue of RM215.9 million and profit before tax of RM23.6 million in FY 2018, representing a decrease in revenue of 22.8% and loss before tax of 208.6%. The financial performance of the division was lower due to lower sales volume and average selling price for pavers and spun piles. The loss before tax was further impacted by a provision for impairment of assets of RM36.4 million for its spun pile operation under MFRS 136: Impairment of Assets.

#### STATEMENT OF FINANCIAL POSITION

The Group’s total borrowings increased from RM8.9 billion in FY 2018 to RM9.6 billion in FY 2019. However, this increase was partially offset by an increase in cash and bank balances and placement in funds from RM5.1 billion in FY 2018 to RM5.9 billion in FY 2019. As a result, net borrowings in FY 2019 was RM3.68 billion, which is slightly lower than the net borrowings in FY 2018 of RM3.74 billion. The additional borrowings during the year was utilised to fund capital expenditure related to the construction of the Group’s investment properties and land acquisitions.

Total assets increased from RM21.8 billion in FY 2018 to RM23.6 billion in FY 2019. This was mainly attributable to the increase in cash and bank balances, inventories and receivables.

Share capital largely remained the same at RM5.4 billion in FY 2019 compared to the previous financial year, with slight increase from the issuances of new shares pursuant to the exercise of employees’ share options and warrants during the year.

#### STATEMENT OF CASH FLOW

##### Operating Activities

Net cash generated from operating activities was RM827.8 million in FY 2019 compared to RM955.8 million generated in FY 2018. The amount generated from operating activities in FY 2019 was lower mainly due to lower working capital generated in 2019.

##### Investing Activities

The Group utilised RM1,933.3 million for investing activities in FY 2019 compared to RM1,413.4 million in the preceding year. The amount utilised in the current year was higher mainly due to higher acquisition of investment properties, higher advances to joint ventures and higher placement in funds. This was, however, partially mitigated by higher proceeds from disposals of non-current assets held for sale and other investments such as Sunway University assets.

##### Financing Activities

Net cash generated from financing activities decreased from RM745.7 million in FY 2018 to RM666.4 million in FY 2019. This was mainly due to lower overall net borrowings and funding from financial institutions and the local bond market, offset by the issuance of perpetual bonds of RM750.0 million in FY 2019 compared to RM400.0 million in FY 2018.

Hence, as at 31 December 2019, cash and bank balances and placement in funds of Sunway stood at RM5.9 billion, an increase from the preceding year’s balance of RM5.1 billion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL MANAGEMENT

Sunway's capital management strategy involves maintaining a robust balance sheet to secure favourable financing terms to support the Group's businesses. In addition, the Group ensures that the sources of borrowings are well diversified and appropriately structured in terms of maturity to mitigate interest rate and liquidity risks.

Sunway implements a centralised treasury operation to proactively monitor and manage the interest rate and hedging strategies. When the financing terms are favourable, the Group utilises cross currency swap contracts to mitigate foreign exchange risk by securing foreign currency denominated borrowings to take advantage of lower effective interest rates compared to local Ringgit borrowing rates. The Group's interest rate exposures are reviewed periodically by ensuring an appropriate mix of fixed and floating rate borrowings are maintained.

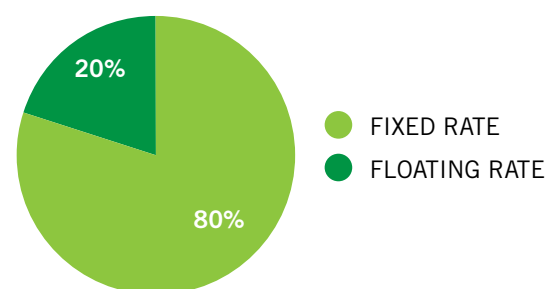
During the year, Malaysian Rating Corporation Berhad ("MARC") performed a review on the credit rating of the Group's private debt securities programmes. In recognition of the Group's financial strength, the credit rating assigned by MARC was maintained at MARC-1/AA-, with a stable ratings outlook in view of the current challenging economic conditions.

Although the Group continued to generate healthy cash flow from its business operations, its net borrowings decreased marginally to RM3.7 billion in FY 2019. The borrowings were mainly used to finance the construction of investment property assets, new land acquisitions for property development and acquisition of investment properties during the year.

RM'MILLION	FY 2019	FY 2018 (Restated)
Gross borrowings	9,570.6	8,873.2
Cash and bank balances, and placement in funds	5,888.9	5,136.0
Net borrowings	3,681.7	3,737.2
Gross gearing ratio (times)	0.94	0.99
Net gearing ratio (times) <sup>®</sup>	0.36	0.42
Shareholders' fund	8,392.9	7,964.9
Net assets per share (sen)	170.11	161.74

<sup>®</sup> Net gearing ratio calculations exclude cross currency swap.

#### FIXED VS FLOATING RATE BORROWINGS



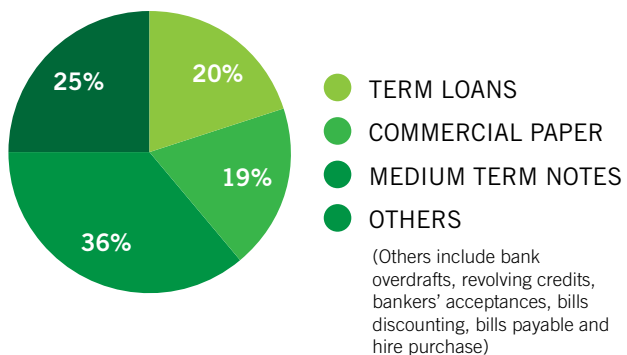
### RISK MANAGEMENT

The Group remains cognisant of its risk factors and continues to closely monitor its various financial, business, operational and strategic risks. The Group has developed effective mitigation action plans for each of these identified risks as part of its comprehensive approach towards risk management.

The Group's Risk Management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines, designed to embed Enterprise Risk Management (ERM) into key activities, initiatives and processes of the Group. It enables the Group to identify, evaluate, mitigate and monitor risks and the Board of Directors have oversight on risk matters via its Risk Management Committee.

For further information on the Group's risk management structure and processes, please refer to the Statement of Risk Management and Internal Control on pages 172 to 175 of this annual report. For strategic information on identified risks, mitigation plans and the linkage between strategies and risks, please refer to Our Strategy section on pages 38 to 61 of this annual report.

#### SOURCES OF BORROWINGS



## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATIONS REVIEW

The key indicators for each division, tracked over the last five years, are illustrated in the table below:

	2019	2018	2017	2016	2015
<b>Property Development</b>					
- Launches	RM1.2 bil	RM2.1 bil	RM1.1 bil	RM650 mil	RM1.4 bil
- Sales	RM1.6 bil	RM1.9 bil	RM1.2 bil	RM1.2 bil	RM1.2 bil
- Unbilled Sales	RM2.7 bil	RM2.1 bil	RM1.0 bil	RM1.5 bil	RM2.1 bil
- Landbank	3,347 acres	3,283 acres	3,305 acres	3,292 acres	3,295 acres
<b>Property Investment and REIT</b>					
- Assets Under Management	RM10.7 bil	RM9.9 bil	RM9.4 bil	RM8.8 bil	RM7.9 bil
- Total Net Lettable Area	11.3 mil sqft	10.2 mil sqft	10.0 mil sqft	9.3 mil sqft	8.6 mil sqft
<b>Leisure</b>					
- Total Park Size	128 acres	128 acres	128 acres	128 acres	100 acres
- Visitorship	2.5 mil	2.4 mil	2.3 mil	2.2 mil	1.8 mil
<b>Hospitality</b>					
- Number of Hotels and Resorts Managed	11	11	11	10	9
- Number of Guestrooms	3,386	3,386	3,386	3,017	2,601
<b>Construction</b>					
- New Contracts Secured	RM1.8 bil	RM1.6 bil	RM4.0 bil	RM2.7 bil	RM2.6 bil
- Outstanding Order Book	RM5.2 bil	RM5.2 bil	RM6.1 bil	RM4.8 bil	RM3.8 bil
<b>Healthcare</b>					
- Number of Specialist Consultation Suites	226	180	180	130	130
- Number of Operating Theatres	17	12	12	12	12
- Number of Licensed Beds	741	636	533	373	365
<b>Trading and Manufacturing</b>					
- Regional Presence	7 countries	6 countries	6 countries	6 countries	6 countries
- Distribution Points	43	41	42	41	41
- Agency Lines	181	168	150	154	146
- Customer Base	13,000	13,000	13,000	13,000	13,000
<b>Quarry</b>					
- Number of Quarries	8	6	6	8	7
- Number of Asphalt Plants	24	13	13	12	9
<b>Building Materials</b>					
- Number of Manufacturing Facilities	9	8	7	7	6



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT



Artist's Impression of Sunway Valley City, Penang

	2019	2018	2017	2016	2015
Launches	<b>RM1.2 billion</b>	RM2.1 billion	RM1.1 billion	RM650 million	RM1.4 billion
Sales	<b>RM1.6 billion</b>	RM1.9 billion	RM1.2 billion	RM1.2 billion	RM1.2 billion
Unbilled Sales	<b>RM2.7 billion</b>	RM2.1 billion	RM1.0 billion	RM1.5 billion	RM2.1 billion
Landbank	<b>3,347 acres</b>	3,283 acres	3,305 acres	3,292 acres	3,295 acres

INTRODUCTION

Sunway's Property Development division is one of the top property developers in Malaysia with an established reputation in developing innovative residential, commercial and retail properties. To-date, the division has built and delivered over 30,000 property units in Malaysia and overseas.

Driven by its vision to be a leading regional property developer, Sunway has expanded its geographical presence to Singapore, China and Australia. The division leverages on the Group's Build, Own, Operate business model, where other divisions within the Group provide the division with strategic support across the value chain. This enables the division to achieve greater operational efficiency, better manage operational costs and ensure consistent high quality standards across its projects.

Strategic synergy also enables Sunway's Property Development division to masterplan and develop iconic, award-winning integrated townships and stand-alone developments. The former includes the Group's 800-acre flagship integrated township, Sunway City Kuala Lumpur.

By tapping the expertise of the Group's divisions, Sunway City Kuala Lumpur has progressively developed into a self-contained, sustainable and liveable township that is completed with residential, commercial, leisure, hospitality, retail, education, healthcare and industrial components. The division takes ownership and management of some of these components, acting as a 'co-investor' together with the buyers of the Group's properties.

The replicable nature of the Group's business model was also fundamental to the development of Sunway City Ipoh, Sunway Damansara, Sunway Velocity, Sunway Penang and Sunway City Iskandar.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

Operating conditions for the Group's Property Development division continued to be challenging in 2019. The industry as a whole, remained sluggish, mired by issues of oversupply of certain types of property, high household debt and price unaffordability. Moderating economic growth, stagnating wages and rising living costs have also impacted the purchase power of many prospective homeowners, in particular those from the middle-income segment.

While underlying demand was strong, many buyers, especially first-time homeowners faced issues such as lack of financing or insufficient funds to cover upfront payments. Buyers who could afford properties remained discerning and selective, given the ample choice of homes available in the market.

Beyond incentives, freebies and discounts, which have become commonplace, property developers needed to offer compelling lifestyle concepts and value propositions for their projects. This entailed additional design and development costs as well as increased marketing and branding spending, which added increasing pressure on thinning margins.

On the supply side, the industry continued to see rising land, material and labour costs and increased market competition in many key property segments such as the affordable home segment priced between RM250,000-RM500,000.

However, despite the downturn, there were several industry positives in 2019. Homes that were strategically located, thoughtfully designed, and with quality build, continued to see strong take-up. Township developments or gated- and guarded-living residences in the suburbs remained attractive to homeowners, especially upgraders.

In driving home ownership, the government launched the Home Ownership Campaign (HOC) and reduced the price threshold for foreign buyers. Various rent-to-own and affordable home ownership schemes were launched by the government, banks and private developers.

Among these were the #Houzkey programme by Maybank and RumahSelangorKu by the Selangor government. The 1Malaysia People's Housing Programme (PR1MA) was given fresh impetus under the administration in 2019. These and other initiatives helped to improve market sentiment and drive homeownership, especially among middle-income, first-time homeowners.

The use of Industrial Building Systems (IBS) towards producing homes with reduced cost and shorter construction times also saw further traction in 2019. New trends which included co-living concepts, capsule homes, and other novel ideas were also evident.

RESPONDING TO THE OPERATING ENVIRONMENT

In 2019, the Property Development division continued to leverage on its inherent financial strength, its strong branding positioning and the strategic advantage of Group synergy to register continued growth.

The division launched properties at various strategic locations nationwide, especially transit-oriented developments (TOD) that is increasingly growing in demand. Overall, the division launched RM1.2 billion in properties in 2019, with RM1.6 billion sales realised.

The division responded to heightened market competition by doubling marketing efforts and innovating new approaches to secure sales.

Various innovative home ownership packages were introduced to address pain points of different buyers. In particular, the Super 5 campaign yielded strong results and managed to boost property sales. The campaign essentially allowed buyers to pay a low upfront payment and obtained a guaranteed loan for the property purchased. The scheme allowed purchasers an interest-free flexi installment plan up to 24 months for the differential sum.

In addition, under Super 5, buyers received other privileges such as absorption of stamp duty and waiver on the memorandum of transfer (MOT) charges, flexible instalment payments, free financial consultation. With the change of the price threshold for foreign buyers, the division increased its focus on foreign buyers, looking into investment in Malaysian properties or for their own stay.


The division also achieved RM2.7 billion in unbilled sales which provides it with clear revenue visibility going forward.

HIGHLIGHTS AND ACHIEVEMENTS

The division recorded encouraging results during the year as it continued to distinguish itself as a leading property developer who excels not just at quality design and build, but as a creator of sustainable, holistic townships and high-rise homes that meet the lifestyle needs of today's urban communities.

Property projects with a total Gross Development Value ("GDV") of RM1.2 billion (2018: RM2.1 billion) was launched in 2019. The projects were all located in the Klang Valley, Ipoh and Iskandar, Johor. Most of the projects saw strong take-up rates.

Sunway's Property Development division garnered a host of industry awards in 2019, notably the BCI Asia Top 10 Developer Awards 2019 for the ninth consecutive year, The Edge Malaysia Property Excellence Awards 2019 - Top 10 Property Developers' Award and The StarProperty Awards 2019 All-Star Awards – Top Ranked Developers of the Year.

 Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.



## MANAGEMENT DISCUSSION AND ANALYSIS



Artist's Impression of Sunway Velocity TWO



Artist's Impression of Sunway Avila

### PROJECT UPDATES

#### KLANG VALLEY - SUNWAY VELOCITY TWO (TOWER B)

Launched in March 2019, the latest phase of the highly successful Sunway Velocity project saw 100% take-up due to its strong value proposition. Tower B bucked industry trends to register strong sales given its direct links to the MRT line, Sunway Velocity Mall as well as other amenities, including a medical centre, hotel, college and a 2-acre Central Park. The project is also strategically located within the up and coming mature Cheras area, which is undergoing urban regeneration that is poised to reposition the entire area as a highly desired lifestyle hub south of KL city centre.

#### KLANG VALLEY - SUNWAY GEOLAKE TOWNHOUSE

Sunway GEOLake Townhouse, an exclusive, low-density townhouse project located in Sunway City Kuala Lumpur was launched in June 2019. Sunway GEOLake Townhouse is the latest addition to the Klang Valley's most liveable township, which will benefit from the well-developed infrastructure and eco-system of Sunway City Kuala Lumpur. It is also the final phase of the GEO series and the last landed homes in Sunway City Kuala Lumpur.

Featuring award-winning landscapes and resort-styled facilities, the development is both a home and haven that offers a private sanctum for residents while enabling them to remain within close proximity to the attractions and amenities of Sunway City Kuala Lumpur. This includes Sunway University and College, Sunway Medical Centre, Sunway Lagoon, Sunway Pyramid and more.

#### KLANG VALLEY - SUNWAY AVILA (TOWER A & B)

Sunway Avila (Tower B) was launched in October 2019 after the first tower, Tower A which was launched at the end of May 2019 received overwhelming response. The combined total of 810 units project saw strong take-up due to its affordable price point and its direct connectivity to public transport.

Located just 6.5km away from the iconic Kuala Lumpur Twin Towers and Suria KLCC shopping mall, Sunway Avila was a top draw due to its wide array of choices in layout sizes and configurations that catered to more demographic segments. The development is also one of the few freehold projects within the area and has covered walkway access to the Sri Rampai LRT station.

#### IPOH - SUNWAY ONSEN SUITES

Up North, leveraging on the scenic vistas afforded by the Lost World of Tambun theme park and the surrounding limestone hill scenery, the Property Development division launched Sunway Onsen Suites.

Launched in May 2019, the 252-unit development provides buyers the unique experience of unhindered views of the picturesque surroundings with premium blocks overlooking the famous Lost World of Tambun theme park. It is Asia's first serviced suites that integrates natural hot springs within the development.

Unique facilities include natural hot springs or "onsen" pools, infinity swimming pools and other attractions. Sunway Onsen Suites is part of the larger, integrated development of Sunway City Ipoh spanning 31 acres, which includes the proposed Lost World Mall, medical centre and assisted living residences with hot springs facilities and education facilities.

## MANAGEMENT DISCUSSION AND ANALYSIS



Artist's Impression of Sunway Onsen Suites



Sunway Lenang Heights

#### JOHOR - CITRINE LAKEHOMES (PHASE 3)

Following the success of Citrine Lakehomes' earlier phases, the division launched the third phase of the low-density development in July 2019, which has been fully sold. Buyers were enamoured with the project's gated and guarded, self-contained community development concept.

Strategically located next to the 20-acre Emerald Lake Garden and within walking distance to Sunway International School and Sunway Citrine Hub, the development places buyers right at the heart of a wide range of facilities and amenities to effectively meet the needs of varying lifestyle aspirations and requirements.

The development is one of the selected few landed developments adjacent to the Second Link Expressway and is next to the Causeway Link bus stop (CW3E), giving it excellent connectivity to Singapore.

Additionally, Sunway Citrine Hub is also fast becoming the heartbeat of Sunway Iskandar. To-date, the 71,000 square feet (NLA) Sunway Citrine Hub is 100% tenanted with tenants such as the first Jaya Grocer in Johor; Starbucks, Mr DIY, 7-Eleven, Awesome Brew, Heaven's Door Bistro, Morganfield's, Sushi House, the first Sunway Pharmacy in Johor, and many more.

#### JOHOR - LENANG HEIGHTS SEMI-DETACHED HOMES

Launched in the final quarter of 2019, the low-density Sunway Lenang Heights semi-detached homes were well received by upgraders, mostly expanding families, looking for more greenery and tranquillity in their daily lifestyle. About 60% of the total land area comprises lush greenery and open, wide spaces.

The freehold development offers a wide range of community centric facilities and amenities. These include 3-tier, gated and guarded security, a 2.6km jogging and cycling track and a pocket garden.

The highlight of the project is the 38,000 square feet private clubhouse with a swimming pool, gym, tennis court, games room, aqua play and pavilion. In ensuring more privacy and exclusivity, there are only five units per acre at Sunway Lenang Heights with a total number of 222 semi-detached and bungalow residences across the 88-acre development.

#### TOTAL UNITS SOLD AND DELIVERED

In 2019, a total of 293 residential and retail units were completed and delivered to buyers in Malaysia.

The division also continued to make progress on existing projects with all of them on track for completion and handover of vacant possession in 2020. These included Mont Residences, Sunway Geolake Residences, Sunway Citrine Lakehomes Phase 1 and Sunway GRID Office & Retail.

In 2020, the division look forward to the completion and handover of vacant possession of the Rivercove Residences executive condominiums in Singapore and full delivery of vacant possession of the Sunway Gardens condominiums in Tianjin, China.



## MANAGEMENT DISCUSSION AND ANALYSIS

### LANDBANK REPLENISHMENT

In 2019, the division continued to replenish its landbanks in Malaysia, Singapore and China. As at 31 December 2019, the Group's total landbank stood at 3,347 acres with a total GDV of RM58.6 billion.

In Malaysia, landbanking efforts have been driven by sourcing land for pocket developments around transit-oriented locations in Klang Valley such as Kota Damansara, Bukit Jalil and Wangsa Maju, close to the LRT or MRT for easy accessibility.

On 1 July 2019, Sunway Berhad has entered into a Privatisation Agreement with Perbadanan Kemajuan Negeri Selangor (PKNS) through its 60:40 subsidiary, Sunway PKNS Sdn Bhd for the rights to develop a 9.46 acres leasehold land located at Kota Damansara. The land which overlook the Kota Damansara Community Forest Reserve, will be developed into 825 units of service apartments with some lifestyle retail units with an estimated GDV of RM544 million to be developed over a period of 5 years.

Subsequently in September 2019, the division acquired Sterling Paradise Sdn Bhd for RM15 million with the rights to 11.8 acres of prime freehold land in Mutiara Bukit Jalil. The plots of land are strategically located for a potential residential-led mixed-use scheme, being just 600 meters away from the Muhibbah LRT station. It also benefits from convenient access to multiple highways such as the LDP, KESAS, MEX and the toll-free Bukit Jalil Highway. The acquisition was completed on 25 November 2019.

The division announced the acquisition of a parcel of freehold land measuring 3.69 acres in Wangsa Maju, Kuala Lumpur in October 2019 for approximately RM37.0 million. The proposed development comprises 468 condominium units with a potential GDV of approximately RM300 million and is anticipated to mirror the success of Sunway Avila development which is just 200m away. The land is strategically located within 550m from the Sri Rampai LRT station and close to Wangsa Walk Mall.

After two successful land tenders in Singapore in 2018, the division continued its 65:35 joint venture with Hoi Hup Realty Pte Ltd and was awarded a land parcel measuring 6.16 acres at Tampines, Singapore for S\$434.5 million. The proposed development for a 99-year lease term land is to build Executive Condominium Housing Development. The land is close to the Bedok Reservoir and park and several educational facilities, such as United World Colleges (UWC) South East Asia, Temasek Polytechnic and Singapore Institute of Technology (SIT).

Following the success of Sunway Garden Phase 1 and Phase 2 property projects in Tianjin, China, on 11 September 2019, Sunway's 60% owned JV, Tianjin Eco-City Sunway Property Development Co. Ltd, secured a tender to acquire a 6.85-acre plot known as Sino-Singapore Tianjin Eco-City Plot 30c for RMB438 million. The JV entity will undertake the third phase of Sunway Garden residential development, which consists of seven blocks of condominiums.

Sunway will continue to pursue landbanking activities suitable for transit-oriented and mixed-use developments in Malaysia, Singapore, Australia, and the United Kingdom.

### OUTLOOK AND PROSPECTS

Despite the various measures introduced by the government, going forward, issues of market overhang, price unaffordability and lack of financing are expected to persist. Developers will remain under pressure to reduce costs and pricing while offering more value, beyond marketing and promotional gimmicks. Strong financial support will be warranted to assist or entice many buyers who remain cautious amidst a moderating economic backdrop. Mindfully planned developments with a resounding value proposition is necessary to attract buyers.

At the same time, focus must be placed on providing appropriately priced products for the middle-income mass segment, many of whom continue to say that most properties available in the market remain out of their financial reach.

The COVID-19 pandemic has affected all sectors including property development. The Movement Control Order (MCO) has resulted in a nationwide shutdown of all non-essential business premises, including property sales galleries. As a result, the division has to find new ways to engage with customers by stepping up the use of technology and digital solutions.

The division remains positive that given the division's continued robust performance amidst a subdued market, it is well positioned to navigate the challenges ahead and realise steady progress going forward. The optimism stems from the division's diverse property portfolio from township projects to high-rise developments that are attuned to buyers' lifestyle aspirations and at varying price points that meet real market demand. Innovation and green technology have also enabled the Property Development division to offer products that has a stronger value propositions which appeal to the growing eco-consciousness of many Malaysians today.

### STRATEGIC PRIORITIES

Going forward, the division's strategic priorities are to further develop its market presence, both locally and abroad. Inroads have been progressively achieved into overseas markets such as Singapore, Australia, China and the UK. The focus is to continue expanding the division's footprint in these locations. Overseas expansion diversifies revenue streams to reduce dependence on the local property sector, which is experiencing a prolonged downturn.

Naturally, the division can tap on operational synergy; the presence of other business divisions who have an existing presence in overseas markets to penetrate into those countries. Separately, present market conditions allow possibilities to explore new property concepts to attract new customers.

Technology opens a wide range of possibilities and one focus area for the division, going forward is harnessing more data insights to better understand customers. This will enable the division to develop more targeted products, which are market-oriented, and to launch them at the most opportune moment. The division is currently developing a digital application platform which will enable the division to provide strategic analytics that will facilitate in-depth market research.

## MANAGEMENT DISCUSSION AND ANALYSIS



Artist's Impression of Sunway Belfield

The division is scaling up efforts in areas such as online marketing by evolving content and materials into digital information such as e-brochures, virtual walkthrough of show units and ensuring all product information are made available on digital channels to better engage with customers. Customers can view the product details and reach out to sales personnel through the various digital channels available such as Whatsapp messaging, Live Chat on social media and website.

Further tapping into technology, the division is also exploring introduction of greater flexibility into products by allowing for increased customer personalisation and customisation in the design of their homes. Through the innovative digital platforms, prospective buyers can choose their preferred external designs and internal configurations of their homes. This include spatial configurations, the placement of rooms, living spaces and more.

Cost rationalisation remains a priority and by leveraging on the strength of other business divisions within the Group, the division are well positioned to harness further synergies towards reducing costs. The division will continue to see how best to yield improvements in operational processes, business model and value chain.

### UPCOMING PROJECT LAUNCHES

New project launches amounting to RM3.5 billion in GDV have been earmarked for 2020 of which 70% of the launches are located in Singapore. The balance of the 2020 launches will be in the Klang Valley, Penang and Johor.

Among the local projects include Sunway Velocity TWO (Tower C) service apartments with a GDV of RM300 million. Given the 100% take-up of the previous launches, the division is confident that the new launch will also see a receptive market response.

The division also plans to launch Sunway Avila Retail to complement the highly successful Sunway Avila Residence. Also within Greater KL, the division will launch Sunway Belfield service apartments, which is strategically located in close proximity with prominent landmarks such as Bukit Bintang, KL Sentral and Merdeka PNB 118.

In Penang and Johor, Sunway Valley City Shops and Office and Sunway Iskandar Maple Residence DUO Living Concept Landed Homes are also scheduled to be launched in 2020.

In Singapore, the division plans for three launches in 2020, namely Parc Canberra Executive Condominium ("EC"), Ki Residences Brookvale development in Clementi and Park Residence, Tampines, an EC development. These will further cement its presence in Singapore.



MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY INVESTMENT AND REIT



Sunway Putra Mall

	2019	2018	2017	2016	2015
Asset Under Management ("AUM")	RM10.7 billion	RM9.9 billion	RM9.4 billion	RM8.8 billion	RM7.9 billion
Total Net Lettable Area	11.3 million square feet	10.2 million square feet	10.0 million square feet	9.3 million square feet	8.6 million square feet

INTRODUCTION

Sunway's Property Investment and Real Estate Investment Trust ("REIT") division owns an extensive portfolio of properties, under the Build, Own, Operate business model. These developments, primarily located within the Group's integrated townships are held directly through subsidiaries of the Group or held by Sunway REIT, a 40.9%-owned associate. This enables the Group to manage its own properties and also further unlock the value of its many assets through REIT. This portfolio of diversified assets generates stable, recurring income from rental yields for the Group. It also enables both retail and institutional investors to participate in a proven model via Sunway REIT that generates stable returns, thus creating further value for stakeholders.

As at 31 December 2019, the division holds close to RM10.7 billion in assets under management ("AUM") with total net lettable area ("NLA") of 11.3 million square feet.

RETAIL

The division owns and manages retail establishments that are strategically located in the Group's integrated townships or mixed developments, summing up to NLA of approximately 4.7 million square feet. The portfolio consists of Sunway's flagship mall – Sunway Pyramid Mall ("Sunway Pyramid") in Sunway City Kuala Lumpur, Sunway Velocity Mall, Sunway Putra Mall, Sunway Giza Mall, Sunway Carnival Mall, SunCity Hypermarket in Sunway City Ipoh, and two retail podiums, Sunway GEO Avenue and Sunway Citrine Hub. Newly added into the portfolio include Sunway Big Box Retail Park which opened in December 2019 with NLA of approximately 450,000 square feet.

COMMERCIAL

The division's commercial segment holds a diversified portfolio encompassing office towers, university campuses, student accommodations, an industrial asset and medical centres, with a total NLA of approximately 6.6 million square feet.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group owns and / or operates eight prime office towers in the Klang Valley. These are Menara Sunway, Sunway Pinnacle and Sunway GEO Tower in Sunway City Kuala Lumpur; Sunway Tower and Sunway Putra Tower in the heart of Kuala Lumpur; Wisma Sunway in Shah Alam; as well as two new office towers which were launched during the year in Sunway Velocity, namely Sunway Visio Tower and V Office Tower.

The division also owns Sunway Medical Centre and an industrial asset, Sunway REIT Industrial - Shah Alam 1. Two premier university campuses, Sunway University and Monash University Malaysia, along with their respective student accommodations, complements the division's portfolio.

OPERATING ENVIRONMENT

The retail sector in 2019 saw lower than expected sales growth of just 3.7%, well below industry forecasts of 4.9% and subsequently 4.4%. Lower growth was attributed to external market volatility and domestic headwinds.

Despite efforts to stimulate retail spending such as interest rates cuts and the provision of RM30 by the government through e-wallets had come too late in the year to add momentum to consumer spending.

Consumers remained cautious on the back of uncertain economic prospects. The protracted trade war and further weakening of the Ringgit has cumulatively contributed to market uncertainty and higher operating costs for retail tenants.

Bearish consumer sentiments aside, over 2.14 million square feet of retail spaces was injected into the market in 2019 via the completion of 5 new retail malls<sup>1</sup>. These malls comprised both retail components and other integrated components such as residences and office spaces. With weaker consumer spending and increased retail space, mall operators faced increasing pressure to sustain rentals and attract tenants towards developing a conducive brand mix.

The fundamental challenge for the office segment arose from the large oversupply of office space. This was exacerbated by the slow take-up rate, due to the softer business sentiments amidst a moderating economy. The office sector also saw an increase of 3.73 million square feet in commercial space<sup>1</sup>, largely due to the completion of five office buildings during the year. Majority of the new supply arose from the Tun Razak Exchange (TRX), namely the Exchange 106 and Menara Prudential@TRX.

In the absence of major catalyst to drive an upsurge in demand, office building owners faced stiff competition in maintaining or increasing occupancy levels. In a survival of the fittest, landlords needed to be agile to respond to emerging trends, such as embracing co-working space concepts, decentralised locations, integrated development and transit-oriented development (TOD).

RESPONDING TO THE OPERATING ENVIRONMENT

The division continued to focus on its core business strategies. For its retail properties, this entailed improving the breadth and depth of the existing tenant mix, maximising mall space available for rent, leveraging on automation and digital technology to drive greater automation, which improves operational efficiency, enable cost optimisation, and to continuously grow the Sunway brand.

The division has also turned towards organic growth by looking to attract new groups of shoppers whilst maintaining its strong market base of family and millennial shoppers.

In 2019, the division engaged with top regional retail names and emerging new fashion brands as part of its ongoing efforts to refresh the malls' offerings. 2019 also saw the arrival of several online brands as part of their efforts to engage with customers, most evidently the opening of Sixty8ight clothing and the Christy Ng shoe stores.

Even though the office sector is experiencing oversupply in the Kuala Lumpur City Centre, however, integrated developments like Sunway City Kuala Lumpur and Sunway Velocity still enjoyed good occupancy. Sunway Pinnacle and Sunway Geo Tower are currently close to 100% occupancy and Menara Sunway is currently at 95% occupancy. Meanwhile in Sunway Velocity, Sunway Visio Tower achieved 50% occupancy and targets to achieve 90% occupancy by end 2020. These locations are still well sought after, due to ease of public transportation and its location in an integrated development with complete facilities and amenities supporting the office workers. In addition, Sunway City Kuala Lumpur is an approved MSC Cybercentre whilst application has been made for Sunway Velocity to be the next approved MSC Cybercentre for the Group.

HIGHLIGHTS AND ACHIEVEMENTS

Occupancy rates at Sunway Pyramid, Sunway Carnival Mall, Sunway Velocity Mall and Sunway Putra Mall remained strong at above 90%.

For its continuing efforts to exemplify excellence, Sunway Mall's division was awarded the Forest Stewardship Council's Asia Pacific Leadership award for Malaysia. It is the first group of malls in Asia Pacific and Malaysia to be recognised by FSC for its contributions towards advocating, educating and raising awareness on the importance of forest sustainability.

Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.

<sup>1</sup> Knight Frank's Real Estate Highlights 1H 2019 Research Report



## MANAGEMENT DISCUSSION AND ANALYSIS

### RETAIL HIGHLIGHTS AND ACHIEVEMENTS

Sunway Pyramid and Sunway Carnival Mall benefit from captive markets and the presence of mature townships, making them the leading malls at their respective locations.

Sunway’s malls division continued to strengthen its existing popular brand name through a wide range of media engagement activities and marketing/promotional activities.

The Unified Payment Terminal (“UPT”) was introduced in December 2019. It is an all-in-one payment terminal that accepts a variety of cashless payments ranging from e-wallets, debit and credit cards. This enhances convenience for shoppers and retailers alike and provide a more seamless shopping experience. Aside from Sunway Pyramid, UPT has been rolled out in other malls including Sunway Velocity Mall, Sunway Putra Mall, Sunway Carnival Mall, and Sunway Citrine Hub.

#### Sunway Pyramid

Given that Sunway Pyramid has over 1,000 stores across its 1.8 million square feet of space, in April 2019, the division launched its new mobile application, which features real-time in-mall navigation to make locating stores much easier. The Sunway Pyramid mobile application was created in partnership with Google Maps and leverages on indoor map technology.

In June 2019, Electric Vehicle (“EV”) charging bays were introduced at Sunway Pyramid. In total, there are now 20 EV charging bays across the Group’s premises with 15 at Sunway Pyramid, three at Sunway Pinnacle and two more at Sunway Velocity.

Sunway Pyramid introduced the novel Sunway Smart Parking System in October 2019. It is the largest fully unified Smart Parking System with multiple, cashless payment options which involves electronic scanning of car number plates. The cashless and ticketless parking experience is part of Sunway’s digitisation journey to enable greater convenience for shoppers and to reduce carbon footprint in line with Sunway’s commitment to the UNSDG.

Sunway Pyramid has also introduced the Leo’s Junior Kids Toilet and Baby Room, in effort to create an environment for children under 6 years to be able to visit washrooms independently. The all-new enclosed kids’ toilet also serves parents with young children who are undergoing potty training. This initiative augurs well for the increasing number of young families who visits the mall.

Another highlight is the continuous revamp of Asian Avenue, aimed at attracting the younger generation of visitors to visit the precinct to experience more shopping and dining choices.

The mall also welcomed several new retailers during the year. This includes the highly popular, hotpot brand Hai Di Lao, Costa Coffee, K Fry Urban Korean, Adidas Brand Center, Lush and Kate Spade.

#### Sunway Velocity Mall

Despite the surplus of retail mall space in the Cheras area, Sunway Velocity Mall has retained a 99% occupancy rate. The mall continues to gain traction as a desired destination for families, millennials, couples and other demographics, given its diverse range of retailers across all segments, such as food and beverage, entertainment, apparel and more.

With food and ambience being key strongpoints, the entire boulevard was rebranded as Nanjing Street, after the namesake location in China, which is famous for its authentic, oriental cuisine. Sunway Velocity’s Nanjing Street is home to an increasing number of authentic Chinese hot pot restaurants and a supermarket, and remains an attraction for shoppers eager to taste authentic Chinese fare or just to enjoy the ambience of the area.

A brand new one-stop service centre has opened to provide greater convenience to patrons. The centre is home to Pos Malaysia, Pressto (laundry drop-off service), Mister Minit (cobbler and locksmith), Sol Flora (florist), TF Barber Shop and other service providers.

In 2019, the mall welcomed new tenants, including the highly popular Japanese karaoke chain, Manekineko, Mothercare, Vanilla Mille Crepe, Bath & Kids, Cotton On Kids, Denni, G-Shock, Space @ XOX, AGift With Care, E.Pse by Eclipse, House of Pok, Jack Studio, MediFeet and Pao Xiang Bah Kut Teh into its portfolio of shops.

#### Sunway Putra Mall

Since the beginning of 2019, Sunway Putra Mall started the “Autsume is Awesome” initiative and declared its mall to be Malaysia’s first autism friendly shopping mall. The mall has designated every Tuesday as “Autism Friendly Shopping Day”. On the dedicated day, the lights in the common areas of the mall are dimmed and the volume of the ambience music is lowered down. This makes the mall friendlier for autistic individuals who are sensitive to loud noises and bright lights. Other facilities to make their experience more comfortable include providing a calm room and sensory walls within the mall.

The National Autism Society of Malaysia (NASOM) presented an Autism Star Certificate of Recognition to Sunway Putra Mall for its autism friendly initiative. Sunway Putra Mall also won the Community and Social Welfare category for the same initiative at the International Council of Shopping Centres (ICSC) Asia-Pacific Awards.

#### Sunway Carnival Mall

Located at Seberang Jaya, Penang, Sunway Carnival Mall focused on its mall expansion project towards increasing NLA and to create more conducive shopping experiences. The strategy remains on positioning Sunway Carnival Mall as the desired retail destination in Northern Malaysia. A Key Tenants Unveiling Ceremony will be held in 2020 where some of the mall’s international and local retailers will be announced.

## MANAGEMENT DISCUSSION AND ANALYSIS



Artist’s Impression of Sunway Big Box Retail Park

#### Sunway Big Box Retail Park

Sunway Big Box Retail Park was soft launched on 18 December 2019 to positive response from both shoppers and retailers. Located in Sunway City Iskandar, Johor, the mall with NLA of approximately 450,000 square feet is based on the warehouse store concept with an open-air strip mall environment. The new approach comprises 13 large format stores that allow for more immersive brand experiences, as well as regular retail outlets set within green spaces.

Among the mall’s unique attractions include Johor state’s first Happy Fish Swim School centre complete with a 25-metre heated lap pool, which is set to be opened in 2020. Other novel features include a 16,000 square feet trampoline park known as EnerG X Park, a 30,000 square feet BookXcess with over 1.5 million books and the SSF home improvement store. Designed as a concept store, SSF’s outlet at Sunway Big Box Retail Park will feature complete show units with different sizes, including furniture ranges that are suitable for Singapore’s Housing Development Board (HDB) flat sizes.

### OFFICE HIGHLIGHTS AND ACHIEVEMENTS

#### Sunway Pinnacle

Continuous asset enhancement initiatives were carried out in 2019 to refresh and enhance the value of commercial / investment properties. During the year, Sunway Pinnacle office tower converted a facilities floor into office space for existing tenant’s expansion. This created an additional 19,600 square feet of lettable area which generated additional income for the property.

In line with the Group’s efforts towards sustainability, efforts are being made to drive better energy efficiency at the office buildings. The division is currently replacing the lights on the office towers common area to LED lights which is targeted to be completed by mid-2020. Beyond reducing energy consumption, this is expected to contribute positivity towards the profitability and yield of the assets.

#### Sunway Visio Tower and V Office Tower

The division launched two new office spaces during the year. Sunway Visio Tower is a new 15-storey corporate office tower, while V Office Tower is a 10-storey integrated office and retail hub. Located within the integrated development of Sunway Velocity, the towers are linked to Sunway Velocity Mall and Sunway Velocity Hotel. They have direct connectivity to the Cochrane and Maluri MRT stations and excellent accessibility to major roads and highways such as Jalan Loke Yew, Jalan Pudu, Jalan Tun Razak, SMART Tunnel, KL-Seremban Highway and the NPE and a Maju Expressway.

The V Office Tower currently houses Sunway Education Group’s Sunway College at Velocity which opened in July 2019. The brand new 113,500 square feet Sunway College at Velocity occupies five levels, Levels six to 10 of the V Office. The tenancy will provide a steady stream of long-term rental income for the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS



Sunway Velocity Mall

### OUTLOOK AND PROSPECTS

Going forward, operating conditions are expected to remain tough, though there are many pockets of opportunity to drive sustainable growth over the medium to long-term horizon. Low consumer confidence levels, coupled with an unsettled global market environment and slow domestic economic activities are expected to remain going forward. In addition, the world was also affected by the unprecedented COVID-19 pandemic. The Movement Control Order (MCO) arising from the COVID-19 pandemic was a concerted effort to contain the spread of the virus. Whilst it was necessary, it has caused disruption to the retail sector. Consumer sentiment is expected to remain fragile in the near-term. That said, we draw confidence that this is just momentary measure and businesses will normalise over time.

However, the division understand the predicament of retailers, especially local, small to medium-sized retailers, who are most affected by the MCO. The mandatory shutdown of all non-essential retail stores have certainly affected many businesses, including those operating in Sunway's malls. To support its retail tenants, the division is offering up to RM20 million rent-free to Sunway's malls' non-essential trade retailers affected during the MCO duration. This would ease the burden felt due to closure of trades and businesses, which has resulted to loss of income and cashflow. The rent-free period is hoped to enable businesses also bounce back faster from the temporary disruption.

As e-commerce gains traction, it is imperative for both retail mall owners and retailers to adapt to emerging trends as well as embrace technology in their tenancy mix, marketing channels, customer acquisition and retention strategies to create enticing in-store experience to consumers.

The overall occupancy and rental rates of office building within integrated developments are expected to hold steady due to tenants' preference for infrastructure availability. The growing popularity of co-working space provides an alternative to improve the occupancy levels of the office buildings. It also provides tangible commercial advantage in attracting other tenants and the millennial workforce to the building who can utilise the facilities offered.

Yet, the division is confident, given that it has gone through similar operating conditions and have exemplified resilience to emerge stronger given its inherent internal strengths. These include strong management, marketing and operational fundamentals and a highly experienced management team.

Together with these, the division will also tap on the strategic synergy potentials with other business divisions such as leisure, hospitality and healthcare to develop new propositions to entice consumers.

### STRATEGIC PRIORITIES

In response, the division's malls will increase its products offerings to its customers. Technological innovation will also remain at the fore, with the License Plate Recognition System and Cashless Parking to be further introduced in 2020.

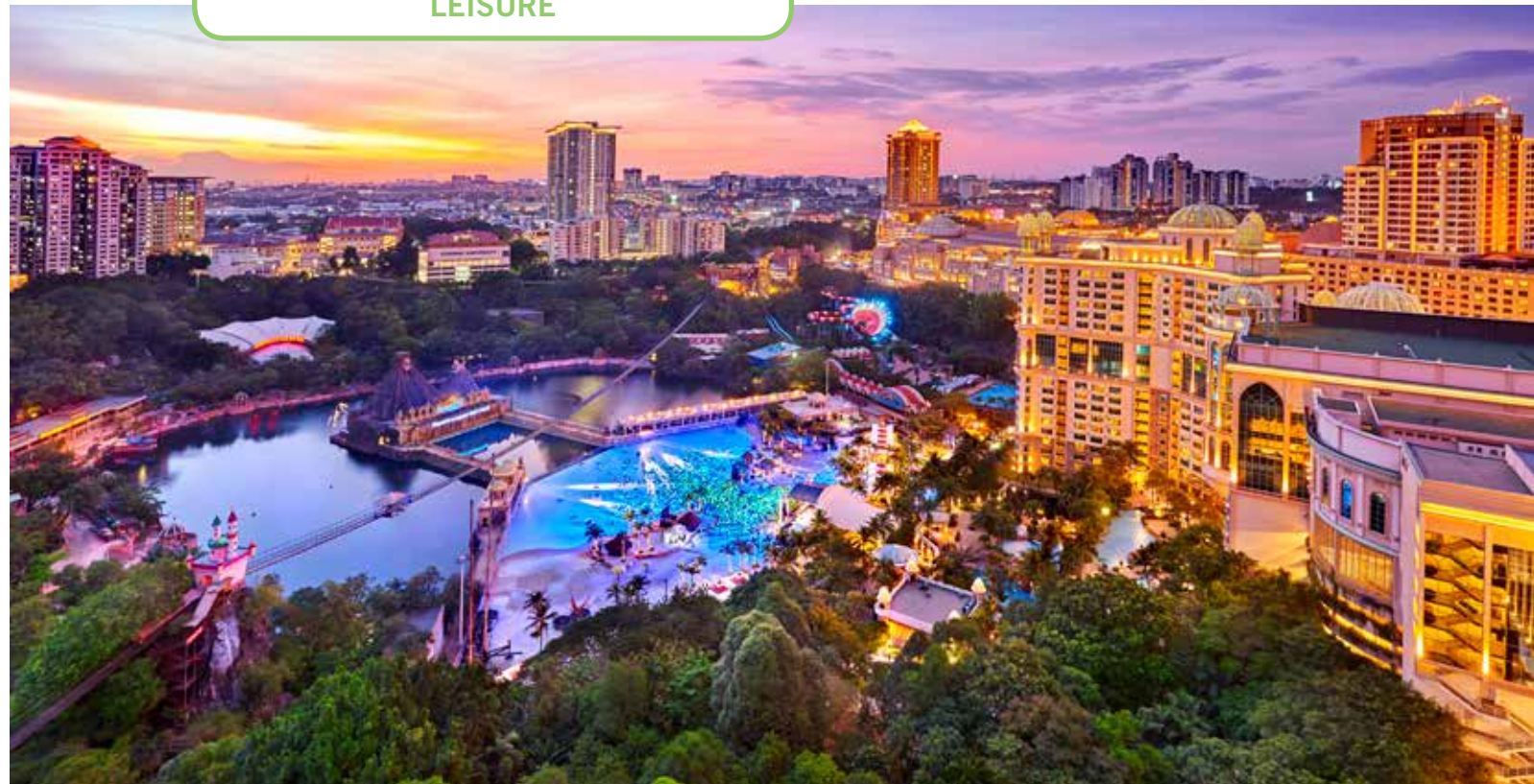
In Seberang Jaya, Penang, the Sunway Carnival Mall expansion is scheduled to be completed by 2021. The expansion will see Sunway Carnival doubling its gross floor area to 1.45 million square feet from the current 780,000 square feet, while its NLA will expand to 830,000 square feet from about 500,000 square feet.

The division will expand its footprint to new locations with construction work progressing swiftly on the malls in Ipoh and Penang. These malls located within the integrated developments of Sunway, when completed and ready in 2023, will allow the division to tap the retail potential of new, captive markets where mall penetration remains low.

The malls will also continue to leverage on the synergistic collaboration of existing Sunway Group components. For the office segment, the division will explore incorporating co-working components in office buildings to cater the millennials needs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### LEISURE



Sunway Lagoon

	2019	2018	2017	2016	2015
Total Park Size	<b>128 acres</b>	128 acres	128 acres	128 acres	100 acres
Visitorship	<b>2.5 million</b>	2.4 million	2.3 million	2.2 million	1.8 million

### INTRODUCTION

Sunway's Leisure division is the recreational or entertainment component within the Group's Build, Own, Operate business model. Through its two signature theme parks – Sunway Lagoon in Sunway City Kuala Lumpur and Lost World of Tambun in Sunway City Ipoh, Perak, the Leisure division provides a one-of-a-kind experience for visitors.

The theme parks complete the value proposition of Sunway's townships, providing exciting, fun experiences for residents and visitors alike. By attracting visitors, the theme parks also contribute to surrounding economic activities and job creation, providing opportunities for the local communities and creating a cascading, multiplier effect to stimulate socio-economic development.

The theme parks have also become international attractions, drawing a large number of tourists from overseas and has placed Malaysia on the tourism map. This has further benefitted the country's tourism and retail sectors.

Since its inception in 1992, Sunway Lagoon now offers more than 90 attractions across its six signature parks, namely the Water Park, Amusement Park, Wildlife Park, Extreme Park, Scream Park and the Nickelodeon Lost Lagoon. Sunway Lagoon has received multiple accolades, including widely acclaimed title of 'Asia's Best Attraction' by the International Association of Amusement Parks and Attractions ("IAAPA") for four consecutive years.

With the aim of becoming the leading multi-theme park destination, Sunway Lagoon features a series of firsts in entertainment that caters to visitors of all ages such as the World's Largest Water Ride – Vuvuzela, World's First Waterplexx 5D, World's Largest Man-Made Surf Beach, Malaysia's First Interactive Zoo, Malaysia's First Surf Simulator – FlowRider, and the first Nickelodeon themed land in Asia – Nickelodeon Lost Lagoon.

Equally a top attraction is the division's Lost World of Tambun theme park. Placed among 260-million-year-old limestone hills and natural hot springs, the park has become a key eco-tourism destination for Ipoh city, attracting visitors from across Malaysia and overseas. Its ten parks include the Water Park, Amusement Park, Lost World Hot Springs Night Park, Tiger Valley, Lost World Petting Zoo, Tin Valley, Adventure Park, Lost World Hippo Kingdom, Luminous Forest and Swan Lake. With natural hot springs and an array of attractions and rides, Lost World of Tambun offers both day and night entertainment for all ages.

Other than offering fun-filled experiences for all ages, the division also cater for MICE events such as corporate away days, teambuilding activities and meetings at its themed locations.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING ENVIRONMENT

During the year, the theme park industry continues to gain momentum. However, the mushrooming of operators across the country has led to intensified competition for consumer spending. Amidst a backdrop of reduced economic growth, cautious consumer sentiment and increasing competition, operating conditions proved tough as the division had to double its efforts to attract visitors.

In particular, the introduction of various new theme parks in the Greater KL and northern region had affected visitorship. In 2019, several property developers, as part of enhancing their overall townships, have looked to include lifestyle or entertainment related amenities and facilities which includes leisure theme parks.

Several developments in the macro-operating environment such as the haze condition and Influenza A virus had also impacted visitor numbers. However, Sunway's Leisure division remained resilient and still managed to increase the number of visitors visiting the theme parks.

### RESPONDING TO THE OPERATING ENVIRONMENT

The Leisure division was undeterred and continue to focus on strengthening its business model with market-oriented strategies. One of the key areas emphasised was revamping marketing and branding efforts towards embracing digital mediums and to re-strategise the desired demographic mix.

While families and overseas visitors remain a key market segment in 2019, the division has also placed greater emphasis on domestic visitors, including millennials and the business community. In particular, efforts have been focused on attracting visitors from the northern and central regions with stronger brand awareness through targeted marketing channels, especially digital channels.

The division continues to develop multiple, parallel brand positioning for the theme parks. Besides from just being family friendly, the division have also repositioned the theme parks as an ideal venue for groups of friends i.e. college students or young adults. Further, the division continued to tap the MICE segment.

To understand their customer behaviours and develop new market segmentation, the division worked to derive stronger insights into consumers' motivations and desires when they choose a theme park. This market insight exercise has helped the division to further strengthen their understanding at various targeted demographic groups.

The division shifted its focus to social media to boost its online brand presence. Digital mediums using videos, GIFs and other creative memes that can be shared quickly and efficiently were explored in 2019 as it has a stronger consumer recall and stickiness to retain existing and capture new customers.

Improvements have also been made across the value chain towards enhancing visitors' experience. During the year, the division introduced flexibility in payment terms and options for a better guest experience.

### HIGHLIGHTS AND ACHIEVEMENTS

#### SUNWAY LAGOON

In February 2019, Sunway City Kuala Lumpur hosted "The Amazing Sunway City Challenge", an original production by Sunway, co-produced by Web TV Asia, and sponsored by Samsung Electronics Malaysia and Grab. The 5-episode online reality series premiered on SAYS.com (the official web broadcaster), IDN Times, ET Today, Line.tv, LUVE, Sunway City Kuala Lumpur and WebTVAsia's official social media platforms which reached out to 54 million users around the world. Featuring 10 of Asia's most popular influencers from 10 different countries with a collective following of 25 million users on social media, these influencers battled it out across the world-class premier tourist destination of Sunway City Kuala Lumpur in gruelling challenges such as bungee jumping in Sunway Lagoon, a team mission in Sunway Pyramid's ice skating rink and hurtling down the world's largest water ride, Vuvuzela.

Sunway Lagoon was the venue of choice for two run events during the year. The first event was a Run for Rare – Run for a Cause in March 2019 in collaboration with Malaysia Lysosomal Diseases Association (MLDA). The 5km fun run through Sunway Lagoon was held to raise awareness on rare diseases while also promoting the theme park and firmly positioning it as a supporter of worthy causes.

In conjunction with DC Comic's caped crusader, Batman's 80<sup>th</sup> Anniversary, in November 2019, a Batman Night Run was organised to honour the Dark Night's legacy. Runners ran a 5-km route around Sunway City Kuala Lumpur, starting and finishing at Surf Beach, Sunway Lagoon and were rewarded with an exclusive 'Batarang' finisher's medal.

As part of the 'Waves of Fun' programme in March 2019, Sunway Lagoon brought mermaids to life with the "Mermaids Alive!" campaign where visitors were treated to "mermazing" activities, including meet-and-greet session with mermaids, a mermaid makeover and the opportunity to swim with the mermaids. In addition, mascots from Nickelodeon and Sunway Lagoon like Captain Quack & Lady Quack, SpongeBob & Patrick, Dora the Explorer & Boots, and the Teenage Mutant Ninja Turtles made special appearances during the event too.

Nestle unveiled the world's first solar-powered ice cream kiosk at Sunway Lagoon in March this year. The solar-powered ice cream kiosk draws its solar energy from the photovoltaic (PV) panels located on its roof to keep the ice cream freezing at -25 degree Celsius. Each Nestle solar-powered ice cream kiosk works 100 per cent independent from electricity power, resulting in up to 263kg of carbon dioxide emission reduction a year. The power harvested from a day's worth of charging can run the kiosk up to three days.

Since 2013, Sunway Lagoon's Nights of Fright: Festival of Fear event has established itself as Malaysia's one-stop, terrifying, set-your-heart-racing destination during the October Halloween season. Back for the 7<sup>th</sup> consecutive year in 2019, the Nights of Fright 7 featured eight haunted houses, one haunted theatre, two scare zones, 11 thrilling rides as well as two stage shows to spook the visitors.

## MANAGEMENT DISCUSSION AND ANALYSIS


Sunway Lagoon unveiled in August 2019 its latest Scream Park attraction – 'Sharknado Alive!', which is based on the Sharknado film series directed by California-born director Anthony C. Ferrante. The attraction occupies the entire top level of Scream Park and takes visitors through a 15-minute harrowing journey through familiar scenarios and scenes from the movie.

Participants of all ages thronged Sunway Lagoon's Surf Beach in October 2019 for the Watsons #GETACTIVE FEST 2019, the largest fitness festival in Malaysia, supported by the Ministry of Youth and Sport. Hosted by Jinnyboy, the event featured iconic Zumba fitness moves and introduced a new high intensity workout - Strong by Zumba, wellness workshops, food trucks and a health fitness bazaar with a fitness arcade.

Celebrating its GLORYFIVE 5<sup>th</sup> Anniversary, CUCKOO Malaysia collaborated with Astro to organise KONSERTKOO #withCUCKOO – the biggest, free-entry music concert in Malaysia at Sunway Lagoon's Surf Beach in November 2019. The neon-party-themed event kicked off with a flurry of exciting activities, working together with the top four Malay radio stations on Astro – Era, Sinar, Zayan, and Gegar – to present an incredible concert line-up of local performers.

Cloudora Festival, the largest glow-in-the-dark New Year's Eve music festival in the country was held to count down to the new year of 2020 at Surf Beach, Sunway Lagoon. The event included a combination of international music DJ's, an immersive stage, a GlowOns LED neon light concept flea market, an immersive carnival art installation, spectacular New Year's Fireworks displays and much more. Featuring the presence of the versatile Art and Lights, the festival area was themed with a glow-in-the-dark thematic "Enchanted forest-like" setting!

Furthermore, Sunway Lagoon continues to garner many awards as one of the preferred theme parks in Malaysia and Asia Pacific.

 Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.

#### LOST WORLD OF TAMBUN

During Earth Hour 2019, Lost World of Tambun launched the first man-made Marmoset Island created using 100% recycled items such as polystyrene pieces, plastic bottles and any plastic items that can float. The 80-square-metre island is made-up of 5,000 kilogram of waste which took eight workers to create in a period of three months. The project initiative was in collaboration with Sunway University and is aligned with the Group's vision and mission towards realising the UNSDG.

In July 2019, the Lost World Petting Zoo received a beautiful, gentle giant giraffe named Sunshine from Zoo Melaka. It took 30 hours to prepare and transport her to Ipoh as a soulmate for Rain, a male giraffe at the park's Giraffe and Friends Valley.

At Lost World of Tambun, besides being able to enjoy the experience of glamping, the park recently launched the 'Malayana Floating Villas'. Consisting of 3 unique floating chalets, guests are able to have a sensorial respite and at the same time, they can also visit the day and night theme park as part of the package.



Malayana Floating Villas, Lost World of Tambun

Lost World of Tambun adopted a new family friendly concept for Halloween at the theme park this year which received positive reviews from visitors. The concept based on the hugely popular Coco movie is a move away from typically scary or horror-based Halloween experiences, to that of more family-oriented themes. The Day of the Dead Spooky Halloween event draws inspirations from the actual Day of the Dead or *Dia de Muertos*, a day of remembrance of those who have departed. The month long Halloween event featured The Beauty of Death Parade, A Night To Remember, DJ El Loco Party, The Touch Of The Dead as well as the Soul Of The Fire. In addition, the School Of Arts and Design from Sunway University collaborated with the theme park to enhance the retail experience where the students had the opportunity to sell their creatively designed Day of the Dead merchandises during the event.

For the first time ever in Asia, Barbie and Hotwheels collaborated with Lost World of Tambun for their year-end holiday campaign. A massive Hotwheels themed dirt track and Barbie themed doll house was setup in the theme park where guests were able to challenge each other to a race of speed or choose to play with the interactive booths. A real life Barbie performed in a Barbie Rock Star mini concert daily and guests had a chance to have afternoon tea with Barbie throughout the campaign period.

At Lost World of Tambun, the year ended spectacularly with an amazing concert with local artists, the park's in-house fire performance and a brilliant 8-minute display of fireworks to welcome the new year.



## MANAGEMENT DISCUSSION AND ANALYSIS



Kubarango, Sunway Lagoon

### STRATEGIC COLLABORATION

On 26 April 2019, Sunway's Leisure division signed a MoU with Sunway University to formalise a joint collaboration to develop a series of specially designed educational programmes for the university. Benefits includes lectures at Sunway University by multi-disciplinary representatives from the theme parks as well as study trips to both theme parks by the university's students, marketing campaign projects, networking opportunities and the creation of edutainment platforms to promote the UNSDG.

### OUTLOOK AND PROSPECTS

Conditions will remain tough in the leisure segment given increasing competition, continued weak consumer spending power and the impact of COVID-19 virus pandemic. However, the division is of the view that it can ride these challenges to emerge stronger and retain its position as a leading theme park player in Malaysia.

The weakened Ringgit can also work in the division's favour in attracting foreign visitors. All in all, the various strategic measures undertaken to reorient its marketing strategies should enable the division to continue attracting visitors to both theme parks.

### STRATEGIC PRIORITIES

Going forward, the focus for the division in 2020 would be to continue with the understanding of customers' behaviours and motivations and using this information to create enticing marketing proposition to boost visitor numbers.

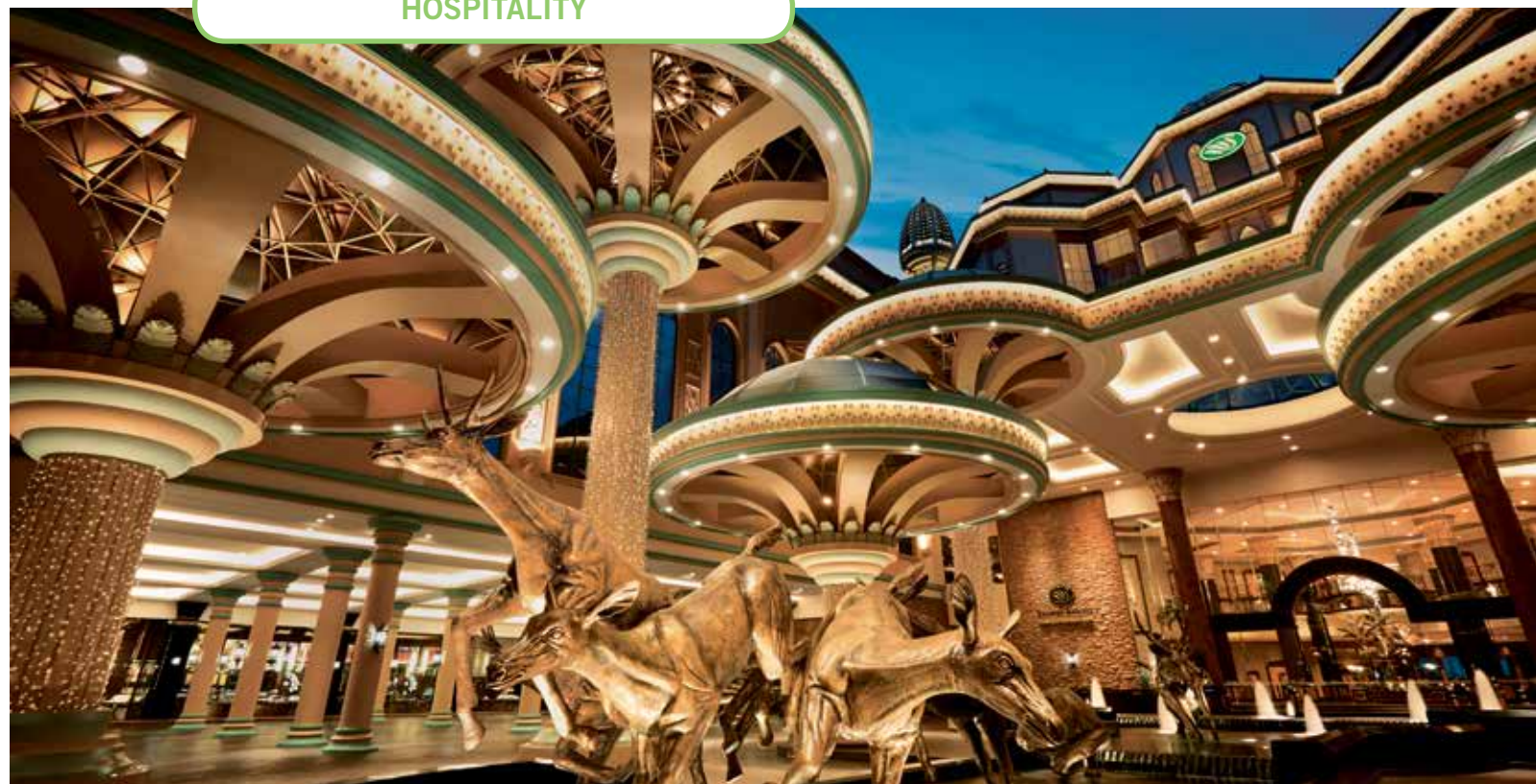
The division will also explore the possibilities of tapping new markets such as Australia, Taiwan, and the Philippines to bring in more visitors to the theme parks.

By leveraging on its loyalty scheme such as "Passport to the Best Day Ever", "Lost World Annual Pass" and others to attract repeat visitors, the division will be providing enhanced value propositions to introduce more features, privileges and exclusive offers within the annual pass to make it more attractive to visitors.

At Lost World of Tambun, the theme park is set to open new attractions like Malayana Rainfortress, a world-class, multi-storey immersive water park featuring rain fortresses, water slides and tiered pools, Adventure River – a 100-metre tunnel that offers a thrilling experience and the Dragon's Lair water tunnel, which connects to Malaysia's longest lazy river at 660 metres in length.

## MANAGEMENT DISCUSSION AND ANALYSIS

### HOSPITALITY



Grand Entrance at Sunway Resort Hotel & Spa

	2019	2018	2017	2016	2015
Number of hotels and resorts managed	<b>11</b>	11	11	10	9
Number of guestrooms	<b>3,386</b>	3,386	3,386	3,017	2,601

### INTRODUCTION

Sunway's Hospitality division comprises a diverse portfolio of 11 hotels and resorts located across Malaysia, Cambodia and Vietnam. In total, the hospitality division provides 3,386 guestrooms and meeting, event and convention related facilities to serve the needs of both business travellers and leisure guests.

The division's flagship hotel, Sunway Resort Hotel & Spa, is a 5-star 468-room hotel located in the iconic 800-acre integrated township of Sunway City Kuala Lumpur. The hotel is seamlessly connected to Sunway Pyramid and Sunway Lagoon theme park and within easy walking-access to a multitude of other facilities. Complementing Sunway Resort Hotel & Spa is the 564-room Sunway Pyramid Hotel and the 401-room Sunway Clio Hotel, offering a combined total of 1,433 guestrooms within the township for local and overseas travellers.

The Group's presence in Kuala Lumpur city centre is anchored by the 650-room 5-star Sunway Putra Hotel and 351-room Sunway Velocity Hotel in Cheras. Other hotels and resorts in the division's portfolio include multi award-winning The Banjaran Hotsprings Retreat and Sunway Lost World Hotel in Sunway City Ipoh, and Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya in Penang.

In the international market, Sunway owns and manages Sunway Hotel Phnom Penh in Cambodia and Sunway Hotel Hanoi in Vietnam, serving the Indochina region.

### OPERATING ENVIRONMENT

Sunway's Hospitality division operated amidst a dynamic environment in 2019 as a wide range of external forces and industry trends and developments continued to shape operating conditions for all industry players. While there were factors that supported industry growth, many incumbent challenges continued to persist or increase in 2019 while new disruptive forces emerged during the year.

International tourist arrivals into Malaysia in 2019 continued to see growth with 20.1 million tourist arrivals recorded between January to September<sup>1</sup>. This was a 3.7% increase compared to the corresponding period in 2018, which saw 19.4 million visitors. Tourism growth was mainly due to higher tourist arrivals from main markets such as Indonesia, China and India. An expanding tourism industry helped support retail and hotel revenues. Beyond holidaymakers, uptrends in room reservations and occupancy rates were supported by steady bookings for corporate events and from the meetings, incentives, conferences and exhibitions ("MICE") segment.

<sup>1</sup> Statistics from Ministry of Tourism & Culture of Malaysia



## MANAGEMENT DISCUSSION AND ANALYSIS

While there was industry growth, the industry was impacted by continued price sensitivity with many hotel operators engaging in competitive pricing to attract or retain customers despite increasing demand. The erosion of margins is a prevalent factor as customers, supported by online travel and booking sites, have become more price conscious and discerning. Hotels, in general, also saw shorter booking periods by corporate and tourist groups.

Beyond price sensitivity, many global hotel brands remained in expansionary mode, further entrenching their presence in cities where the division operates in such as Kuala Lumpur, Petaling Jaya, Ipoh, Penang, Phnom Penh and Hanoi. Thus, competition was further intensified and the proliferation of technology-enabled hospitality hosts such as Airbnb and HomeAway, remained on the uptrend.

An insufficient local talent pool to fill specialised positions have also added to the challenges of hotel operators. The opening of more hotels exacerbated talent issues, with staff retention growing increasingly difficult.

As a result of the challenging operating environment, Sunway's Hospitality division's financial performance was slightly impacted.

### RESPONDING TO THE OPERATING ENVIRONMENT

Sunway's Hospitality division tapped the domestic tourism and corporate sectors by developing a wide range of packages and offerings at various price points. This included weekend and local holiday packages as well as staycations. The division also developed new meeting products for corporates with the aim of increasing utilisation during low seasons.

To increase brand visibility, the division actively participated in a wide range of targeted tradeshow and industry events throughout the year to ensure strong customer engagement. The hotels were also positioned as ideal destinations for special milestones or moments, which included weddings and honeymoons, anniversaries and festive celebrations, memorable occasions and more.

Leveraging on the Group's synergy, the division continued to collaborate with other Sunway business units towards developing innovative, customer-oriented experiences. Among the initiatives are Stay & Shop Packages with Sunway's malls, Family Fun Packages with Sunway Lagoon theme park, medical tourism packages with Sunway Medical Centre, student group tours with Sunway Education Group, New Year's Eve Countdown showcase at Sunway City Kuala Lumpur and more.

The division also continued to upgrade its portfolio of hotels to ensure guests' comfort and satisfaction levels, notably in a dynamic market that offers plenty of choice and price points for customers.

In 2019, with many hotel operators engaging in competitive pricing, the division sought to cultivate stronger relationships, particularly with corporate clients. The division increased its engagement activities with the corporate sector towards better understanding their requirements, creating awareness on its new offerings, amenities and services and essentially providing a personal touch in bringing the Sunway brand top of mind.

Going digital was also part of its strategy to tap the millennial demographic. Social media platforms augmented by various types of content such as videos, live streaming, posts by key opinion leaders, allowed the division to reach out to this tech-savvy generation to drive awareness, brand affinity, brand adoption and ultimately conversion.

### HIGHLIGHTS AND ACHIEVEMENTS

As a group of hotels in Malaysia, Cambodia and Vietnam, Sunway's Hospitality division scored in the highs 90% on its internal Guest Review Index ("GRI") in 2019.

### THE BANJARAN HOTSPRINGS RETREAT

The Banjaran Hotsprings Retreat is the Group's foray into the luxury hospitality segment, offering a distinct eco-luxury hotsprings experience for those seeking a sublime escape from the ordinary. The 5-star retreat features 45 luxurious villas, a spa and wellness centre and a myriad of wellness facilities, all set within the idyllic surrounding of 260 million-year-old limestone hills in Sunway City Ipoh.

In early 2019, The Banjaran opened The Sky Bar, a luxurious bar inside a cave that extends to a terrace 30 feet above the ground and overlooks the spectacular emerald hotspring lake and luscious green landscape within the retreat.

Jeff's Cellar at The Banjaran Hotsprings Retreat was recently named one of the Top 20 restaurants in Malaysia by Malaysia Tatler's The Best Restaurants Guide. Malaysia Tatler is a luxury publication that focuses on lifestyle features, as well as exclusive coverage of high profile figures, business leaders and royals.

The Banjaran received numerous accolades for its unique and immersive facilities as well as its intuitive and bespoke services. For the seventh consecutive year, The Banjaran was ranked on TripAdvisor Traveller's Choice Award Winner under the categories of Top 25 Hotels Malaysia, Top 25 Hotels for Romance Malaysia, Top 25 Luxury Hotels Malaysia and Top 25 Hotels for Service Malaysia. Asia Pacific Tourism & Travel Federation Malaysia awarded The Banjaran Hotsprings Retreat as the Best Luxury Nature Resort.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Banjaran was also featured in a reputable Milan-based luxury and lifestyle magazine, IO Turista Luxury and Epicure Magazine, a monthly gourmet lifestyle and food magazine based in Singapore and Indonesia.

Known for its touch of class, The Banjaran Hotsprings Retreat is the preferred venue for corporate events for distinguished luxury brands such as Porsche, Ferrari, Aston Martin, Mercedes, Volvo, Lamborghini and Hublot.

### SUNWAY RESORT HOTEL & SPA

Sunway Resort Hotel & Spa took the opportunity to launch its newly refurbished event spaces to media and corporate clients with a "Re.Defined" showcase event in May 2019. The refurbishment saw the hotel's Grand Ballroom, meeting and functions rooms across three levels as well as the pre-function areas significantly enhanced. The revamped spaces provided an impetus for event organisers to host events and conferences at the hotel throughout 2019. For its efforts, the "Re.Defined" event was shortlisted in the Marketing Excellence Awards 2019 - Excellence in B2B Marketing category organised by Advertising & Marketing magazine.

In March 2019, Sunway Resort Hotel & Spa was awarded the "Best Premier Holiday Destination in Malaysia" at the prestigious International Excellence Awards ("IEA") 2019 which was hosted in the hotel's newly refurbished ballroom. IEA was organised by Brand Icon, a pioneer strategic and creative branding firm based in India. The award recognises individuals and corporate sectors that are building and leading successful and dynamic businesses.



Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.

### OUTLOOK AND PROSPECTS

### CHALLENGES AND DOWNWARD PRESSURES FACED

The hospitality industry faces challenging prospects given the significant downward impact of various developments on global, regional and domestic travel and tourism. Among these, the adverse and prolonged impact of the Coronavirus Disease (COVID-19) outbreak have and will continue to affect the overall business climate, reducing the propensity to travel whether for business or leisure.

The escalating cases in the region triggered the hotels to review key markets. Hotels commenced activation in phases of the its Contagious Disease Protocol and the Business Continuity Plan.

Despite the best efforts by the medical community and countries to control the contagion, the virus outbreaks have spread globally impacting the economic activity of entire nations including Malaysia. Across the industry, room occupancy rates and corporate bookings have been on the decline due to postponements or outright cancellations.

Sunway's Hospitality division has adopted measures to counter and mitigate the ensuing impacts of the virus outbreaks to the best of its capabilities. The division continue to emphasise the health and safety of all stakeholders with various measures implemented to reduce staff and guests' exposure to any contagion. This includes taking various precautionary measures across all of its hotels while providing timely reminders to reinforce the message of preventing and minimising exposure to the virus.

All hotels within the division's portfolio are prepared to effectively manage any health incidents according to the division's standard operating procedures, which are in accordance with internationally recognised policies and benchmark practices. The hospitality personnel are trained to manage issues and remain on high alert to ensure the health and safety of guests while striving to maintain business performance.

From a business perspective, Sunway's Hospitality division continues to adopt measures to respond proactively to present industry conditions. The present "low" period is ideal for retraining of staff, to undertake refurbishment and enhancement activities and to review existing business operations and where appropriate, implement changes to strengthen the overall business model. With the decline in international arrivals, which all hotels are facing, the focus, in the interim would be on domestic tourism.

Drawing from previous experiences, the division remains positive that though significant, the impact of the outbreak will be temporary and with time, economic activities and growth should improve. However, industry growth figures are likely to be revised downwards for 2020.

### FACTORS SUPPORTING GROWTH MOMENTUM

The Economic Stimulus Package by the Malaysian government will provide a welcome impetus to boost economic growth and the hospitality sector.

Just as technology disrupts, it also enables and going forward, the division foresees artificial intelligence ("AI"), Cloud-based technologies, Virtual Reality ("VR"), Facial Recognition, Mobile Check-In & Check-Out and Chat Bots reshaping industry norms towards providing a wide range of efficiencies and increased customer personalisation and satisfaction. More hotels may also adopt robotics and artificial intelligence to enhance their services and back-end operations although this must be tempered with a strong personalised or human touch.

There will be a greater focus on looking to make travel experiences, which accommodation is a key component of, more customised to individual requirements. For those operating in the hospitality industry, it is essential to find ways to differentiate from competitors and appeal to potential customers. One of the best ways to do this is to deliver more tailored customer experiences which may include individual marketing messages via email, social media and it can even continue when guests arrive at the hotel for various services such as recommendations for local attractions, restaurants and more.



MANAGEMENT DISCUSSION AND ANALYSIS



Sunway Resort Hotel & Spa's Grand Lagoon Ballroom

Hotel designs are being shaped by guests’ “new-normal” with Smart Rooms, Green Hotel, Experiential Travel Experiences, Localised Experiences, Staycations and Bleisure Travel (blending work and travel), etc. Environmental and social considerations are also growing in importance to guests and hotels must continue to focus on being sustainable and good corporate citizens.

STRATEGIC PRIORITIES

The division’s strategic priorities in 2020 is to emphasise targeted market reach and revenue growth, while optimising costs.

One of the key strategies is to grow contributions from direct booking. By increasing bookings received from direct channels, the division can effectively maximise returns as these channels are less costly than alternatives such as third-party intermediaries. In 2019, Sunway’s Hospitality division began to develop an integrated, web-based solutions towards optimising its distribution strategy and maximising direct bookings to Sunway Hotels’ website.

The revamped platform will allow consumers and business travellers alike to book immediately online – a major shift in preferences in a rapidly changing industry. The new website is scheduled to go “live” in 1H 2020. Hence, the division expects to see an incremental growth in direct online room bookings with the revamped responsive website, new booking engine and customised rooms and holiday packages.

Beyond this, the division look forward to the launch of Sunway Hotels & Resorts’ first hotel in Sunway City Iskandar, Johor in 2020. Sunway Big Box Hotel is a 288-room 4-star hotel which forms part of the vibrant, self-contained, 24-acre Sunway Big Box development, with direct connectivity to Sunway Big Box Retail Park, Office Tower and X-Park.

The 15-storey hotel will feature a collection of guestrooms and suites, an all-day dining restaurant, meeting rooms, outdoor swimming pool and a 24-hour fitness centre. The 4-star hotel is located within easy reach to Johor Bahru city centre and minutes from the Malaysia-Singapore Second Link.

MANAGEMENT DISCUSSION AND ANALYSIS

CONSTRUCTION



Klang Valley Mass Rapid Transit Package V201

	2019	2018	2017	2016	2015
New Contracts Secured	<b>RM1.8 billion</b>	RM1.6 billion	RM4.0 billion	RM2.7 billion	RM2.6 billion
Outstanding Order Book	<b>RM5.2 billion</b>	RM5.2 billion	RM6.1 billion	RM4.8 billion	RM3.8 billion

INTRODUCTION

Sunway Construction Group Berhad (“SunCon”) is one of Malaysia’s largest pure-play builders with a full range of integrated services from building, civil and infrastructure engineering, foundation and geotechnical engineering, mechanical, electrical and plumbing services (“MEP”), renewable energy services, to the manufacture and sale of precast concrete products.

Since its inception 38 years ago, SunCon has contributed significantly to nation-building through numerous iconic landmark projects. These include key developments in Sunway City Kuala Lumpur, Kuala Lumpur Convention Centre, Legoland Malaysia Theme Park and Water Park, Pinewood Iskandar Malaysia Studios, major government building projects in Putrajaya, as well as the Al-Reem and Rihan Heights projects in the United Arab Emirates.

Its portfolio also includes notable civil infrastructure projects such as the SILK Highway, sections of the Maju Expressway and South Klang Valley Expressway, Klang Valley Mass Rapid Transit (“MRT”) Package V4, Light Rail Transit (“LRT”) Kelana Jaya Line Extension (Package B), Bus Rapid Transit (“BRT”) – Sunway Line, as well as seven highway projects in India. Beyond Malaysia, SunCon has a growing international presence comprising Singapore, the Middle East, India and Trinidad and Tobago.

Since 1981, SunCon has built an impressive track record of over RM28 billion in GDV for projects built in Malaysia and abroad.

Within Sunway Group’s Build, Own, Operate business model, SunCon functions as the Group’s builder of assets be it infrastructure, commercial or residential assets. The division also designs and builds projects for external clients. Its hallmark is the use of Virtual Design and Construction (“VDC”) systems, Building Information Modelling (“BIM”), Industrialised Building Systems (“IBS”) and other cutting-edge approaches to enhance quality of design and build and to enhance operational efficiency.

The division progressively adopts green building technology and methods and is an industry leader for the construction of green buildings according to international certification standards. The division’s precast business has been in operation since 1994 and presently comprises two precast plants in Senai and Iskandar, Johor with an annual capacity of 156,600m³.

The division has also diversified into the renewable energy (“RE”) sector via joint venture (“JV”) partnerships. This is in line with leveraging on the division’s proven design and build expertise to tap construction opportunities within Malaysia’s fast growing RE sector.



## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATING ENVIRONMENT

In 2019, the construction industry continued to face headwinds arising from a wide range of global and domestic factors.

Global issues such as the ongoing trade tensions between the United States and China, rising raw materials and commodity costs and other factors had impacted global and domestic economic growth.

In Malaysia, there was a continued deferment of public sector spending on infrastructure development, a direct result of the government's fiscal consolidation measures. This, coupled with the general sluggishness in the local property sector had affected overall construction activity for the larger part of 2019.

Industry momentum improved in the later part of the year; post Budget 2020, which announced the revival of several infrastructure projects and the implementation of several new ones. These projects included mega-infrastructure projects such as Bandar Malaysia, the East Coast Railway Link, the High Speed Rail, construction of hospitals and several others.

### RESPONDING TO THE OPERATING ENVIRONMENT

SunCon adopted a three-pronged, strategic approach to sustain business growth and operational excellence in the face of difficult operating conditions.

The division continued to pursue tender bids to boost its order book. Both external projects and projects within Sunway Group were tapped in 2019. Equally important was the Group's strategy to expand its international business operations to reduce reliance on the local construction sector.

Beyond business development and order book growth, SunCon focused on stringent project management, cost control and reducing wastage to maintain project quality and profit margins. Greater focus was placed on delivering projects on time and within budget. The division also looked to further establish long-term partnerships with suppliers and subcontractors while, building its talent pool of industry professionals.

BIM and VDC capabilities were further leveraged on to distinguish SunCon's value proposition for the design and build of projects.

Cumulatively, these and other efforts have sustained SunCon's growth momentum in 2019. The division shored up its outstanding order book to RM5.2 billion as at 31 December 2019. Of this amount, RM1.8 billion stemmed from new contract awards secured during the financial year. The value of new contracts secured surpassed the 2019 replenishment target of RM1.5 billion, by 20%.

The positive results achieved against a challenging operating backdrop attests to the overall strength of the division's business model as well as SunCon's resilience and ability to operate cost-effectively while delivering on projects on time. In essence, SunCon's diversified businesses, disciplined cost control and prudent risk management practices have provided the basis for sustained stakeholder value.

### HIGHLIGHTS AND ACHIEVEMENTS

#### OUTSTANDING ORDER BOOK


As at 31 December 2019, SunCon's outstanding order book stood at RM5.2 billion, which provides earnings visibility for up to two years. Majority of the division's outstanding order book comprises local construction projects, with about 6% stemming from overseas jobs.

Some 32% of the jobs secured were sourced from within the Sunway Group, with the balance derived from external tender bids. These include significant projects such as the LRT3 Package GS07&08, MRT2 Package V201 and S201 and the construction of Tenaga Nasional Bhd's (TNB) new headquarters and the Petronas Leadership Centre project.

The TNB headquarters project and Petronas Leadership Centre project, both secured in 2019, contributed up to RM1.1 billion in new contracts value, making up 61.6% of the division's new order book of RM1.8 billion for 2019.

#### AWARDS

2019 was a year of excellence for SunCon as the division swept top honours in many awards. Among the main awards, including Contractor of the Year Award in the Malaysian Construction Industry Excellence Awards (MCIEA) 2019.

 Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.

#### NEW PROJECTS SECURED

On 18 February 2019, SunCon secured the RM781 million TNB contract for the construction of phase two of the latter's headquarters' campus development in Bangsar, Kuala Lumpur. The project consists of seven blocks of office buildings, a convention centre with a basement carpark, childcare centre and a gallery.

On 28 June 2019, SunCon secured the RM310 million Petronas Leadership Center project in Bangi consisting of a one-storey semi basement car park, a four-storey institutional building, two guardhouses, a surau and other associated works and upgrading of ancillary buildings.

## MANAGEMENT DISCUSSION AND ANALYSIS



TNB HQ Campus

Both the TNB Campus and Petronas Leadership Center are Platinum rated buildings under the Malaysia Green Building Index.

In March 2019, SunCon secured a RM47.6 million contract to undertake bored pile works for viaduct and station of the LRT3 Package GS10. Project scope entails bore piling from the Bandar Utama to Johan Setia stations.

Also in March 2019, SunCon was awarded the RM38.8 million Putrajaya Transit-Oriented Development Piling Project. Project works entail construction and completion of earthwork, piling and associated works for the proposed transit-oriented development at Precinct 7, Putrajaya.

SunCon also secured jobs from within the Sunway Group. The construction of Sunway South Quay CP2 project was awarded to SunCon for a contract sum of RM119.0 million. SunCon also secured the RM99.5 million contract for the construction of the 14-storey, 288-room Big Box Hotel in Sunway City Iskandar, Johor.

The project comes after the successful completion of Sunway Big Box Retail Park, Malaysia's first of its kind retail park in that features big warehouse concept stores in an open-air strip mall environment.

### PROJECTS COMPLETED

On 17 April 2019, SunCon completed works for the large-scale Parcel F, Putrajaya project. The project is one of Malaysia's largest government building projects that was designed and built with Building Information Modelling (BIM) technology and the successful completion adds further credence to the division's abilities as a leading BIM-enabled contractor.

SunCon has also completed Sunway Medical Centre Velocity, a 12-storey building with a 2-storey basement and podium carpark during the year.

Other projects which are in advanced stages of completion include bored piling works for the Sungai Besi – Ulu Kelang Highway, design and build of retaining wall at the Bukit Bintang City Center project; and bored piling works for LRT3 Package GS06.

### PRECAST HIGHLIGHTS

Precast sales largely stem from the Singapore market where the division caters for Singapore Housing Development Board ("HDB") projects and also private executive condominiums. In particular, the precast unit specialises in manufacturing building components such as precast walls, slabs, panels, prefabricated bathroom units ("PBU") and prefabricated prefinished volumetric construction ("PPVC").

In 2019, the precast segment secured a total of RM160 million worth of new contracts for the manufacture and sale of precast products to various clients.



## MANAGEMENT DISCUSSION AND ANALYSIS



Sunway Big Box Rooftop Solar

### RENEWABLE ENERGY

In 2019, SunCon has made initial steps into Malaysia’s high potential RE sector, in particular solar energy. This is part of the division’s strategy to capitalise on new and viable RE opportunities towards driving greater business growth.

The decision to venture into the RE segment is based on SunCon’s initial successes in designing and building small-scale solar systems such as those used at Sunway Pyramid Shopping Mall, Sunway Big Box Retail Park, Sunway University, and rooftop solar photovoltaic (“PV”) deployment for Parcel F in Putrajaya.

SunCon has the design and build capabilities and working with a competent technology partner enables the division to compete effectively in the RE niche segment. It also goes towards fulfilling its sustainability aspirations of meeting the nation’s needs for clean energy and contributing to the realisation of 20% RE portfolio within the power generation mix by 2030.

### SUNWAY VDC STANDARDS AND IMPLEMENTATION

By tapping on its BIM and VDC capabilities, SunCon has distinguished itself by undertaking the successful design and build of complex building and infrastructure projects. This includes Parcel F at Putrajaya, The Pinnacle at Bandar Sunway, Sunway Pyramid 3 at Bandar Sunway, Sunway Velocity at Jalan Cheras, and Avant Parc at Singapore.

Other on-going BIM projects are the Petronas New Leadership Centre (“PNLC”) at Bandar Baru Bangi, Phase 2 of the TNB HQ Campus at Bangsar, Sunway Medical Centre Phase 4 at Bandar Sunway and Sunway Medical Centre at Seberang Jaya, Penang.

In 2019, SunCon published a VDC Handbook, which provides for standardised practices throughout its supply chain. The VDC Handbook ensures consistency in operations and procedures, towards achieving high-level of quality control.

Drawing from the division’s experience of completing the Parcel F Putrajaya project, SunCon is now collaborating closely with value chain partners to implement 5D cost monitoring, overall project controls and 6D BIM FM solutions in ongoing projects such as the TNB and PNLC projects.

### INTERNATIONAL HIGHLIGHTS

In Myanmar, Sunway Builders (Myanmar) Co Ltd, an indirect wholly-owned subsidiary of SunCon signed a Memorandum of Understanding (“MoU”) with Capital Construction Limited, the construction division of Capital Diamond Star Group (“CDSG”), one of Myanmar’s leading conglomerates with successful business operations spanning the industries of food and beverage, retail, real estate development, construction, healthcare, banking, insurance and micro financing.

The MoU paves the way for SunCon to submit joint bids for potential projects such as mixed-used developments, offices, hotels and hospitals in Yangon and Mandalay, as well as external civil and infrastructure projects. In return, SunCon will support CDSG by facilitating transfer of technology and industry expertise. During the year, the division has seconded a cross-functional engineering team towards facilitating local capacity and human capital development.

In India, the division is working closely with local JV partners to pursue tender bids for three tolled road projects in the country. Given the division’s existing track record of having previously built seven highways totalling RM1 billion in India, the division is quietly optimistic of its prospects going forward, despite the stiff competition faced.

## MANAGEMENT DISCUSSION AND ANALYSIS

In Singapore, the division has commenced construction works for the Integrated Construction and Prefabrication Hub (“ICPH”) in Pulau Punggol Barat, Singapore. Scheduled to operate in 2022, the plant is a fully automated, multi-storey manufacturing facility that will produce prefabricated construction components with a high degree of mechanisation and / or automation.

The completion of the ICPH will double the current production capacity of precast components per year. The construction of the plant is aligned to SunCon’s precast division’s plans to support its strategic aim to expand into the construction of HDB projects in Singapore, which continues to see high demand across the island republic.

Still in Singapore, on 11 January 2019, Sunway CT Geotechnics Pte Ltd was incorporated to establish a stronger, on-ground presence to tap emerging opportunities within the Singapore construction sector. Piling rigs have been mobilised to allow faster market response when opportunities emerge.

Elsewhere in South East Asia, SunCon has continued to pursue infrastructure development potentials in Indonesia, Vietnam and the Philippines with varying degrees of success.

### OUTLOOK AND PROSPECTS

Looking forward, operating conditions are expected to remain challenging both locally and abroad. The recent onset of virus epidemics and economic uncertainties is likely to impact economic growth and consequently the construction industry.

There may be changes in government policies and it is uncertain if projects approved under Budget 2020 will proceed as planned. This, coupled with a subdued property market will likely impact overall business sentiments, investments and the momentum of construction activities.

Competition is likely to intensify further as project budgets are squeezed but project specifications and demands remaining the same or increasing in tandem with evolving requirements of project owners.

Prospects will hinge on the revival of mega-infrastructure projects such as the Mass Rail Transit 3 (MRT3), East Coast Rail Link (ECRL), High Speed Rail (HSR) and the Penang Transport Master Plan.

### STRATEGIC PRIORITIES

The division will continue to leverage on its strong technological capabilities, industry knowledge, experience and vast professional expertise to offer the most competitive value proposition towards further growing its order book of local and overseas contracts.

Its strong track record in integrated construction provides SunCon with a strategic platform to progress and seize growth opportunities.

In terms of order book replenishment for 2020, SunCon’s new order target is RM2.0 billion, 11.1% higher than RM1.8 billion achieved in 2019. The division will seek to improve its productivity and technical capabilities towards taking on more complex construction projects with less competition and higher margins, especially in the areas of mechanical, electrical and plumbing services, foundation and earthwork and IBS based projects. The division will also focus on niche projects such as hospitals, aerospace and RE related construction jobs.

In differentiating its value proposition, SunCon will further leverage on its VDC modelling systems that enables precise computer simulation, real-time collaboration and intelligent building modelling towards taking on more complex but lucrative construction jobs.

Further enhancements slated will include incorporating Green Design elements within its VDC approach as well as emerging technologies such as 5G mobile internet, artificial intelligence, cloud computing, technology, internet of things, big data analytics, Virtual and Augmented Reality and advanced robotics.

The division will also continuously upgrade its registrations with certification bodies / authorities to increase its tendering opportunities for government and private sector projects. Thus far, SunCon continues to tender for new internal and external construction projects. The division remains cautious of its prospects of further expanding its order book going forward.

SunCon will continue to establish its position as a top quality precast product manufacturer in Singapore. With the completion of the Singapore ICPH facility, SunCon will be well placed to meet increased demand for precast products from the island nation. The division will also upgrade existing facility in Senai, Johor.

SunCon’s venture into the RE sector will enable the division to tap growing opportunities within the RE sector, the focus, going forward will be on Large Scale Solar (“LSS”) farms as well as biomass and hydro based power plants.

In terms of expanding the overseas business, the division is looking to establish more JV and strategic alliances with local partners to pave the way for penetration into ASEAN and other Asian countries.

Given its strong track record in successfully delivering public and private sector projects on time and within budget, the division is well positioned to ride the challenges and to continue securing contracts towards achieving greater revenue and earnings growth going forward. As it improves on its financial performance, the division will continue to stand tall as a leader in sustainability, with a solid Health, Safety and Environment (HSE) performance while also continuing to set the benchmark for “greener” construction in Malaysia and beyond.



MANAGEMENT DISCUSSION AND ANALYSIS

HEALTHCARE



Sunway Medical Centre Tower C

	2019	2018	2017	2016	2015
Number of Specialist Consultation Suites	<b>226</b>	180	180	130	130
Number of Operating Theatres	<b>17</b>	12	12	12	12
Number of Licensed Beds	<b>741</b>	636	533	373	365

INTRODUCTION

Sunway's Healthcare division remains at the forefront of providing high international standard medical care and continues to elevate the benchmark for healthcare in Malaysia. The division currently operates two tertiary medical centres. Both are well equipped with state-of-the art medical equipment and the latest technologies in the field of medicine and healthcare.

The division provides a comprehensive range of medical services, including outpatient, day surgery and inpatient speciality care, health and wellness programmes and 24-hour emergency services. It caters to more than 60 speciality medicine fields.

Established in November 1999, Sunway Medical Centre is the flagship hospital for the Group's Healthcare division. Situated in the integrated township of Sunway City Kuala Lumpur, the hospital has grown considerably since its inception to become one of the leading private tertiary hospitals in Malaysia. 2019 also marked the 20<sup>th</sup> year anniversary for Sunway Medical Centre, a significant milestone for the hospital.

Sunway's other medical centres are the newly opened Sunway Medical Centre Velocity in Cheras, Sunway Specialist Centre Damansara, Sunway Traditional Complementary Medicine (TCM) Centre in Sunway City Kuala Lumpur and Sunway Medical Centre (Singapore).

In total, the division provides 741 licensed hospital beds, 226 consultation suites and 17 operating theatres. Total staff strength stands at over 2,800 healthcare professionals and support personnel.

All practicing doctors are of consultant specialist level and possess internationally recognised postgraduate qualifications as well as a stipulated number of years of experience in their chosen speciality or sub-specialty discipline.

In providing an integrated and patient centric approach to healthcare services, the division has established Centres of Excellence ("CoE"). The CoE covers a diverse spectrum of medical specialties with each CoE serving as focus hubs which brings together a team of experts to address the increasingly sophisticated needs of the population.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

From the perspective of the healthcare sector, 2019 brought both familiar and new developments. Among these, included the resurgence of Influenza A (H1N1), which had quickly affected multiple states in Malaysia and the haze, which arose from forest fires in Indonesia.

Unlike many other sectors, the imminence of Brexit had little impact on the healthcare sector, particularly Sunway's Healthcare division and its collaborative efforts/initiatives with its UK partners.

Healthcare travellers continued to be on the rise in 2019. This augured well for the Malaysian healthcare sector, including Sunway's Healthcare division. In 2019, Malaysia Healthcare Travel Council (MHTC) recorded 1.3 million international healthcare travellers that brought in an estimated RM1.7 billion worth of revenue.

The expected impact of the US-China trade war and slower economic growth did not affect the healthcare sector adversely with sectoral growth remaining on the uptrend in 2019. However, the industry as a whole, continued to face the serious issue of talent shortage, especially for skilled doctors, including specialists as well as for nurses.

RESPONDING TO THE OPERATING ENVIRONMENT

The division responded appropriately to operating conditions and continued to leverage on its inherent business strengths and to implement its business strategies.

The division's business strengths are namely its collaborative efforts, its commitment in staying ahead in terms of technological investments and regional market competition as well as its strong engagement with stakeholders and customers. These strengths ultimately, play into the division's overall goal, or aspiration of elevating healthcare standards in Malaysia and the ASEAN region.

In realising its vision, Sunway's Healthcare division has continued to focus on its key business strategies. These include selective recruitment of talent such as skilled doctors and healthcare professionals, implementing state-of-the-art technology, as well as monitoring market innovations that can be compatible with ASEAN's healthcare market needs.

Sunway Healthcare division have pursued these strategies diligently and effectively in 2019 to good effect.

HIGHLIGHTS AND ACHIEVEMENTS

In 2019, Sunway's Healthcare division registered various business and operational highlights. Financially, the division posted a strong performance in revenue of RM584.8 million from RM459.7 million in 2018. This was 27.2% higher, attesting to the effectiveness of its business strategies in responding to a dynamic operating environment, while capitalising on emerging opportunities.

GROWING THE PIPELINE

The division has opened several healthcare facilities across the country. These include Sunway Medical Centre Velocity, Sunway Specialist Centre Damansara, and Sunway TCM Centre. Equally significant was the opening of Sunway Medical Centre (Singapore), the division's maiden venture outside of Malaysia.

Sunway Medical Centre Velocity, a 12-storey, 240-bed capacity hospital commenced its operations in September 2019. Offering multi-disciplinary services, the hospital is equipped with facilities such as a cardiac catheterization lab, endoscopy suites, intensive care units, dialysis centre, day chemotherapy centre, and a 24-hour accident and emergency unit. The hospital is digitally equipped with electronic medical records from the first day of operations, allowing for seamless access and transfer of medical records for its patients.

The Healthcare division opened the Sunway Specialist Centre Damansara, a modern ambulatory care centre in the proximity of Kota Damansara to expand their reach to more segments of the community. The centre, which is directly linked to the Surian MRT station, provides quality healthcare services specialising in the area of eye, fertility, women and children and skin. Facilities available include operating theatres for minor procedures, a medical and surgical day care ward and a pharmacy.

The division launched its first Traditional Complementary Medicine (TCM) centre located in Sunway GEO during the year. This venture is a niche market of 'East-West' traditional complementary medicine which will allow the division to tap into another customer segment and provide a unique customer value preposition through highly qualified clinical practitioners, evidence-based traditional complementary medicine and transparent formulation of herbs and supplements. The centre is differentiated from its competitors as it integrates traditional practices into modern medicine, thus enabling the centre to provide the best possible option and treatment management for its patients.

In Singapore, the Group launched Sunway Medical Centre (Singapore) in May 2019. This marks the division's foray into the regional market and provide the division exposure to highly-matured healthcare market with high patient affluence and strong spending propensity. Importantly, a successful presence in Singapore brings significant brand exposure and credibility for the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS



Sunway Medical Centre Velocity

### STATE-OF-THE-ART EQUIPMENT

The Healthcare division continued to invest in state-of-the-art technology across its medical centres to maintain the division’s competitive edge. During the year, Sunway Medical Centre unveiled three new medical equipment to strengthen the cancer centre’s value proposition as a one-stop centre for cancer treatment in the hospital.

The Siemens SOMATOM Force CT Scanner with Stellar Detector, caters for a more advanced cardiac treatment plan. The scanner provides high precision image quality which will support a more reliable diagnosis and clinical outcomes, and ultimately improved care for every individual.

The procurement of the Siemens MAGNETOM Skyra 3 Tesla MRI and the latest Radixact-X9 Tomotherapy System, an image-guided tumour treatment delivery system enables radiologists and oncologists to diagnose, plan, and treat patients using a single device and system. These technological devices coupled with the existing highly skilled medical team, has widened the scope of services it provides.

In raising branding and healthcare awareness, Sunway Healthcare division continued to participate in a wide range of health talks and symposiums. Among these included the Kuala Lumpur International Neonatology Conference (KLINC) 2019 and Cambridge-Oxford-Sunway Symposium (“COSS”).

### MEDICAL COLLABORATIONS

In March 2019, at the third COSS on Diabetes, Sunway Healthcare division signed a Memorandum of Agreement with University of Cambridge, Sunway University and the Royal College of Physicians, London, to establish a series of jointly collaborated Continuous Medical Education (CME) seminars. The seminars will focus on clinical care, research, and education to develop healthcare professionals in the nation.

The agreement also paves the way for the preparatory course of the Membership of the Royal Colleges of Physicians (MRCP), a postgraduate medical diploma that enables medical officers to become general physicians, to be conducted at Sunway Medical Centre.

In an increasingly globalised world, the effort to drive cross-border interdisciplinary partnerships have become a necessity to address pressing healthcare issues. As a leading private tertiary hospital in the country, Sunway Medical Centre continuously invests in creating a platform for knowledge sharing among fellow medical practitioners to enhance the standards of clinical training and medical education for healthcare professionals.

The Harvard Medical School Southeast Asia Leadership Programme (“HMS-SEAL”) is one such platform. This international collaboration with Harvard Medical School equips managers and clinicians in the healthcare industry throughout the Asia Pacific region, especially hospitals, with skills and know-how to deliver the safest, most appropriate, and highest-quality standards of care.


The division has also contributed to the development of the local healthcare sector. In September 2019, the Healthcare division signed a five-year Memorandum of Understanding (“MoU”) to annually sponsor 10 government medical officers’ postgraduate studies. The 2020-2024 partnership between the Ministry of Health and Sunway Medical Centre follows an existing 1,100 slots being offered annually by the ministry for medical officers to further their postgraduate studies, in collaboration with public universities. The scholarship programme under the MoU will include six fields, namely radiology, pathology, neurosurgery, plastic surgery, clinical oncology and nuclear medicine.

## MANAGEMENT DISCUSSION AND ANALYSIS

### AWARDS AND ACCOLADES

In 2019, the Healthcare division had clinched several noteworthy awards. This included the Medical Tourism Hospital of the Year in Asia Pacific, Oncology Service Provider of the Year in Asia Pacific, Urology Service Provider of the Year in Asia Pacific, and Neurology Service Provider of the Year in Asia Pacific awarded at the Asia Pacific Global Health & Travel Awards 2019.

At the prestigious FIABCI Malaysia Property Awards 2019, Sunway Medical Centre was selected as a joint winner in the Purpose Built category. The award was specifically conferred for the completion of Tower C in 2017, which houses 245 new in-patient beds, 58 new clinics and multiple specialist centres.

 Please refer to the full list of the awards and accolades on pages 34 to 35 of the Annual Report.

### OUTLOOK AND PROSPECTS

Long term growth prospects for the healthcare sector is likely to be positive. Factors such as an increasing ageing population, rising affluence, greater demand for more sophisticated treatment, outsourcing of public healthcare and growing adoption of private medical insurance will fuel industry growth.

Total healthcare industry spending in Malaysia, which stood at RM52 billion at end-2017, is expected to reach about RM80 billion by 2020, fuelled by increasing demand for healthcare services and emergence of new care models beyond traditional hospital settings, according to business consulting firm Frost & Sullivan.

Importantly, there is growing awareness among Malaysians to procure medical insurance to offset the mounting costs of healthcare. With this, the division foresees greater demand and consumption for private healthcare going forward.

On the downside, local private operators may be negatively impacted by the weakening Ringgit versus the US Dollar through higher cost of purchasing imported medical supplies and equipment.

The impact of pandemics such as Influenza A and COVID-19 will likely create more local demand for healthcare especially in the public sector. However, this could potentially spur a negative impact on the private sector as patients defer elective medical procedures and medical tourism is deterred by enforced lockdowns and travel restrictions.

Going forward, rapid development in technology will present both challenges and opportunities to industry players. Beyond medical care and equipment, technology and digitalisation trends such as telemedicine, big data analysis, internet of things, robotics and automation will be vital in improving overall service delivery and customer experience while enabling more personalised medical care. Quicker adoption of virtual services are expected as stakeholders adapt to the challenges presented during pandemics.

As the industry grows, the requirement for highly skilled, professional talent will also increase and this will present a problem for many incumbents with staff retention becoming increasingly difficult.

Healthcare service providers will need to continue developing a sustainable talent pipeline, while strengthening the existing talent pool with strategic hires, attractive reward and retention initiatives and continued employee training and development.

### STRATEGIC PRIORITIES

Sunway Healthcare division remains in an expansion mode – enhancing its services and technological capabilities, while looking to retain and strengthen its talent base.

The next stage of growth for the Healthcare division involves developing a network of new tertiary hospitals in the Group’s integrated developments. The network of new hospitals will be located at key catchment areas throughout Malaysia. As there will be more hospitals coming on stream under the Healthcare division, it is imperative that the same high quality customer experience is delivered across its hospitals towards ensuring consistency in terms of expectations.

As medical tourism recovers post lifting of regional travel restrictions, the division will look to expand its present market share, particularly in niche segments such as the treatment of cancer and cardiovascular conditions as well as fertility treatment. The division will also continue to expand the current referral network and representative offices into East Malaysia and other states in Peninsular Malaysia to increase visibility, as well as increase promotion of medical tourism to new markets in the region.

The Hospital Management System (“HMS”) and the Electronic Medical Records (“EMR”) are systems that streamline hospital information management. These two systems enable staff to find, categorise, update and archive a wide-array of functions that would otherwise take a much longer time to do. The implementation of HMS and EMR are just some of the ways the Healthcare division are nurturing a talented and progressive workforce for the digital era.

The division will also undertake cost-saving measures, namely preventing leakages of resources and ensuring a more sustainable growth of the organisation by allocating the appropriate resources for the growth of newer businesses.



MANAGEMENT DISCUSSION AND ANALYSIS

TRADING AND MANUFACTURING



CASE Backhoe Loader

	2019	2018	2017	2016	2015
Regional Presence	<b>7 countries</b>	6 countries	6 countries	6 countries	6 countries
Distribution Points	<b>43</b>	41	42	41	41
Agency Lines	<b>181</b>	168	150	154	146
Customer Base	<b>13,000</b>	13,000	13,000	13,000	13,000

INTRODUCTION

Sunway’s Trading and Manufacturing division is an international trading establishment operating 43 distribution points across seven countries. It employs 1,200 employees across Malaysia, Singapore, Thailand, Indonesia, China, Vietnam and Australia and serves a large client base of over 13,000 customers.

The Trading and Manufacturing division’s main product lines are Hoses & Fittings, Heavy Equipment Parts, Heavy Equipment, Building Materials and Industrial Hardware. It holds distributorship rights of prominent agency lines such as Furukawa, CASE, SANY, Unic, Airman, Lonking and Weichai for heavy equipment; FP Diesel and DCF Trek for heavy equipment parts; Finn-Power, SEL Eaton and KLAW for hoses and fittings; and Bosch, 3M, Stanley and Bahco for industrial hardware. This is in addition to having successfully developed industry leading, high quality in-house brands such as Sunflex, Suntrak, TotalRubber, Nietz, Picasaf and others. In 2019, the division successfully grew its agency lines to 181 (2018: 168).

Clients range from a wide range of industries including construction, marine, oil and gas, mining, agriculture, manufacturing, logging and quarry. As part of Sunway’s business model, the Trading and Manufacturing division supports SunCon, the Group’s construction arm, the Property Development division as well as the Quarry division. The provision of timely, high quality products and services enabled the other divisions to operate at optimum capacity and capability.

OPERATING ENVIRONMENT

2019 saw a protracted slowdown in demand for goods and services from many industries. The continued slowdown in the construction sector and reduced activities in the other industries had impacted Sunway’s Trading and Manufacturing division.

The situation was not unique to Malaysia as there was also slowdown in other countries due to general elections in Thailand and Indonesia, and other socio-political and economic factors.

MANAGEMENT DISCUSSION AND ANALYSIS



Airman Compressor



3M Half Facepiece Reusable Respirator

The weaker Ringgit currency had impacted the division as a large number of its purchased products are denominated in foreign currencies such as US Dollar and Euro. These currencies have generally appreciated against Ringgit in 2019 while products are mostly sold in local currencies.

Competition continued to intensify as industry players cut prices to maintain their customer base. Sunway’s Trading and Manufacturing division’s profitability was also impacted from the competitive pricing.

RESPONDING TO THE OPERATING ENVIRONMENT

In response, the division sought for more opportunities within the Sunway Group to supply its products and services. The division also looked to overseas markets to reduce dependence on Malaysia. Cumulatively, its strategic efforts were effective in mitigating against the effects of economic slowdown.

New product lines were also added with a successful diversification into the trading of tyres. This is in line with the division’s strategy to continuously expand its product range towards building new income sources.

Responding to increased price competitiveness, the Trading and Manufacturing division sourced for new product suppliers who could offer high-quality products but with better pricing. Towards yielding further operational efficiency, the division continued to adopt new technology in automating and streamlining its business processes and to support its business development strategies.

HIGHLIGHTS AND ACHIEVEMENTS

Sunway’s Trading and Manufacturing division is dedicated in identifying and securing the distribution rights for the best products from the best manufacturers worldwide as part of its global sourcing initiatives. With additional agencies acquired during the year, the division’s reputation as a one-stop centre is enhanced further as it is able to meet the growing needs of its customers.

Sunway’s Trading and Manufacturing division continues to utilise its single information technology (“IT”) platform JDE ERP system to streamline workflow and business processes across all operating countries. Going forward, the division will further leverage on IT towards harnessing greater operational efficiency, facilitating faster time to market and managing its inventory. IT will also be tapped to enhance customer relationship management (CRM).

A strategic disposal of an existing warehouse in 2019 provided the division with a one-off boost to profit amounting to RM6.3 million. Through these challenging times, the division continued in its effort to work closely with principals to achieve sales and market share.

Talent management and retention was also a key focus area with various strategic initiatives launched towards developing its workforce and their careers within the division.



MANAGEMENT DISCUSSION AND ANALYSIS



Unic Mini Crawler Crane

OUTLOOK AND PROSPECTS

Operating conditions will remain challenging going forward with competition likely to intensify as well as the impact of uncontrollable circumstances such as the COVID-19 virus outbreak and a weak local currency will continue to affect the nation's overall economic growth and the business climate.

The virus outbreak has caused significant shocks to economies across the world. This includes many of the geographical markets in which Trading and Manufacturing division operates in.

In light of recent developments, customers may adopt a more cautious approach with investments and expenditure which will impact overall demand for goods and services.

The Government's stimulus package is welcomed in cushioning some of the negating impacts, but overall operating conditions will remain tough in 2020. Sunway's Trading and Manufacturing division will continue to adapt to the external environment and execute its market retention and business development strategies.

STRATEGIC PRIORITIES

The division shall focus on strengthening its overseas business presence, towards driving revenue diversification and reducing dependence on the domestic market. The division will also continue to source for new geographical markets, product and agency lines towards further solidifying its position as a leading Trading and Manufacturing player in Malaysia and the region.

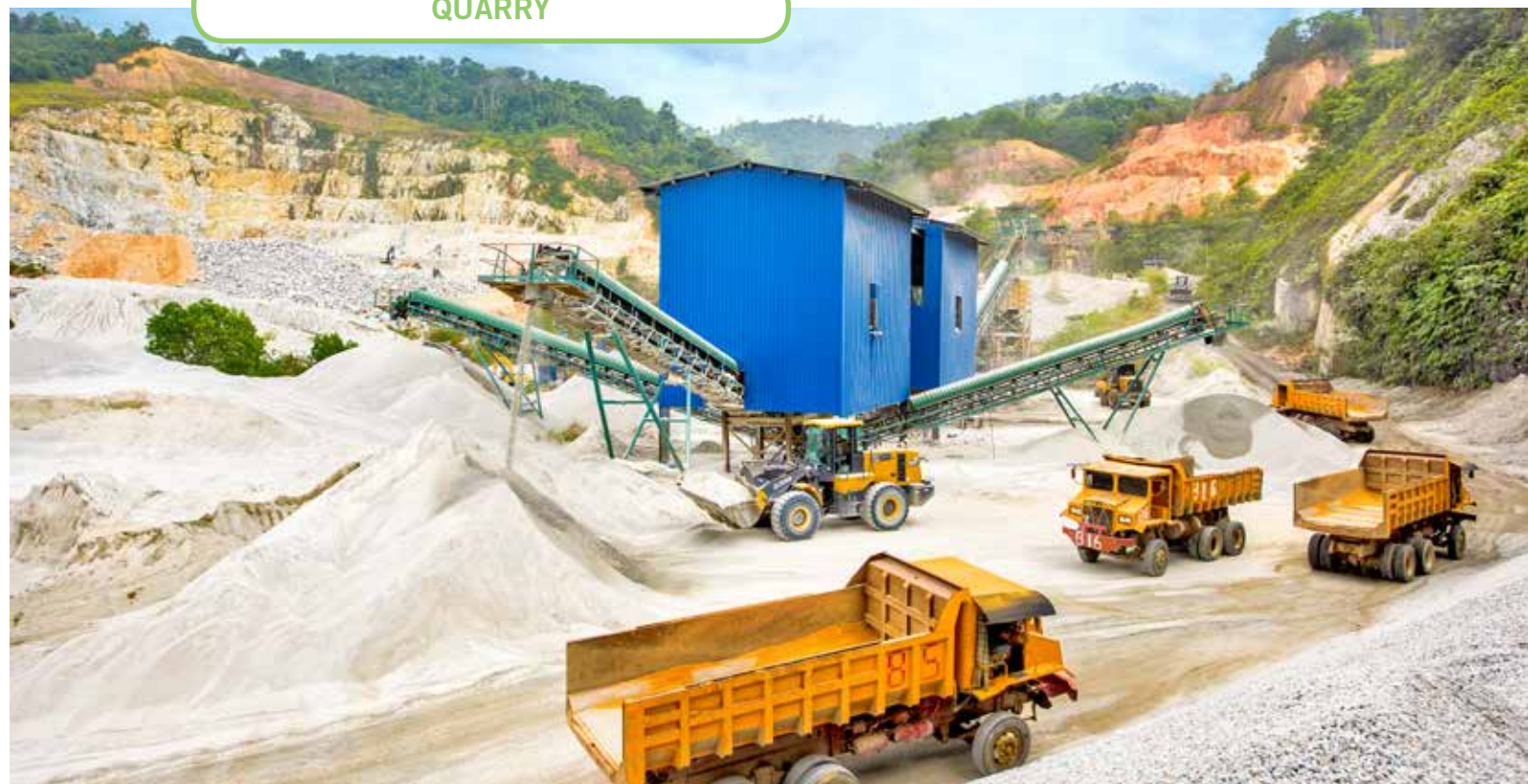
In the Hoses & Fittings segment, the division's warehouse and office in Vietnam started operations in early 2019. The focus in the coming year will be to continue to develop and grow the Hoses & Fittings operations in that country. The Heavy Equipment Parts segment will be working to increase its production volume at its Anhui, China plant to meet expected growth in demand.

In the Heavy Equipment segment, the division will be looking to expand into new vehicle segment and also material handling equipment such as forklift and trucks. As for the Building Materials segment, the division intends to increase its product range to offer more quality and price options going forward.

Sunway Winstar, the division's Industrial Hardware company with many good agency lines and a series of in-house brands such as Nietz, Picasaf, Sobar and Galaxy, is expected to expand its product range and to improve its operational efficiency in 2020.

MANAGEMENT DISCUSSION AND ANALYSIS

QUARRY



Quarry Site in Rawang

	2019	2018	2017	2016	2015
Number of Quarries	8	6	6	8	7
Number of Asphalt Plants	24	13	13	12	9

INTRODUCTION

Since Sunway's return to the Quarry division in 2005, the division remains in expansionary mode, towards growing and strengthening its overall capacity and to firmly establish itself as a leading industry player in Malaysia.

Through its operations of eight quarries across Peninsular Malaysia, the division produces a comprehensive range of single sized and blended aggregates for ready mixed concrete and other construction activities.

It produces asphalt for the paving of roads and highways through its 24 asphalt plants, which are strategically located nationwide, notably along development corridors and adjacent or close to major highways. This provides the division with ease of access, better efficiency and ability to capitalise on potential business opportunity within the vicinity.

OPERATING ENVIRONMENT

Demand in 2019 for aggregates and premix products had declined significantly due to the reduction in infrastructure spending by both the public and private sector. Funds spent on road maintenance by the local authorities were also significantly lower this year.

Amidst the challenging environment, prices of aggregates and asphalt continued to be suppressed due to stiff competition.

Due to the nature of the industry, quarry operators are consistently faced with challenges in renewal of operation licenses due to environment concerns which resulted in tighter enforcement by the authorities.



## MANAGEMENT DISCUSSION AND ANALYSIS



Quarry Operation in Semenyih

### RESPONDING TO THE OPERATING ENVIRONMENT

Sunway’s Quarry division continued to pursue its strategic plans to expand its quarry and asphalt plants towards increasing market share and market coverage in Malaysia to service a larger group of customers.

The division focused on improving internal processes to achieve operational efficiency and also ensure that the operations are environmentally sustainable in order to keep the license to operate. Further, the division will continue to explore the implementation of technology in its operations.

### HIGHLIGHTS AND ACHIEVEMENTS

#### FIRST MOVER

During the year, the division became the first rubberised premix supplier to the Northern region through its Bukit Perak and Kampar’s facilities. Also known as “Crumb Rubber Modified Asphalt” (CRMA), the special rubberised asphalt product mix has increased durability, able to withstand heavier loads, higher heat resistance, provide better grip and is cheaper to maintain in the long run.

#### NEW ASPHALT MANUFACTURING PLANT

Active expansion is crucial for the division to stay ahead of other industry players and to retain a larger market share in the competitive industry. The division started an asphalt manufacturing plant in Sungai Buloh, Selangor. The location is strategically selected to cater for new market coverage into areas in the Klang Valley, namely Klang, Shah Alam and Subang Jaya. The plant has been in operations since July 2019.

### STRATEGIC ACQUISITIONS

In 2019, the Quarry division made two substantial business acquisitions which has propel the division’s number of quarries and asphalt plants to its current 8 quarries and 24 asphalt plants from 6 quarries and 13 asphalt plants back in 2018.

On 29 March 2019, the division entered into a Share Sale Agreement to acquire Blacktop Industries Sdn Bhd in two tranches for an indicative purchase consideration of RM70.1 million. The transaction for the first tranche was successfully completed in July 2019 which added an additional 2 quarries and 10 asphalt plants into the division’s inventory. The acquisition allowed the division to penetrate into new markets especially the Eastern region of Peninsular Malaysia. Now with an enlarged number of 24 asphalt plants, Sunway’s Quarry division is the top premix operator in the country with 15% market share nationwide. The additional operations had helped boost earnings for the Quarry division in the current financial year.

In June 2019, the Quarry division entered into a Share Sale Agreement to acquire Dolomite Granite Quarry Sdn Bhd, together with a quarry site measuring approximately 784 acres located in Ulu Langat, Selangor, for a total purchase consideration of RM125.0 million. The additional quarry will contribute positively to the financial performance of the division given the strategic location and huge rock reserves at the quarry going forward. From an operational perspective, the Company will achieve lower production cost through economies of scale from high production volumes. The acquisition is currently pending completion.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ENHANCING ENVIRONMENTAL SUSTAINABILITY

Sunway’s Quarry division continued with its efforts to improve the efficiency of its asphalt plants during the year. One of the initiatives taken was to replace the burning source of Light Fuel Oil (LFO) with Natural Gas for its asphalt manufacturing plants in Kemaman and Sungai Bakap sites. This translated to higher cost savings from the lower plant maintenance cost and also lower carbon emission. This initiative is in line with the Group’s commitment to sustainability, to stop climate change and move towards responsible consumption and production.

Batching plants offer significant advantages. These include a higher degree of automation and thus less manpower, minimal gradation fluctuation and able to produce special mixes that can command a market premium. In addition, batch plants allow for more sustainable operations as it minimises dust emissions. Currently, a total of ten asphalt plants are batch plants. Hence, the division will continue to move towards batch plants and is actively looking to increase its batch plant installation to enhance its competitiveness in producing specialised mixes.

### TOWARDS OPERATIONAL EFFICIENCY

Customer satisfaction is a top priority for the division. For that reason, the division has leveraged on digital technology to improve its operational processes to enhance customer experience. One of the initiatives is to integrate customers’ purchase orders (“PO”) seamlessly. The Customer PO system has already been implemented across all the regions whereby the PO information are automatically sent to the relevant sales counters upon approval. This helps to ensure orders are executed quickly and thus, increase customer satisfaction when the delivery of products is timely.

The division has also taken steps to improve site connectivity and communication infrastructure at its sites, which is expected to enhance collaboration and operational effectiveness.

### OUTLOOK AND PROSPECTS

Given ongoing economic uncertainty and the impact of the COVID-19 virus outbreak, the division foresee the macro-economic environment for the country and the quarry sector to remain under pressure.

These and other recent developments will continue to affect infrastructure growth, with the cascading effects felt across the value chain. While the division welcome the government’s stimulus measures to boost economic activity, the multiplier effect, if any, will only be felt in the later part of 2020.

Similarly, the various infrastructure projects announced under Budget 2020 is likely to only provide impetus in the later part of the year. However, it is unclear if the announced initiatives and projects will be implemented given the slow economic downturn.

At present, the outlook remains fluid and uncertain. However, the division can still draw on a growing requirement for maintenance works of highways, roads and other infrastructure. The division, given its proven track record, strong customer relationships and high quality products has a fair opportunity to bid and secure maintenance contracts going forward.

### STRATEGIC PRIORITIES

The Quarry division has adjusted its business strategies and outlook to ensure that it remains on track in cementing its market leadership position in Malaysia.

The division will continue to remain in acquisition mode, expanding its asset base of quarries and asphalt plants, either via greenfield developments or via acquisition of existing sites.

In upholding our cost competitiveness, the division will continue to focus on technological advancements towards enhancing operational efficiency, improving cost competitiveness and essentially strengthening its value chain and business model going forward.



MANAGEMENT DISCUSSION AND ANALYSIS

BUILDING MATERIALS



ICP Warehouse

	2019	2018	2017	2016	2015
Number of Manufacturing Facilities	9	8	7	7	6

INTRODUCTION

Sunway's Building Materials division comprises its Interlocking Concrete Pavers ("ICP"), Vitrified Clay Pipes ("VCP"), and Spun Pile business segments.

All manufactured products meet industry benchmarks for quality and environmental compliance. This includes meeting Eco-Label and Green Label requirements, through sustainable business practices and eco-friendly manufacturing processes. The division's nine manufacturing facilities are ISO accredited in Quality Management System and Environment Management System.

ICP

The division's ICP segment is a strong brand with a proven track-record of over 30 years which produces top-quality ICP products that are customisable to customers' unique requirements. The segment currently owns and operates six plants, contributing to a combined production capacity of over 3.0 million m<sup>2</sup> of pavers per annum.

The six plants are strategically located across Malaysia, namely Batang Kali in Selangor, Nibong Tebal in Penang, Senai in Johor, Marang in Terengganu, and the latest plant in Kota Kinabalu, Sabah, to ensure thorough coverage of the local market.

VCP

Sunway's VCP segment has over 20 years of experience in the industry for the production of high quality, fully glazed VCP and jacking pipes, which are primarily used in sewerage systems. VCP are extremely durable pipes with high resistance to chemical and able to withstand high load strength, even in extreme climates and conditions. With a 55,000 tonnes per annum production capacity, the division is one of Malaysia's largest producers of VCP.

SPUN PILES

The division's ability in producing high quality, exact to specification spun pile products has made it a preferred manufacturer among clients.

Through its spun pile plants in Batang Kali, Selangor, Malaysia and Zhuhai, China, Sunway's Building Materials division is able to deliver a total production capacity of 500,000 tonnes per annum. Both plants are capable of producing large diameter pre-stressed high strength concrete ("PHC") spun piles ranging from DN250mm to DN600mm wide to lengths of up to 15 metres. Such spun piles are used for major infrastructure and construction projects such as wharfs and bridges.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT

Against a backdrop of moderating economic growth and reduced government and public sector expenditure, Sunway's Building Materials division saw overall lower sales for its products in 2019. This was largely attributed to the existing weak market demand due to delays in infrastructure projects and the prolonged property glut in the domestic property market.

Despite the various efforts to stimulate the real estate sector, Malaysia's property market remained in an oversupply situation with many residential and commercial categories seeing many unsold properties.

Given the aforementioned, many property developers and builders were more cautious in replenishing their building material inventories. This resulted in a further dampening effect on overall market demand. Competition also grew tougher as new and existing players spared no efforts to retain or expand their customer base.

RESPONDING TO THE OPERATING ENVIRONMENT

As a relatively small player in the spun pile industry, the division continued to adopt strategic alliance with pilers and contractors and a competitive pricing strategy towards gaining market acceptance and driving sales volumes.

Overall product quality continued to be refined to meet the increasingly stringent demands of clients. The division has also enhanced its operational and production process towards eliminating wastage, improving efficiency and to reduce production cost, while progressively improving the environmental impact of our operations.

The division has also leveraged on its reputation for delivering high-quality work according to specification and its strong relationships with Jabatan Kerja Raya, local councils as well as pilers, contractors, architects and property developers. Its existing partnerships have enabled the division to continue securing contracts.

Importantly, the division looked to deliver higher value by focusing on its ability to customise products to meet client's specifications, while remaining cost competitive. This has provided the division with a competitive edge when bidding for contracts.

HIGHLIGHTS AND ACHIEVEMENTS

GROWING MOMENTUM

The division's ICP production plant in Sabah commenced operations in 2019 to tap on the still strong momentum of construction activities in East Malaysia and to allow expansion into Brunei and Indonesia. The division has continued to work with local authorities, developers and architects, to promote its extensive range of products, which are competitively priced and offer a wide range of advantages such as versatile functionality, high algae resistance and low maintenance required.

NEW INNOVATION

To stay ahead of the competition, Sunway's ICP segment has to continue to innovate in terms of providing customised design proposal to suit needs. Through comprehensive R&D, the segment seeks to upgrade and enhance its products' finishing, colours and new patterns to suit current demand. In 2019, Sunway's ICP segment launched several new products, including the Eco-Arc Grasspave and the Granite Series – a new finishing for pavers. The Eco-Arc Grasspave is a uniquely triangle-shaped pavers which is more durable and able to withstand heavier load, making it the best fit to be used for parking spaces, light driveways and parks.

Several green products were also launched in line with the division's commitment to realise the UNSDG. This included its "Innovation series", which offer cost savings, is easier to maintain and has excellent versatility in functionality. The division has continued to promote its pavers as a sustainable solution towards realising SDG and to support the development of low carbon cities.

HIGH STANDARDS

A significant highlight for the Building Materials' VCP segment is being the first manufacturer in Malaysia to upgrade its clay pipes to version EN295:2013 in 2018, in line with international standard. This is a best-in-class certification, a global recognition that the division's VCP products are of high-quality and meet international standard. With this certification, the division has doubled its efforts to diversify into international markets.

The VCP segment also introduced a new drying system which is able to reduce the drying hours for the VCP pipes by up to 50%. This will ensure faster turnaround time for the production of the VCP pipes and improve efficiency at the plants.

In the spun pile segment, the division's focus is mainly to ensure the pile integrity and to continue producing High Integrity Prestressed High-Strength Concrete Piles. By embracing R&D and innovation, the division is able to achieve operational excellence. However, the management made a provision for impairment of its spun pile operation assets of RM36.4 million during the year under MFRS 136: Impairment of Assets due to recoverable amounts of the assets being lower than their carrying amounts.

Plant upgrading works have been maintained with the focus being on incorporating greater automation, digitalisation and Internet of Things ("IOT") to optimise business processes.

To facilitate the ease of doing business with the Building Materials' division, a mobile application was introduced for the creation and distribution of sales quotations, e-invoices, delivery orders and other supporting documentation. The new application system facilitates more streamlined documentation processes that enables easy creation, dissemination, storage and retrieval. It will also promote prompt billing and collection to support revenue inflows, and enhance better customer service and satisfaction.



## MANAGEMENT DISCUSSION AND ANALYSIS



Geopave

### OUTLOOK AND PROSPECTS

Operating conditions are expected to remain challenging against a backdrop of increasing competition, price wars and margins erosion.

Being an integral part of the property, construction and infrastructure building supply chain, the division will continue to have an integral role to play going forward. It has a large customer base, a proven industry reputation and remained sustainable throughout most challenging conditions.

Sunway's Building Materials division has continued to be an industry leader in the provision of innovative solutions while embracing sustainability in its business model and business processes.

Product quality and pricing will remain key towards securing and retaining clients within the domestic market. Internationally, Sunway's Building Materials division now has greater impetus to venture abroad given its global certification and premium quality. The division looks forward to stronger revenue contributions from potential overseas expansion, while remaining cognisant that there may be barrier to entry and a learning curve when venturing into new markets overseas.

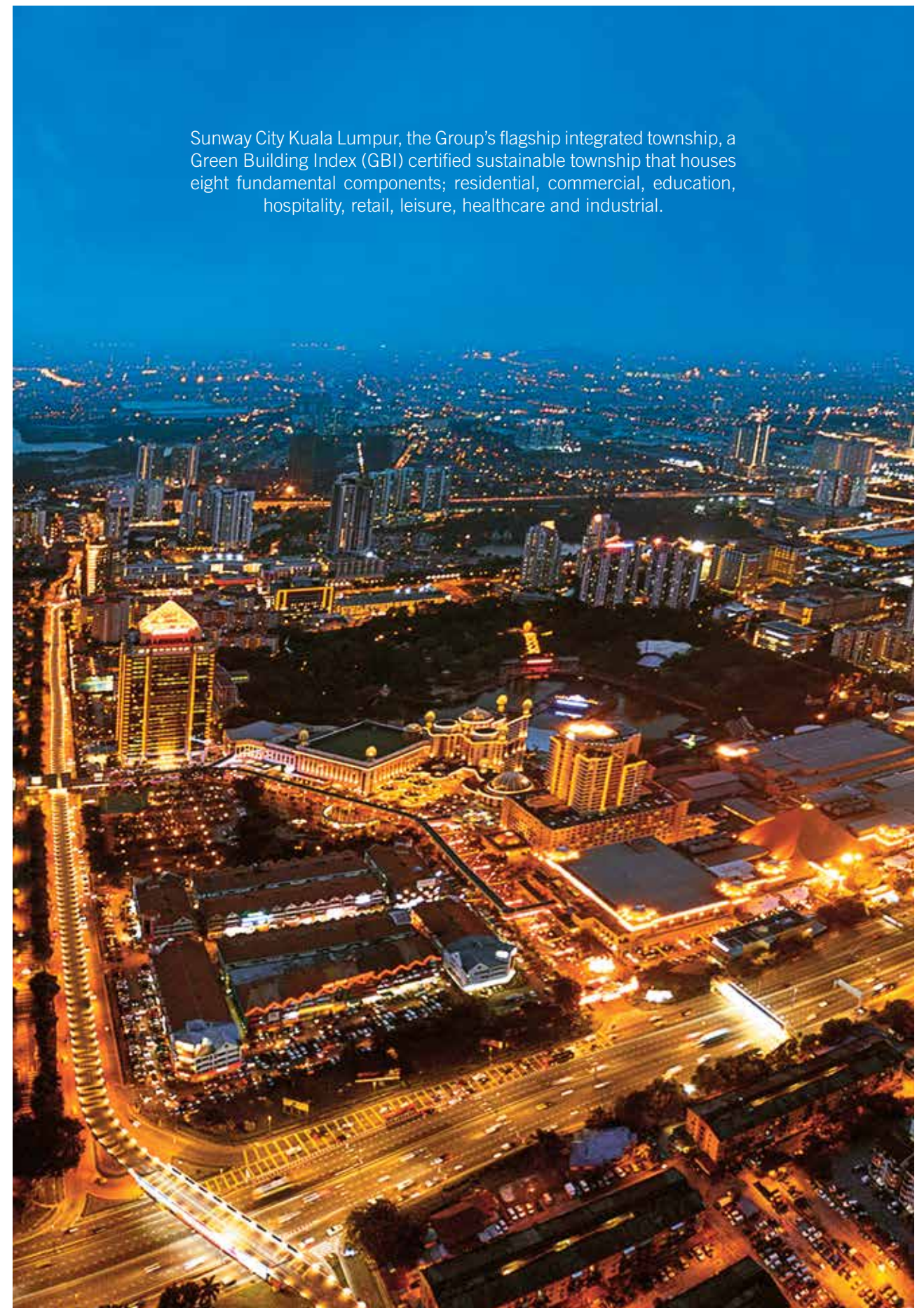
Technology, especially digitalisation will also be important in maintaining its competitive edge in the design and production of new, innovative products as well as in reducing overall production costs and boosting operational efficiency. It is imperative that technology be tapped towards enhancing the entire value chain in yielding further improvements that will strengthen the division's value proposition and ultimately, competitive edge.

### STRATEGIC PRIORITIES

Moving forward, the strategic priorities of the Building Materials division is to intensify product innovation to better meet customers' needs and offer a stronger value proposition that will enable the division to continuously stay ahead of the competition in this ever-growing market. To achieve this, the division would continue its existing effort in R&D activities to further enhance and improve all its products and processes.

The division will also work on strengthening existing relationships with the authorities and governing bodies, as well as focus on establishing and expanding new working relationships with other relevant authorities such as local councils state-level public works department.

Lastly, the division will increase participation in trade shows, both locally and internationally. This will help the division increase brand awareness among local players, and also provide the division with the much needed exposure in the overseas markets.



Sunway City Kuala Lumpur, the Group's flagship integrated township, a Green Building Index (GBI) certified sustainable township that houses eight fundamental components; residential, commercial, education, hospitality, retail, leisure, healthcare and industrial.





## PERSONALISING GUEST EXPERIENCES

Sunway's Hospitality division remains agile in a disrupted market space where new technologies are reshaping the nature of the hospitality industry. Leveraging on digital innovation, the division is personalising guests' experiences and expanding its marketing reach via Cloud-based technologies, Virtual Reality ("VR"), Facial Recognition, Mobile Check-In & Check-Out, Chat Bots and other innovations for a memorable stay.



Number of  
Guestrooms  
**3,386**

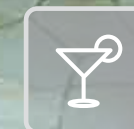
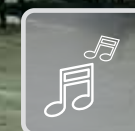
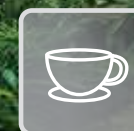


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Number of  
Hotels and  
Resorts Managed  
**11**

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## PROFILE OF BOARD OF DIRECTORS



**Date of Appointment:** 22 November 2010  
**Membership of Board Committee(s):** Nil  
**Academic/Professional Qualification(s):**  
 • Business and Accounting graduate of Victoria University in Melbourne, Australia  
**Present Directorship(s):**  
 • Jeffrey Cheah Foundation  
 • Razak School of Government  
 • Perdana Leadership Foundation

## PROFILE OF BOARD OF DIRECTORS

Tan Sri Dr Jeffrey Cheah is the Founder and Executive Chairman of Sunway Group, one of Malaysia's largest conglomerates with a multitude of established businesses in more than 50 locations worldwide.

He began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded the Sunway Group.

He has been conferred eleven (11) honorary doctorates by leading universities worldwide. In 2007, he established the eponymous "Jeffrey Cheah Foundation" and in 2010, he transferred his equity in the Sunway Education Group worth several billion Ringgit, in perpetuity, to the Jeffrey Cheah Foundation ("JCF"). Sunway Education Group comprises, inter alia, Sunway University, Sunway College, Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. JCF was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of its patron, His Royal Highness Sultan of Selangor. JCF has awarded more than RM482 million worth of scholarships and grants to thousands of deserving students as of 2019.

In 2020, he was appointed by the Prime Minister of Malaysia to be part of the Economic Action Council (EAC). EAC is a special task force to find ways to stimulate the economy; and to come up with short and medium term plans to ensure economic growth. The EAC is also instrumental in taking additional necessary actions for the delivery of the nation's Economic Stimulus Package in light of the COVID-19 outbreak.

He was the only Malaysian to be named Forbes Asia Heroes of Philanthropy for three times in 2009, 2015 and 2019 respectively. In 2019, he was also appointed chairman of the United Nations Sustainable Development Solutions Network (UN SDSN) Malaysia chapter. Separately, he was awarded the Sin Chew Education Awards – Lifetime Achievement Award for his contribution in education and the Jeffrey Cheah Foundation.

In 2018, he was conferred the Malaysian Institute of Management (MIM) Court of Emeritus Fellow, the highest grade of membership accorded to outstanding individuals who have contributed significantly towards the field of management for a host of industries in the country.

In 2017, he spearheaded the signing of agreements between Sunway Group and JCF with the University of Cambridge to establish the Sunway Clinical Research Centre, which is a Regional Site Partner of the University of Cambridge School of Clinical Medicine.

Taking a momentous step forward in the sustainability agenda, Tan Sri Dr Jeffrey Cheah, through the JCF, entered into a partnership with the UN SDSN in 2016 with a gift of US\$10 million towards implementing the UNSDG and advancing sustainable development in Malaysia and Southeast Asia. The partnership established the Jeffrey Sachs Center on Sustainable Development at Sunway University to be a regional hub for research and policy practice, creating world-class programmes to train a new generation of students, practitioners and policy leaders.

In 2016, he became the first Malaysian to receive the Singapore-based Channel News Asia Lifetime Achievement Luminary Award, in recognition of his contributions to the business world and lifelong dedication to sustainable development and education.

In November 2015, he was appointed a member of Putrajaya Higher Education Task Force for a period of 2 years to review and transform the higher education system of Malaysia.

In August 2014, he received a special invitation to be a member of the Global Advisory Council of Harvard University from The President of Harvard University. In recognition of his continued commitment to Harvard, he was also bestowed the membership on Harvard's COUR - the Committee on University Resources, among a select group of benefactors, to strengthen university resources through the unique power of philanthropy.

In October 2013, he was bestowed The Edge Malaysia Outstanding Property Personality Award 2013 for his meritorious contribution to Malaysia's property industry. His stalwart leadership continues to solidify Sunway's position in the market as an innovative, trusted and reputable property player.

With generous endowments, Tan Sri Dr Jeffrey Cheah through JCF has forged academic ties with Gonville & Caius College in the University of Cambridge (Caius) in November 2014, Harvard University in July 2013, and Brasenose College in the University of Oxford in December 2015, to establish, in perpetuity, the Jeffrey Cheah Professorial Fellowships at each of these institutions to enable a two-way flow of scholars and researchers between the institutions and the institutions of Sunway Education Group.

In February 2013, he was conferred the Honorary Assistant Commissioner of Police title by Malaysia's Inspector-General of Police for his commendable efforts in crime awareness and prevention as Chairman of Malaysia Crime Prevention Foundation (Selangor Chapter).

He received the Honorary Gold Award in 2012, a top honour from the Royal Rotary Club of Kuala Lumpur, in recognition of his leadership and development of education and research in Malaysia. Prior to that, he was conferred the Honorary Fellow 2012 by the Malaysian Scientific Association (MSA) for his meritorious contribution to the development of science education, as well as for his overall contribution in the advancement of science and technology in Malaysia.

In December 2011, he was appointed to Malaysia's education panel to review the nation's education system by the Minister of Education. He is the Founding Trustee of the Board of Mahathir Science Award Foundation, Razak School of Government and the Perdana Leadership Foundation.

In 2008, he was appointed Officer of the Order of Australia ("AO") by the Prime Minister of Australia. AO is one of Australia's most prestigious and highly regarded awards conferred to a non-citizen of Australia. In the same year, he was appointed Chairman of Malaysia Crime Prevention Foundation (MCPF) Selangor Chapter, by the Deputy Prime Minister and Chairman of MCPF Malaysia. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Incorporated Sdn Bhd ("ASLI").



## PROFILE OF BOARD OF DIRECTORS

### Other achievements and appointments of Tan Sri Dr Jeffrey Cheah include:

- 2020** - Appointed committee of Economic Action Council (EAC).
  - Awarded Hunayn Ibn Ishaq Unity Award, the first non-Muslim recipient at the Islamic Excellence Awards 1441H/2020AD.
  - Conferred Honorary Doctorate of Social Enterprise by University of Cambodia.
- 2019** - Appointed chairman of SDSN Malaysia chapter.
  - Awarded Lifetime Achievement Award by Sin Chew Education Awards.
  - Awarded the Asian Leadership Award by Asian Association of Management Organisations (AAMO).
  - Named Malaysia's Exemplary Leader of Sustainable Development 2019 at EdgeProp Malaysia's Best Managed Property Awards.
  - Awarded UK-Malaysia Personality Award by British Malaysia Chamber of Commerce (BMCC).
  - Awarded Asia's Lifetime Achievement Award 2019 by Fortune Times, Singapore.
  - Named Forbes Asia Heroes of Philanthropy for the third time (2009, 2015 and 2019).
- 2018** - Awarded Malaysian Institute of Management (MIM) Court of Emeritus Fellow.
- 2017** - Awarded the ASEAN@50 Lifetime Achievement Award by ASEAN Business Advisory Council Malaysia.
  - Awarded the inaugural Sustainability Icon Award by RAM.
  - Member of the Malaysian Institute of Management (MIM) Court of Emeritus Fellow.
  - Appointed a member of the National Productivity Council of Malaysia.
- 2016** - Recipient of the Victoria University Distinguished Alumni Award.
  - Conferred Malaysian Institute of Management's (MIM) Malaysian Leadership Excellence Award.
  - Awarded the Channel NewsAsia Lifetime Achievement Luminary Award 2016.
- 2015** - Founding Chair for the Malaysian 30% Club.
  - Conferred Honorary Fellow by the Institution of Engineers, Malaysia (IEM).
  - Best Chief Executive Officer for IR (Mid Cap) by the Malaysian Investor Relations Association.
- 2014** - President's Award by Malaysia Institute of Planners (MIP).
  - Prominent Player Award by Construction Industry Development Board (CIDB) Malaysia.
- 2013** - Appointed as Council Member of United Nations Sustainable Development Solutions Network (UN SDSN).
- 2012** - Appointed as Permanent Honorary President to the Federation of Hakka Associations Malaysia, in appreciation of his invaluable contributions to the Associations.
- 2007** - Monash University School of Medicine and Health Sciences was named after Tan Sri Dr Jeffrey Cheah in appreciation of his contribution to Monash University Malaysia and Malaysia-Australia bilateral ties.
- 2006** - His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University.
- 2002** - Deputy President of National Kidney Foundation of Malaysia.
  - First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.
- 1999** - Founding Trustee of Malaysian Liver Foundation.
- 1997** - President of Malaysian Hakka Association (until 2004).
  - Council Member of the Financial Reporting Foundation, Malaysia.
- 1996** - Appointed by the Minister of Education to the Higher Education Council of Malaysia.
  - Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.
  - EXCO member of the Malaysian Tourism Action Council.
- 1990** - Director of National Productivity Centre, Malaysia.

Other awards bestowed upon Tan Sri Dr Jeffrey Cheah include Property Man of the Year (Malaysia) in 1993, CEO of the Year (Malaysia) in 1996, Paul Harris Fellow Award in 2002 and Asia's Most Innovative Chinese Entrepreneur Award 2005.

## PROFILE OF BOARD OF DIRECTORS



**DATO' SRI IDRIS JALA**  
**NON-EXECUTIVE CO-CHAIRMAN,**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**  
 MALAYSIAN, AGE 61, MALE

**Date of Appointment:** 11 August 2017

### Membership of Board Committee(s):

Nomination Committee (Member)  
 Remuneration Committee (Member)

### Academic/Professional Qualification(s):

- Masters Degree in Industrial Relations from Warwick University
- Bachelor Degree in Development Studies and Management from University Sains Malaysia

### Present Directorship(s):

- Talent Corporation Malaysia Berhad
- Heineken Malaysia Berhad
- Jeffrey Cheah Foundation
- Big Fast Results Institute

### Experiences:

Dato' Sri Idris Jala is the President and Chief Executive Officer ("CEO") of PEMANDU Associates. Previously, he was Advisor to the Prime Minister, National Transformation Programme and the Managing Director of Big Fast Results (BFR) Institute and CEO of PEMANDU, a unit in the Prime Minister's Department, Malaysia, the organisation tasked with spearheading Malaysia's transition towards high income status by 2020. He also served as Minister in the Prime Minister's Department, Malaysia for 6 years from 2009 to 2015.

He is a renowned transformation guru in turning around companies' performance through his big fast results methodology and transformational strategies that are innovative, rigorous and relevant to today's demands. He has continuously delivered sustainable socio economic reforms which, in 2014, saw Bloomberg place him among the top 10 most influential policy makers in the world.

He is also the Founder and Executive Chairman of The Global Transformation Forum (GTF), the world's singular platform for influential, global leaders to engage and share experiences and best practices on how to drive transformation.

In addition, he is an Expert Resource Speaker at the Harvard Health Leaders' Ministerial Forum and a Visiting Fellow of Practice at the Oxford Blavatnik School of Government. He also served on the Advisory panel for the World Economic Forum (WEF) on New Economic Growth and also on the Advisory Panel of World Bank.

Prior to his Government stint, he was Managing Director/CEO at Malaysia Airlines (MAS) for 3 years. He was brought on board to turn around the airline which was in crisis brought about by a prolonged bout of losses from operational inefficiencies.

Before MAS, he spent 23 years at Shell Group, rising up the ranks to hold senior positions including Vice President, Shell Retail International and Vice President Business Development Consultancy, based in the United Kingdom. This included successful business turnarounds in Malaysia and Sri Lanka.



## PROFILE OF BOARD OF DIRECTORS



**TAN SRI DATUK SERI RAZMAN M HASHIM**  
**DEPUTY EXECUTIVE CHAIRMAN,**  
**NON-INDEPENDENT EXECUTIVE DIRECTOR**  
 MALAYSIAN, AGE 80, MALE

**Date of Appointment:** 17 June 2011

**Membership of Board Committee(s):** Nil

**Academic/Professional Qualification(s):**  
 • Member of Australian Institute of Bankers

**Present Directorship(s):**  
 • Jeffrey Cheah Foundation  
 • Marine & General Berhad  
 • Mycron Steel Berhad  
 • Perdana Leadership Foundation  
 (Alternate Trustee to Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling)

**Experiences:**  
 Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad as an Officer Trainee in 1964. Throughout his 34 years of banking experience in Standard Chartered Bank Malaysia Berhad, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as Executive Director/Deputy Chief Executive of Standard Chartered Bank Malaysia Berhad until his retirement in June 1999. In the same month in 1999, he was appointed as Chairman of MBF Finance Berhad by Bank Negara Malaysia as its nominee until January 2002 when the finance company was sold to Arab-Malaysian Group.

## PROFILE OF BOARD OF DIRECTORS



**DATO' CHEW CHEE KIN**  
**PRESIDENT,**  
**NON-INDEPENDENT EXECUTIVE DIRECTOR**  
 MALAYSIAN, AGE 74, MALE

**Date of Appointment:** 17 June 2011

**Membership of Board Committee(s):** Nil

**Academic/Professional Qualification(s):**  
 • Attended Program in Management Development at Harvard Business School  
 • Bachelor of Economics (Honours) Degree from University of Malaya

**Present Directorship(s):**  
 • Gopeng Berhad  
 • Sunway Construction Group Berhad

**Experiences:**  
 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 Sunway Group in 1981 as General Manager. In 1984, he was promoted to the Group General Manager (Operations) and was subsequently promoted to Deputy Group Managing Director (Operations) in 1989. In 1995, he was promoted to Group Managing Director and to President in 1999. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.



## PROFILE OF BOARD OF DIRECTORS



**SARENA CHEAH YEAP TIH, *S.M.S***  
**EXECUTIVE DIRECTOR,  
 NON-INDEPENDENT EXECUTIVE DIRECTOR**  
 MALAYSIAN, AGE 45, FEMALE

**Date of Appointment:** 18 November 2010

**Membership of Board Committee(s):** Nil

**Academic/Professional Qualification(s):**

- Member of the Association of Chartered Certified Accountants (ACCA)
- Masters in Business Administration from Melbourne Business School
- Bachelor of Commerce (Accounting and Finance) from the University of Western Australia
- Capital Markets Services Representative's Licence (CMRSL) holder

**Present Directorship(s):**

- SunREIT Capital Berhad
- SunREIT Unrated Bond Berhad
- SunREIT Perpetual Bond Berhad
- Institute of Corporate Directors' Malaysia
- Yayasan Raja Muda Selangor

**Experiences:**

Ms Sarena Cheah started her career with the Sunway Group since 1995 and served under various roles in the Corporate Finance, Internal Audit and Business Development departments. In 2006, she was made General Manager for Sales & Marketing of the Group's Property Development division before assuming the position of Director of Strategy & Corporate Development in 2009, during which she oversaw the successful merger and integration of Sunway Holdings Berhad and Sunway City Berhad. In May 2013, she was appointed as Joint Managing Director of Property Development Division, Malaysia/Singapore and subsequently took on her current position as Managing Director of Property Development Division of Sunway in May 2015.

She is a Board Member of Sunway REIT Management Sdn Bhd, the Manager of Sunway Real Estate Investment Trust as well as the Board of Valuers, Appraisers, Estate Agents and Property Manager.

## PROFILE OF BOARD OF DIRECTORS



**WONG CHIN MUN**  
**SENIOR INDEPENDENT,  
 NON-EXECUTIVE DIRECTOR**  
 MALAYSIAN, AGE 75, MALE

**Date of Appointment:** 17 June 2011

**Membership of Board Committee(s):**

- Audit Committee (Chairman)
- Nomination Committee (Member)
- Remuneration Committee (Member)
- Risk Management Committee (Member)

**Academic/Professional Qualification(s):**

- Certified senior coach and trainer of Vistage International of U.S.
- Attended JUSE International Program for Total Quality Control for Top Management in Tokyo by Japanese Union of Scientists and Engineers
- Attended the Senior Executives Program at International Management Imede Development at Lausanne, Switzerland
- Member of Malaysian Institute of Accountants
- Fellow of Australian Society of Certified Practising Accountants
- Bachelor of Business (Secretarial Administration) Degree from Curtin University, Australia
- Bachelor of Business (Accounting) Degree from Curtin University, Australia

**Present Directorship(s):**

- Khind Holdings Berhad
- Scientex Foundation
- Scientex Berhad

**Experiences:**

Mr Wong worked as the Financial Controller/Company Secretary in Yeo Heap Seng Bhd from 1974 to 1975. He then joined Nylex (Malaysia) Berhad ("**Nylex**") as the Financial Controller/Company Secretary in January 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and left Nylex at the end of June 1994 to found TEC Asia Centre, an international organisation which aims to help chief executive officers manage change and grow their businesses.

Mr Wong had served on the National Export Council under the Ministry of International Trade & Industry from 1989 to 1992. He also served on the Board of Trustees of Malaysian Rubber Export Promotion Council from 2000 to 2002. Mr Wong was Chairman of FMM-MIER Business Survey Committee from March 2014 to June 2018.



## PROFILE OF BOARD OF DIRECTORS



**TAN SRI DATO' DR. LIN SEE YAN**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**  
MALAYSIAN, AGE 80, MALE

**Date of Appointment:** 18 March 2015

**Membership of Board Committee(s):**

Risk Management Committee (Chairman)  
Nomination Committee (Member)  
Audit Committee (Member)  
Remuneration Committee (Member)

**Academic/Professional Qualification(s):**

- Distinguished Fellow of the Institute of Strategic and International Studies
- Fellow of Malaysian Institute of Management and Malaysian Economic Association
- Fellow of Malaysian Insurance Institute (Hon.)
- Fellow of Malaysian Institute of Bankers
- Fellow of Royal Statistical Society (London)
- Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC)
- Pro-Chancellor and Research Professor of Sunway University
- Pro-Chancellor of Universiti Teknologi Malaysia
- British Chartered Scientist
- Three post-graduate degrees, including a PhD in Economics from Harvard University
- Chartered Statistician

**Present Directorship(s):**

- Wah Seong Corporation Berhad
- IGB REIT Management Sdn Bhd (Manager for IGB REIT)
- Jeffrey Cheah Foundation
- Ancom Berhad
- Nylex (Malaysia) Berhad

**Experiences:**

Tan Sri Dato' Dr. Lin is a corporate strategy and financial consultant. He has a long and distinguished history of service with the Government of Malaysia and the private sector. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. He was advisor to all the past Prime Ministers and Ministers of Finance.

Tan Sri Dato' Dr. Lin continues to serve the public interest after his retirement, some current appointments include Member of key Steering Committees at the Ministry of Higher Education as well as of the Asian Shadow Financial Regulatory Committee; Governor, Asian Institute of Management, Manila; Director, Monash University Malaysia Sdn Bhd; Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); President of Harvard Club of Malaysia and Economic Advisor to the Associated Chinese Chambers of Commerce & Industry Malaysia. He serves as an expert on some UN and World Bank Groups on sustainable development.

In addition, he is a Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Malaysian Economic Association Foundation, Jeffrey Cheah Foundation and Program Pertukaran Fellowship Perdana Menteri Malaysia. Tan Sri Dato' Dr. Lin is also an author and columnist.

## PROFILE OF BOARD OF DIRECTORS



**TAN SRI DATUK DR REBECCA FATIMA STA MARIA**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**  
MALAYSIAN, AGE 62, FEMALE

**Date of Appointment:** 1 March 2018

**Membership of Board Committee(s):**

Remuneration Committee (Chairman)  
Risk Management Committee (Member)  
Nomination Committee (Member)  
Audit Committee (Member)

**Academic/Professional Qualification(s):**

- Ph.D from the University of Georgia in Athens
- M.S. (Counselling) from Universiti Pertanian Malaysia (now known as University Putra Malaysia)
- Bachelor of Arts (Honours) in English Literature from the University of Malaya
- Postgraduate Diploma in Public Administration from the National Institute of Public Administration (“**INTAN**”), Malaysia

**Present Directorship(s):**

- RHB Bank Berhad
- Hartalega Holdings Berhad
- Eco World International Berhad

**Awards:**

- Malcolm Knowles Award for the best PhD dissertation in the field of Human Resource Development by the American Academy of Human Resource Development in 2000
- Professional Achievement Awards by School of Education, University of Georgia (2013)

**Experiences:**

Tan Sri Dr Rebecca began her career in the Malaysian Administrative and Diplomatic Service in 1981 and served in various capacities in the then Ministry of Trade and Industry.

She retired as the Secretary-General of the Ministry of International Trade and Industry (“**MITI Sec-Gen**”) on 2 July 2016. As MITI Sec-Gen, a post she was appointed to in December 2010, she provided oversight for the formulation and implementation of Malaysia’s international trade policies and positions. This involved Malaysia’s participation in bilateral, regional (ASEAN, APEC, OIC) and multilateral fora (World Trade Organisation), as well as bilateral and regional trade negotiations. On the regional front, she played a key role in ASEAN economic integration and chaired the ASEAN Senior Economic Officials Meeting (2015) as well as the ASEAN High Level Task Force for Economic Integration (Jan 2011-June 2016).

She was the Chair of the Institute for Democracy and Economic Affairs (IDEAS) and the EU-Malaysia Chamber of Commerce and Industry till 31 December 2018.

Tan Sri Dr Rebecca currently serves on the Board of Trustees of MyKasih Foundation, Director of IDEAS, and took office as an Executive Director of Asia-Pacific Economic Cooperation (APEC) secretariat on 2 January 2019.



## PROFILE OF BOARD OF DIRECTORS



**PHILIP YEO LIAT KOK**  
**INDEPENDENT NON-EXECUTIVE DIRECTOR**  
 SINGAPOREAN, AGE 73, MALE

**Date of Appointment:** 9 April 2020

**Membership of Board Committee(s):**

- Nomination Committee (Chairman)
- Remuneration Committee (Member)

**Academic/Professional Qualification(s):**

- Master in Business Administration from Harvard University
- Master of Science (Systems Engineering) from University of Singapore
- Honorary Doctor of Engineering from University of Toronto, Canada
- Bachelor of Applied Science (Industrial Engineering) from University of Toronto, Canada

**Present Directorship(s):**

- Jeffrey Cheah Foundation

**Experiences:**

Mr Philip Yeo is currently the Chairman of the Board of Directors of Economic Development Innovations Singapore (EDIS) Private Limited. Established in 2013, EDIS is an economic development management services company founded by Mr Yeo that provides strategic advice and undertakes the development and management of integrated industrial and urban areas. In addition, he is also the Chairman of Accuron Technologies Pte Limited, Advanced MedTech Holdings and i-Globe Partners. Accuron Technologies Pte Limited is a global precision engineering and technology group headquartered in Singapore with operations in major markets in Asia, Europe and the USA and serving the aerospace and industrial markets. Advanced MedTech Holdings is a high growth medtech company in Southeast Asia and a global medical technology leader with a core focus in urology devices and services. As for i-Globe Partners, it is a Singapore-based private venture capital fund.

He sits in the Board of City Developments Ltd, Singapore's largest property developer, Kerry Logistics Network Ltd which is listed in Hong Kong and Supervisory Board of Directors of Baiterek National Managing Holding JSC of Kazakhstan.

## PROFILE OF BOARD OF DIRECTORS

His previous appointments included serving in the Singapore Administrative Service from June 1970 to 31 March 1999. From June 1970 to December 1985, he served in various appointments in the Ministry of Defence (MINDEF), including Permanent Secretary for logistics, defence research & development and defence industries (September 1979 to December 1985). He left MINDEF to assume the appointment of Executive Chairman of Economic Development Board (EDB) in January 1986. He also served as the Founding Chairman of the National Computer Board (now known as Infocomm Media Development Authority) of Singapore from 1981 to 1987.

He played a leading role in formulating and championing Singapore's first national computerisation plan to evolve the nation into the information age.

He was the Executive Chairman of the Agency for Science, Technology and Research (A\*STAR) from February 2001 to March 2007. A\*STAR is a Singapore government agency focused on building up public scientific research capabilities.

He then assumed the position of Chairman of Standards, Productivity and Innovation for Growth, Singapore (Spring Singapore) from April 2007 to 31 March 2018. He was also appointed the Senior Adviser for Science and Technology to the Ministry of Trade and Industry from April 2007 to September 2008. In his role as Special Adviser for Economic Development in the Prime Minister's Office from April 2007 to August 2011, he assisted the Prime Minister's Office in establishing new economic links with foreign governments who value Singapore's development experience, and provide strategic inputs to establish strategic partnerships and open up opportunities with other fast-growing economies.

He was a member of World Health Organization Expert Working Group on Research & Development Financing from January 2009 to January 2010. He was a member of the United Nations Committee of Experts in Public Administration (CEPA), established by the Economic and Social Council (ECOSOC) from 2010 to 2013.

### NOTES:

#### 1. Family Relationship with Director and/or Major Shareholder

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling who is the Executive Chairman and major shareholder of Sunway, is the father of Sarena Cheah Yean Tih, the Executive Director.

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

#### 2. Conflict of Interest

Tan Sri Datuk Seri Razman M Hashim is a Director of Selat Makmur Sdn Bhd and FEAB Properties Sdn Bhd of which principal activities are similar to Sunway Group, which include property development and investment holding.

Mr Philip Yeo Liat Kok is a Director of City Developments Ltd, a company incorporated in Singapore which principal activities include property development.

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

#### 3. Conviction for Offences

None of the Directors has any conviction for offences within the past 5 years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

#### 4. Attendance of Board Meetings

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2019 is disclosed in the Corporate Governance Overview Statement.



Please refer to Corporate Governance Overview Statement on pages 148 to 164 for more information.



## PROFILE OF SENIOR MANAGEMENT



**DATO' TAN KIA LOKE**  
**SENIOR MANAGING DIRECTOR – CHAIRMAN'S OFFICE**  
MALAYSIAN, AGE 69, MALE

**Date of Appointment:** 1 January 2015

**Academic/Professional Qualification(s):**

- Bachelor of Science (Hon) Degree in Civil Engineering, University of Strathclyde, United Kingdom

**Present Directorship(s):**

Malaysian South-South Corporation Berhad

**Awards:**

CEO of the Year by the Malaysian Construction Industry Excellence Award (MCIEA) - 2006

**Experiences:**

Dato' Tan is a Civil Engineer by profession. He joined Sunway Group in 1981. He was the Senior Managing Director of Sunway Construction Sdn Bhd and was appointed as Head of Property and Construction Division on 1 January 2013 after the merger of Sunway Holdings Berhad and Sunway City Berhad in August 2011. His key role was to synergise and enhance the full potential values in the Group's core property and construction collaborations. He is currently the Senior Managing Director in Chairman's Office to support the Chairman of Sunway Group in areas of new business ventures, strategic partnerships and collaborations.

He is the Honorary Advisor of Master Builders Association Malaysia.



**EVAN CHEAH YEAN SHIN**  
**EXECUTIVE VICE PRESIDENT – PRESIDENT'S OFFICE;**  
**CHIEF EXECUTIVE OFFICER – CHINA**  
MALAYSIAN, AGE 40, MALE

**Date of Appointment:** 1 March 2015  
(Executive Vice President – President's Office)

**Academic/Professional Qualification(s):**

- Chartered Financial Analyst Charterholder
- Certified Practising Accountant
- Member of Malaysian Institute of Accountants
- Bachelor's Degree in Commerce and Bachelor's Degree in Business Systems, Monash University

**Present Directorship(s):**

Sunway Construction Group Berhad

**Experiences:**

Mr Evan Cheah joined 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 Sdn Bhd where he was the Finance Manager. In 2006, he became the General Manager, Business Development of Sunway Group's Trading and Manufacturing division. In 2010, he was promoted to be the Executive Director of SunwayMas Sdn Bhd, a property development company within Sunway Group, in charge of operation matters.

In 2011, Mr Evan Cheah was designated Chief Executive Officer of Sunway Group's China operations, responsible for China Corporate Office and the development of new business opportunities for 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 and Manufacturing, Building Materials, Quarry and Information Technology businesses. He was subsequently 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 synergy.

## PROFILE OF SENIOR MANAGEMENT



**CHONG CHANG CHOONG**  
**GROUP CHIEF FINANCIAL OFFICER**  
MALAYSIAN, AGE 61, MALE

**Date of Appointment:** 1 July 2018

**Academic/Professional Qualification(s):**

- Member of Institute of Chartered Accountant in England and Wales
- Bachelor of Arts (Honours) in Economics and Accounting, University of Newcastle Upon Tyne, England

**Present Directorship(s):** Gopeng Berhad

**Experiences:**

In 1980, Mr Chong started his career as an Article Clerk in Robson Rhodes, a chartered accountant firm in London. He returned to Malaysia in 1984 and he was a Corporate Banking Officer with Bumiputera Merchant Bankers Bhd. Subsequently, he held various positions in different financial institutions, including John Hancock Life Insurance Berhad and DMG K&N Kenanga Berhad. His last position prior to joining Sunway Group was the General Manager – Investments of Public Mutual Berhad from 1995 to 2004. Under his guidance, Public Mutual Berhad won numerous fund management awards.

Mr Chong joined Sunway Group as the Director of Group Corporate Affairs on 1 December 2010 and he is responsible for overseeing the corporate finance and treasury functions. Upon the listing of Sunway, he was redesignated to Chief Financial Officer of Sunway and subsequently, assumed his current role as Group Chief Financial Officer.

He has more than 20 years of experience in banking, stockbroking, corporate finance and portfolio fund management.



**DATO' LEE WENG KENG (DR)**  
**CHIEF EXECUTIVE OFFICER – HEALTHCARE DIVISION**  
MALAYSIAN, AGE 72, MALE

**Date of Appointment:** 1 June 2005

**Academic/Professional Qualification(s):**

- Bachelor of Economics (Honours) Degree, University of Malaya
- Masters in Business Administration, Cranfield University, United Kingdom

**Present Directorship(s):** Nil

**Experiences:**

Dato' Lee started his career as a secondary school teacher in Sekolah Tunku Abdul Rahman, Ipoh in 1974. He subsequently gained experience in material and logistic management in UMW Corporation Sdn Bhd in 1975 before joining Texas Instruments (M) Sdn Bhd in 1977 where he further enhanced his experience and management skills in logistic, production, operations and general business administration. He was the General Manager (M&C Operations) in Texas Instruments (M) Sdn Bhd before joining Sunway Group.

He joined Sunway Group as General Manager (Operations) in 1994 and was promoted as Senior General Manager in 1997. He successfully achieved the turnaround of Sunway Keramo Sdn Bhd, a vitrified clay pipes business subsidiary of Sunway and built it into a high quality and profitable company.

Dato' Lee has provided leadership for growing and developing the business of Sunway Education Group Sdn Bhd. He was appointed Head of Sunway Group Education and Healthcare divisions in 2005 and joined the Board of Directors of Sunway Medical Centre Sdn Bhd in the same year.



## PROFILE OF SENIOR MANAGEMENT



**CHUNG SOO KIONG**  
**GROUP MANAGING DIRECTOR – CONSTRUCTION DIVISION**  
MALAYSIAN, AGE 53, MALE

**Date of Appointment:** 7 January 2020

**Academic/Professional Qualification(s):**

- Bachelor of Science (Hons) Degree in Quantity Surveying, University of Abertay Dundee
- Diploma in Building (Technology), Tunku Abdul Rahman College

**Present Directorship(s):**

Sunway Construction Group Berhad

**Experiences:**

Mr Chung began his career with TAISEI Corporation 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 roles included overall management of the contracts administration and operations, develops action plans to review pre- and post-contract related matters of various projects, responsible for the overall management of business research and development activities to achieve growth and profitability, develops strategies to identify and venture into new potential businesses and/or markets, and continuously improve the policy and procedure with regard to business research and development. Thereafter, he 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 his promotion to the position of Managing Director of Sunway Construction Group Berhad (“**SunCon**”) in November 2015. He was further promoted to Group Managing Director of SunCon in January 2020. He has over 20 years of experience in the construction sector.



**WONG FOOK CHAI**  
**CHIEF EXECUTIVE OFFICER – TRADING AND MANUFACTURING DIVISION**  
MALAYSIAN, AGE 64, MALE

**Date of Appointment:** 1 May 2013

**Academic/Professional Qualification(s):**

Bachelor of Engineering (Honours), University of Malaya

**Present Directorship(s):** Nil

**Experiences:**

Having more than 30 years of service with Sunway Group, Mr Wong started his career in UMW, a major distributor of heavy equipment in Malaysia. In 1983, he joined Hong Leong Industries Berhad and later Sunway Group as a Product Manager in Sunway Enterprise (1988) Sdn Bhd. In 1985, he was reassigned to the newly formed subsidiary, Sunway Marketing Sdn Bhd (then known as Kanto Trading Sdn Bhd).

Mr Wong was promoted to General Manager in 1990 and assumed the responsibility of the management of Sunway Marketing (S) Pte Ltd. He was promoted to Senior General Manager in 1997, assuming greater responsibilities as Head of Sunway Trading Group of Companies, before attaining the position of Executive Director in 2004. He was subsequently designated as Chief Executive Officer in 2013.

Mr Wong was instrumental in expanding the business to many overseas countries including Singapore, Thailand, Indonesia, China and Australia and also establishing manufacturing companies for some of the products.

## PROFILE OF SENIOR MANAGEMENT



**LEE CHUAN SENG**  
**CHIEF EXECUTIVE OFFICER – QUARRY DIVISION**  
MALAYSIAN, AGE 52, MALE

**Date of Appointment:** 1 February 2018

**Academic/Professional Qualification(s):**

- Chartered Accountant
- Fellow Member of Chartered Institute of Management Accountants, United Kingdom
- Member of Chartered Global Management Accountant
- Member of Malaysian Institute of Accountants
- Masters in Business Administration, Victoria University of Technology, Australia

**Present Directorship(s):** Nil

**Experiences:**

Mr Lee has more than 23 years of experience in the quarrying industry. He was appointed as Chief Executive Officer - Quarry Division on 1 February 2018. Prior to this appointment, he was the Chief Operating Officer of Sunway Group's Quarry division, in charge of 6 quarries and 13 asphalt manufacturing plants with annual sales turnover of over RM200 million.

He first joined Sungei Way Quarry Industries Sdn Bhd in 1996 as the Accountant and last served as Commercial Manager (Southern & Eastern Region) of the Sunway-Pioneer joint venture, formed in 1999 when the Group divested its quarrying operations to Pioneer International Limited. In his role as Commercial Manager from 1999 to 2001, he was in charge of 3 core products, namely aggregates, asphalt manufacturing and ready-mixed concrete.

He then took on the role of Financial Controller for Setia Juta Quarry Industries Sdn Bhd in 2001 and held the same position until 2005, when the company was injected into Sunway Holdings Berhad. From there, he progressed to the position of Chief Operating Officer in 2012.

In 2020, he led the expansion of the quarry and asphalt operations to a total of 8 quarries and 24 asphalt manufacturing plants in the ever changing dynamic construction market.



**DANNY NG BOON LIANG**  
**CHIEF EXECUTIVE OFFICER – BUILDING MATERIALS DIVISION**  
MALAYSIAN, AGE 60, MALE

**Date of Appointment:** 1 May 2013

**Academic/Professional Qualification(s):**

Bachelor of Economics (Business Administration), University of Malaya

**Present Directorship(s):** Nil

**Experiences:**

Mr Danny Ng has 38 years of working experience, including 16 years in quarry operations and road construction for the Quarry division of Sunway Group.

He joined Sunway Group in 1986. He currently oversees the Building Materials division which includes the interlocking concrete pavers and compressed concrete slabs, vitrified clay pipes and jacking pipes and spun piles for Malaysia. He was designated to his current position in 2013.

Prior to this appointment, Mr Danny Ng was the Executive Director of the Sales and Marketing division of Sunway Building Technology Berhad Group of Companies. He was also the Senior General Manager of the Southern Region of Sunway Pioneer Quarry Sdn Bhd and Pioneer Sun-Mix Concrete Sdn Bhd, a former joint-venture company of Sunway Group.



## PROFILE OF SENIOR MANAGEMENT



**CHAN HOI CHOY**  
**CHIEF EXECUTIVE OFFICER – SUNWAY MALLS AND THEME PARKS**  
MALAYSIAN, AGE 60, MALE

**Date of Appointment:** 1 January 2009

**Academic/Professional Qualification(s):**  
Bachelor of Science (Hons) degree in Managerial and Administrative Studies, University of Aston, Birmingham, United Kingdom

**Present Directorship(s):** Nil

**Experiences:**  
Having spent his entire 36 years of professional career in mall management and development, Mr Chan has acquired extensive experience in general mall management, operations and marketing management. He began his career in Sungei Wang Plaza in 1983 where he spent 11 years with this successful shopping mall before joining Berjaya Starcity (now known as Times Square) as the General Manager, principally responsible for the development of this major shopping mall in the heart of Kuala Lumpur from 1994 to 1999. His next career move was to Sunway Pyramid.

In his current position, he oversees the portfolio of 7 malls, namely Sunway Pyramid, Sunway Velocity Mall, Sunway Carnival Mall, Sunway Putra Mall, Sunway Big Box Retail Park, Sunway Giza, Sunway Citrine Hub and 2 Theme Parks, namely Sunway Lagoon and Lost World of Tambun.

He is the current Advisor of Malaysia Shopping Malls Association (PPK Malaysia) after serving a two-term presidency in advocating the industry interest at both international and national levels. He also serves as the current Advisor of Council of Asian Shopping Centres (CASC) and sits on the Industry Advisory Board of Sunway University Business School.



**LAU BENG LONG**  
**MANAGING DIRECTOR – HEALTHCARE DIVISION**  
MALAYSIAN, AGE 65, MALE

**Date of Appointment:** 1 August 2011

**Academic/Professional Qualification(s):**  

- Bachelor of Science (Hons), Universiti Sains Malaysia
- Master of Health Administration, University of New South Wales
- Master of Business Administration, Southern Cross University
- Postgraduate Diploma in Public Administration, National Institute of Public Administration (INTAN)

**Present Directorship(s):** Kasih Foundation (KL)

**Experiences:**  
Mr Lau has more than 35 years of experience in the healthcare sector. He currently overlooks the Healthcare division of the Sunway Group and is in charge of Sunway Medical Centre Bandar Sunway, Sunway Medical Centre Velocity and spearheading the planning and project management of new hospitals and other healthcare facilities in the major cities of Malaysia and Singapore.

Prior to this, he held executive leadership positions in Pantai Medical Centre (KL) as well as Mount Alvernia Hospital and Assisi Hospice & Home in Singapore. He was also a planning and management consultant for healthcare projects in East Malaysia, Indonesia and UAE. In his early career, he was holding planning and corporate secretarial positions in the Ministry of Agriculture and Harrisons & Crosfield PLC respectively.

Currently, Mr Lau is a volunteer board member of Kasih Foundation (KL).

## PROFILE OF SENIOR MANAGEMENT



**FOO SHIANG WYNE**  
**CHIEF HUMAN RESOURCES OFFICER – GROUP HUMAN RESOURCES**  
MALAYSIAN, AGE 48, FEMALE

**Date of Appointment:** 1 January 2015

**Academic/Professional Qualification(s):**  

- Bachelor of Science (Hons) in Computer Science, University of Sussex, United Kingdom
- Masters in Business Administration, Cardiff Business School, United Kingdom

**Present Directorship(s):** Nil

**Experiences:**  
Ms Foo is an experienced Human Resources Practitioner, and a Marshall Goldsmith Certified Executive Coach, with more than 20 years' extensive experience in various industries such as Pharmaceuticals, Medical Devices, Hospitality and Fast Moving Consumable Goods.

Prior to joining Sunway, she was the Human Resources Director of GlaxoSmithKline for Malaysia, Singapore and Brunei as well as in Johnson & Johnson Medical Devices Division for Malaysia and Indonesia. She was also the Regional Director of Human Resources of Hilton Worldwide, where she managed the overall HR spectrum of 17 properties across South East Asia, and was the Regional Learning & Development Manager for NIKE (Southeast Asia) in her earlier career days.

Ms Foo joined Sunway Group in 2013 as the General Manager - Organisation Development, and assumed her current role in 2015 where she is responsible for the overall Group Human Resources and Human Resources Shared Services.

She is instrumental in formulating strategies to redefine the learning culture, and elevate talent and organisational practices at Sunway, including talent acquisition, learning & development, talent management, total rewards and performance management. She also spearheaded diversity and inclusion initiatives, strengthened employer branding through strategic collaborations with top universities, and is leading the group-wide HR Digital Transformation across all businesses within Sunway, revolutionising HR services for the Group.

### NOTES:

#### 1. Family Relationship with Director and/or Major Shareholder

Evan Cheah Yean Shin is the child of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling who is the Executive Chairman and major shareholder of Sunway and he is the sibling of Sarena Cheah Yean Tih, the Executive Director of Sunway.

Save as disclosed above, none of the other Senior Management members has any family relationship with any director and/or major shareholder of Sunway.

#### 2. Conflict of interest

None of the Senior Management members has any conflict of interest with Sunway Group.

#### 3. Conviction for Offences

None of the Senior Management members has any conviction for offences within the past 5 years other than traffic offences, if any. They have not been imposed any penalty by any relevant regulatory bodies during the financial year 2019.





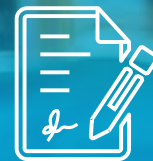
## CREATING CUTTING-EDGE DESIGNS

Driven by the goal of designing and building a more sustainable future, Sunway's Construction division ("SunCon") continues to transform landscapes through its cutting-edge design and build expertise. Leveraging on technologies such as Virtual Design and Construction ("VDC") systems, and Building Information Modelling ("BIM"), SunCon delivers vital infrastructure projects that supports the socio-economic prosperity of the nation and contributes strongly to nation-building.



## 132 SUSTAINABILITY

134 Sustainability at Sunway



New Contracts  
Secured  
**RM1.8**  
billion



Outstanding  
Order Book  
**RM5.2**  
billion



Back

Next



Infrastructure

Hotel

Retail

Commercial





## SUSTAINABILITY STATEMENT

### LEADERSHIP COMMITMENT AND SUSTAINABILITY MANAGEMENT

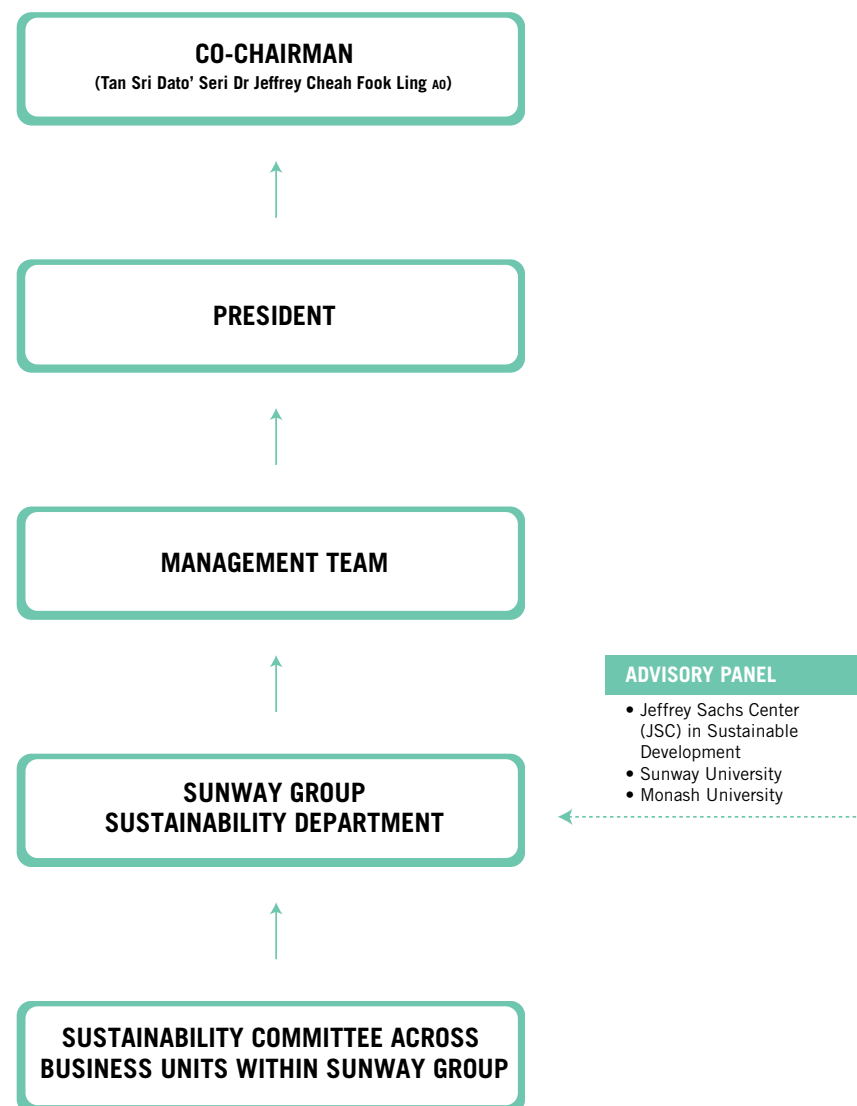
Sunway's Founder and Executive Chairman, Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO, ensures the effectiveness of leadership of the Board. He is responsible for setting the visions, values and standards of the Company.

The Board of Directors determine Sunway's strategic direction and ensures our compliance to laws, internal regulations, risk management and control.

Sustainability is a component of our corporate strategy. Demonstrating our Board's commitment to drive change through innovation, Sunway Group Sustainability Department has been set up to cascade and drive the Group's climate and environment policy, operations and management of the natural resources, energy, utilities, environment, biodiversity

conservation, waste management initiatives, reduction of greenhouse gas emissions and the use of alternative resources to systematically and sustainably maximise system efficiency. Sunway Group Sustainability Department is the unit responsible for the sustainability strategy and sustainability management. The Department is advised by academic experts and researchers in Monash University, Sunway University and the Jeffrey Sachs Center on Sustainable Development.

Decisions on the long-term alignment of sustainability-related areas of action are endorsed at Board level, whereby they would convene to discuss and assess Sunway's progress on economic, environmental and social issues as well as the degree to which sustainability principles have been integrated into the various divisions. During this meeting, the Group's sustainable development goals and targets are presented and endorsed by the Board, which are then incorporated into the Group's sustainable development strategy.



## SUSTAINABILITY STATEMENT

### THE TIME FOR TRANSFORMATION IS NOW

Eight years since our merger in 2011, we are now bigger, better and stronger than before and more well-positioned to capture one of the biggest opportunities to transform ourselves and the world.

Simultaneously, everywhere across the world, five megatrends are changing the way we live. Rapid urbanisation is concentrating people in cities, technological advancements are putting the power of change in our hands, and the economic powershifts are concentrating financial capital in Asia where we are. Harnessed correctly, we can put our resources to work to combat the rising threats of climate change and co-create the future we all want.

We believe that all the capitals that we have amassed and circulated in our urban areas of influence now put the power to drive the achievement of United Nation Sustainable Development Goals (UNSDG) in our hands and therefore in 2019, we strengthened our commitment to sustainable development as we drive ourselves forward "To be Asia's Model Corporation for Sustainable Development."

### 2019 IN REVIEW: STRENGTHENING OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT

#### Stakeholder Engagement

We define our stakeholders as groups whom our business has a significant impact on and those with a vested interest in our operations. We believe that actively engaging and working in partnership with our stakeholders is crucial to addressing sustainability concerns.

#### Comprehensive Materiality Assessment

In preparing to outline a framework for our mid to long-term blueprint for sustainability management, we had undertaken an in-depth stakeholder engagement and materiality assessment exercise. Based on our analysis of the output (in terms of quantitative and qualitative data), we identified 10 material topics. Respondents of the survey were asked to rate each item under Economic, Environment and Social (EES) categories based on topics outlined on Bursa Malaysia, UNSDG and GRI guidelines that are relevant to our business with 1 being the least important to 5 being the most important. We received 1,140 responses from internal and external stakeholders. Based on the study, water security, water pollution, air pollution (impacting health) and customer health and safety are among the top material items to Sunway's stakeholders.



Please refer to Sustainability Report 2019 for more information on our stakeholder engagement and materiality assessment.



## SUSTAINABILITY STATEMENT

MATERIAL ITEMS	RISKS	OPPORTUNITIES
<b>1. WATER SECURITY</b>   	<ul style="list-style-type: none"> <li>Disruptions to businesses and operations</li> </ul>	<ul style="list-style-type: none"> <li>Leverage Build, Own, Operate business model to increase community resilience</li> </ul>
<b>2. WATER POLLUTION</b>     	<ul style="list-style-type: none"> <li>Health risks to humans and biodiversity, affecting social license to operate</li> <li>Fines that affect finances and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Compost food waste for community use or urban farming to build resilience</li> <li>Partnerships with others who use waste streams as input</li> </ul>
<b>3. AIR POLLUTION (IMPACTING HEALTH)</b>  	<ul style="list-style-type: none"> <li>Health risks to surrounding communities, affecting social license to operate</li> <li>Fines that affect finances and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Develop competitive advantage for property products with homes catering towards well-being</li> </ul>
<b>4. CUSTOMER HEALTH AND SAFETY</b>  	<ul style="list-style-type: none"> <li>Business and reputational risks</li> </ul>	<ul style="list-style-type: none"> <li>New solutions for township and development security as competitive advantage</li> </ul>
<b>5. OCCUPATIONAL HEALTH AND SAFETY OF EMPLOYEES</b>   	<ul style="list-style-type: none"> <li>Health &amp; Safety of workers affect productivity</li> <li>Fines that affect finances and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Partnerships with leading authorities and academics to pilot industry leading standards</li> </ul>
<b>6. CUSTOMER PRIVACY</b> 	<ul style="list-style-type: none"> <li>Cyberattacks can harm business and erode trust</li> </ul>	<ul style="list-style-type: none"> <li>Develop talent and test-bed new solutions</li> </ul>
<b>7. ENERGY SECURITY</b>  	<ul style="list-style-type: none"> <li>Electricity tariff hikes increases operational costs</li> </ul>	<ul style="list-style-type: none"> <li>Develop competitive advantage in the construction division and implement in developments to save energy for managed assets and as a competitive advantage for build-to-sell products</li> </ul>
<b>8. AIR POLLUTION (GLOBAL WARMING)</b>  	<ul style="list-style-type: none"> <li>Health risks to surrounding communities, affecting social license to operate</li> <li>Fines that affect finances and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Leverage on improving the public network transportation system in Malaysia to deliver transit-linked development as competitive advantage</li> </ul>
<b>9. BIODIVERSITY (ECOSYSTEM POLLUTION)</b>    	<ul style="list-style-type: none"> <li>Health risks to surrounding communities, affecting social license to operate</li> <li>Fines that affect finances and reputation</li> </ul>	<ul style="list-style-type: none"> <li>Build track-record and capabilities as a sustainable development leader with governance for pollution management through value-chain</li> </ul>
<b>10. CLIMATE CHANGE</b>   	<ul style="list-style-type: none"> <li>Damage to assets, environment and society</li> </ul>	<ul style="list-style-type: none"> <li>Leverage Build, Own, Operate model to build resilience</li> <li>Leverage private security team as first-line of defence to strengthen safety and security of the community</li> </ul>



Please refer to Sustainability Report 2019 for more information.

## SUSTAINABILITY STATEMENT

IMPACT & BOUNDARIES	GRI TOPIC-SPECIFIC DISCLOSURES	LONG-TERM MANAGEMENT APPROACH
Customers, builders and suppliers, government and regulators, investors, community and media	Water	<ul style="list-style-type: none"> <li>Identification of high-risk areas and building redundancy</li> <li>All landscape to be irrigated by recycled supply by 2030</li> <li>50% of water supply in commercial buildings located in Sunway City Kuala Lumpur to be sourced from recycled supply by 2030</li> <li>Develop new solutions with our young entrepreneurs and to test it in our cities/developments</li> </ul>
All stakeholders across our value chain	Water, Waste and Effluent	<ul style="list-style-type: none"> <li>Stormwater management, silt trap and particle monitoring for all developments as a standard practice</li> <li>Waste management policies</li> <li>Urban farming to develop entrepreneurs, build community resilience, and reduce urban heat</li> </ul>
All stakeholders across our value chain	Emissions, Occupational Health & Safety, Customer Health & Safety	<ul style="list-style-type: none"> <li>Total Suspended Particles (TSP) measurement for all worksites</li> <li>Built-in well-being features in all new property products</li> </ul>
Customers, community, government and regulators and media	Customer Health & Safety	<ul style="list-style-type: none"> <li>Test-bed scalable and replicable new security solutions at township levels</li> </ul>
Employees, government and regulators and media	Occupational Health & Safety	<ul style="list-style-type: none"> <li>Build track-record as a competitive advantage for construction division</li> </ul>
Employees, government and regulators and media	Customer Privacy	<ul style="list-style-type: none"> <li>Develop new talent in Sunway University and test-bed new solutions that can be implemented or commercialised</li> </ul>
Customers, builders and suppliers, government and regulators, investors, community and media	Energy, Emissions	<ul style="list-style-type: none"> <li>Develop competitive advantage in construction division</li> <li>Increase renewable energy in energy mix to save operational costs and implement in new products as competitive advantage</li> </ul>
All stakeholders across our value chain	Emissions	<ul style="list-style-type: none"> <li>Landbank acquisition strategy to include consideration for emissions</li> <li>40% waste diverted from landfill by 2030</li> <li>Test-bed replicable and scalable solutions in our cities</li> </ul>
Builders and suppliers, community and media	Biodiversity	<ul style="list-style-type: none"> <li>Implement policies and create systems for ecosystem pollution management</li> </ul>
All stakeholders across our value chain	Emissions	<ul style="list-style-type: none"> <li>Construction division to develop Virtual Design Construction models that takes into account climate resilience</li> <li>Develop urban farms to build robustness</li> <li>Built-in climate resilience in managed assets and built-to-sell-assets</li> <li>All sites of more than 50 hectares must conduct the Environment Impact Assessment ("EIA") and consist of 40% open space</li> <li>All new townships and buildings completed from 2025 onwards to have green certifications</li> </ul>



## SUSTAINABILITY STATEMENT

### SUNWAY GROUP MATERIALITY SURVEY MATRIX 2019



#### TOP 10 MATERIAL ITEMS

1. Water security
2. Water pollution
3. Air pollution (impacting health)
4. Customer health and safety
5. Occupational health and safety
6. Customer privacy
7. Energy security
8. Air pollution (global warming)
9. Biodiversity (ecosystem pollution)
10. Climate change

#### OTHER MATERIAL ITEMS

11. Anti-corruption
12. Discrimination at workplace
13. Land pollution
14. Violation of human rights
15. Biodiversity
16. Workforce upskilling
17. Equal opportunity for all employees
18. Family-friendly policies at workplace
19. Forced labour
20. Product marketing, labeling and quality
21. Child labour
22. Supplier environmental assessment
23. Anti-competitive behaviour, anti-trust, and monopoly practices
24. Human rights training and practices
25. Risk management (EES issues)
26. Employee engagement score
27. Financial performance
28. Corporate governance
29. Use of renewable materials
30. Rights of indigenous people
31. CSR activities
32. Supply chain management
33. Indirect impact to the economy (job and business opportunities)
34. Financial penalty (due to non-compliance to environmental regulations)
35. Supplier social assessment
36. Procurement practices
37. Financial penalty (due to non-compliance to social regulations)
38. Public policy
39. Financial penalty (due to non-compliance in corporate governance)
40. Investor concerns
41. Increased cost of waste management
42. Increased cost of utilities (energy / water)
43. Using brownfield land or brownfield development for future development
44. Participation of trade unions



Please refer to Sustainability Report 2019 for more information.

### TARGET-SETTING AND ROLLOUT PLANS

Our Board has approved a set of group-wide goals and targets. In 2020, the Group Sustainability Department will communicate the goals and targets to the business units and monitor their progress on a regular basis. A risk assessment will be carried out in the coming months. All goals, targets, policies and procedures will be communicated to directors and employees via various platforms such as training sessions, employee induction programmes, internal communications and our website. It is our goal to progressively demonstrate sustainability leadership across our Asian footprint.

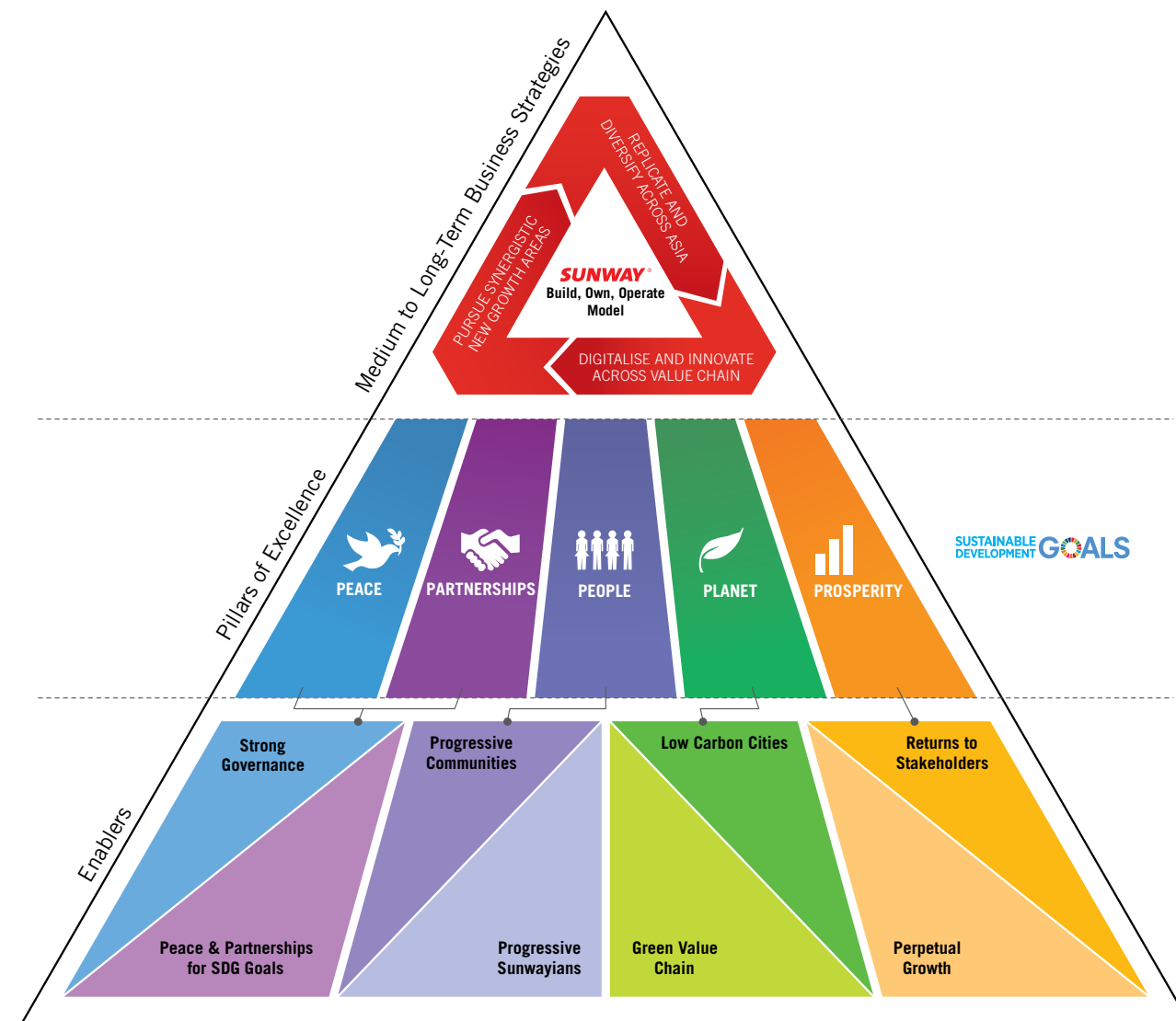
## SUSTAINABILITY STATEMENT

### FRAMING OUR SUSTAINABILITY COMMITMENTS

We outline our sustainability commitments based on the following pillars of excellence to achieve our vision, “To be Asia’s Model Corporation in Sustainable Development”:

- Peace and Partnerships
- People
- Planet
- Prosperity

### TO BE ASIA’S MODEL CORPORATION FOR SUSTAINABLE DEVELOPMENT



<b>RM767.3 MILLION</b> Profit attributable to shareholders	<b>9.63%</b> Return on equity	<b>RM1.63</b> Net tangible assets per share	<b>9.07 SEN</b> Dividend per share
<b>40,131 TONNES</b> Of CO <sub>2</sub> e avoided since 2015	<b>1%</b> Electricity from solar energy	<b>RM22.8 MILLION</b> Utilities cost avoidance since 2015	<b>4.1 TONNES</b> Waste diverted from landfill since 2015
<b>9.14</b> Work-related injuries per million hours worked	<b>22%</b> Senior management are women	<b>30.7</b> Training hours per staff	<b>404,901</b> Beneficiaries from CSR activities since 2015



SUSTAINABILITY STATEMENT

PILLAR 1 : PEACE AND PARTNERSHIPS

At Sunway, corporate governance goes beyond regulations and compliance. We view it as the foundation for sustained competitive advantage that strengthens our business as well as management of sustainability-related risks.

In November 2019, the Board approved the Anti-Bribery and Corruption (ABC) Policy which outlined our anti-bribery and corruption strategies and action plans in preventing, detecting and managing bribery and corruption issues. In line with the National Anti-Corruption Plan 2019-2023 (NACP) launched by the Prime Minister of Malaysia on 29 January 2019 and the new corporate liability provision in section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 which will take effect on 1 June 2020, the Board established an Anti-Bribery and Corruption Task Force (“Task Force”) to implement policies and procedures for the anti-bribery and corruption programme and to strengthen our internal processes and practices on anti-corruption. In 2019, there were no reported cases of unethical or unlawful behaviour in the Group and no related fines, penalties or settlements in relation to corruption.

We also continued to develop partnerships towards the achievement of the Goals in 2019 especially in our flagship township of Sunway City Kuala Lumpur, as well as in our townships of Sunway City Ipoh and Sunway City Iskandar.

We have allocated corporate funds into Sunway Ventures to invest in synergistic urban solutions. We have set up SunSEA Capital to search and invest in the best ideas across Asia. We have also set up Sunway iLabs to nurture the brightest youths

to develop next generation transformative ideas within our cities, encouraging them to become job creators instead of job seekers. Sunway iLabs has set up a fund with regional venture capital firm, Gobi Partners and Malaysia Venture Capital Management Berhad (MAVCAP) to launch the Malaysia SuperSeed Fund to explore key sectors such as AI, Big Data, Cloud Services, e-Commerce, FinTech, Internet of Things, marketplace, the circular economy as well as TaqwaTech.

In our Healthcare division, together with Sunway University, we have partnered with Harvard Medical School (HMS) to develop the one-year HMS Southeast Asia Healthcare Leadership (SEAL) Certificate Programme to help emerging healthcare leaders develop expertise in leadership management, healthcare finance and human resource management in order to maintain excellence in service and private care. This world-class training provides a platform for healthcare leaders and frontline clinicians from the Asia Pacific region to sharpen their skills in their quest to ensure the safest, most appropriate and highest quality standards of care as the current healthcare ecosystem increases in complexity. We have jointly committed RM1 million with Sunway University to extend scholarships to some of the qualified healthcare professionals each year. The third cohort of HMS SEAL in 2019 saw 46 participants benefited and graduated from the programme.

In line with the rising demand for evidence-based practice, we have also set up the Sunway Clinical Research Centre to conduct and coordinate all research involving human subjects which are related to pharmaceutical products, medical devices, medical radiation and imaging, surgical products, medical records, biological samples, as well as epidemiological, social and psychological investigations.

**LEGEND** ●○○ Targets are set; Data compilation in progress  
**PROGRESS** ○●○ Targets are set; Baseline yet to be set  
**TRACKING** ○○● Targets are set; Baseline is set

FUTURE GOALS	VALUE	TARGETS (EFFECTIVE FROM 2019)	FY 2019 PERFORMANCE
PILLAR 1: PEACE AND PARTNERSHIPS			
Goal 1: Strong Institution	Zero cases of corruption, bribery and fraud	●○○	Data compilation in progress
Goal 2: Partnerships for the Goals	Develop global partnerships	○○●	Partnerships with the United Nations, governments, and world-renowned educational institutions such as the University of Cambridge, Harvard University, University of Oxford and University of California, Berkeley

SUSTAINABILITY STATEMENT

PILLAR 2 : PEOPLE

At Sunway, our people help us drive the transformation that we want to achieve within the organisation, in the communities we build, own, manage and serve as well as our world at large. We continue to uphold the United Global Compact 10 Principles that we first signed in 2012. In 2019, we did not receive any reports of human rights violations.

Our Kelab Sosial Sunway ("KSS"), which now has 9,363 members continues to be the centre-space for all our employee activities. KSS has conducted 14 health awareness activities towards ensuring our employees wellbeing. This year's Sunway Leadership Conference which saw around 2,000 Sunway leaders from across the Group come together for a one-day conference which was centred around health and well-being. We also set up an Employee Assistance Programme with a 24/7 Hotline which provides a safe, non-judgmental and confidential channel for Sunway employees to speak out about issues that affect their mental and emotional well-being.

We believe that the way to affect sustained transformation for ourselves and the world is to provide regular learning opportunities to Sunway employees. In 2019, we recorded 30.7 hours of average training per employee. 10% of our learning hours are collected online.

Our culture of safety is anchored by our Quality, Environment, Safety and Health (QESH) Management System which is an integrated management system which conforms to international standards. Our property development and construction division have collaborated with other national

agencies to be part of the Occupational Safety Health Construction Industry Management (OSHCIM) Pilot Project for the implementation of the OSHCIM Guideline.

As we continue to train our team of 1,400 auxiliary police and safety personnel, we also continue to tighten our collaboration with the Malaysian Crime Prevention Foundation, Polis DiRaja Malaysia, and the various communities we serve. In Klang Valley, we organised a “Townhall on Effective Strategy on Crime Prevention and Drug Abuse” which brought the police, community leaders, business owners and residents to advance crime prevention together. To continue to keep our communities safe from toxic fumes and litter, selected members of our auxiliary police were mandated by the Ministry of Health to enforce zoned-smoking in Sunway City Kuala Lumpur.

Children remain the front and centre of our communities’ future and our malls continue to run safety and education programmes that help create awareness for the health and safety of our children. In 2019, Sunway Putra Mall became the first autism-friendly mall, underscoring our commitment that every child has the right to live up to their potential.

In 2019, we continued on our mission to curb inequalities and fast-track progress for those who are furthest behind and lift them on the path of progress. As years before, key target groups for our #SunwayforGood projects are the economically vulnerable community in B40 groups, people with disabilities, youth, women, children as well as senior citizens. These are aligned with the target groups published within the national Shared Prosperity Vision 2030.

**LEGEND** ●○○ Targets are set; Data compilation in progress  
**PROGRESS** ○●○ Targets are set; Baseline yet to be set  
**TRACKING** ○○● Targets are set; Baseline is set

FUTURE GOALS	VALUE	TARGETS (EFFECTIVE FROM 2019)	FY 2019 PERFORMANCE
PILLAR 2: PEOPLE			
Goal 3: Progressive Sunway Employees	Employee Engagement: To be the best employer by 2025 in Malaysia	○○●	Work in progress to improve Employee Engagement Score (EES)
	Occupational Health and Safety: All business units (where relevant and applicable) to be ISO 45001 certified by 2025	●○○	Sunway Lagoon Theme Park has been certified ISO45001:2018
	Employee Training Hours: 40 hours of training per employee	○○●	30.7 hours per employee (Executive level and above)
Goal 4: Progressive Communities	Customer Health and Safety: All integrated townships, integrated developments and buildings to be designed in accordance with Crime Prevention Through Environmental Design (CPTED) by 2025	○●○	All property developments designed since 2014 strives to achieve disabled-friendly and child-friendly access in our projects with minimal or no step within the unit. The height to all light switches in Sunway properties were also reduced to enable reach by the elderly on wheelchair or children.
	CSR Activities: To impact 1,000,000 beneficiaries by 2030	○○●	404,901 beneficiaries (cumulative from 2015-2019)



SUSTAINABILITY STATEMENT

PILLAR 3 : PLANET

As momentum for global collaboration to combat climate change rises towards a crescendo to avert a climate catastrophe, we are accelerating our strategy towards decarbonisation. We leverage on our Build, Own, Operate business model to create future-proof, climate-resilient communities through the entire value chain of our townships' and assets' lifecycle.

We continue on our O-D-E (optimise efficiency, decarbonise power, and electrify fuels) strategy. We are optimising efficiency in the way we operate, optimising efficiency across our full real estate value chain that powers our Build, Own, Operate business model, decarbonising power by adding more renewable energy into our mix and electrifying fuels in our masterplanned communities.

Efficient Land and Materials Management

We continue to extend on our strategy for efficient land use through strategic urban planning by acquiring land that are near-transit and are suitable for mixed developments. Transit-oriented walkable developments promote car-lite urban mobility and encourage the use of public transportation. We plan for mixed developments which reduce distances between places where people live, learn, work and play to mitigate greenhouse gas emissions.

In our construction projects, we are ramping up our ability to build efficiently and safely using Virtual Design Construction (VDC) capabilities and pre-fabrication technologies such as system formwork and Industrialised Building System (IBS). We are integrating even more efficient building materials into our build process with materials such as Autoclaved Aerated Concrete (AAC) and pavements with environmental perks. The amount of materials used for our projects are reported in Sunway Construction Group's Annual Report.

In our own supply chain, we continue to deliver aggregates efficiently from strategic locations and innovate greener products in our building materials division.

Efficient Cities and Buildings

Continuing on our journey to reach a wide range of goals, through green buildings and cities, we are planning to have 23 more green buildings in addition to our current 13.

Efficient Energy Management

We continue to carry out energy efficiency audits in 2019, and completed energy-saving retrofitting projects in four of our malls, five offices, three education centres, one healthcare centre, one hotel, one club house, and one manufacturing centre, to progressively decrease our Building Energy Intensity. Currently, the percentage of renewable energy in our energy mix is at 1% and we aim to increase this figure to 3% by 2030.

Efficient Water Management

We continue to manage water quality and availability in 2019. In the Klang Valley, a water-stressed area, we have built a water treatment plant.

We continue to effect good management of water discharge from our worksites by monitoring total suspended solids at final discharge points and building silt traps on our worksites.

We completed water-saving retrofitting projects across the Group in three of our hotels, two theme parks, five offices, one mall, and one education centre. As a result of our water saving initiatives, we were able to reduce our water use intensity across our healthcare and office sectors by 21% and 9% respectively in 2019.

Efficient Waste Management

We continue to manage waste on our worksites by recouping valuable building materials and handling scheduled waste with caution.

In adherence to the Solid Waste and Public Cleansing Management Act 2007, we manage our waste by adopting the waste management hierarchy approach which prioritises on the prevention and reduction of waste. Other waste management strategies include food composting, cloth recycling, repurposing of soap bars and more. In 2019, we carried out a total of 17 waste initiatives and worked with a multitude of partners who used our waste as input streams. We generated a total of 14,307 tonnes of waste and diverted 1,402 tonnes of waste (10% of total waste) in 2019. Cumulatively, a total of 4,149 tonnes of waste were diverted from the landfill since 2017.

SUSTAINABILITY STATEMENT

**LEGEND** ●○○ Targets are set; Data compilation in progress  
**PROGRESS** ○●○ Targets are set; Baseline yet to be set  
**TRACKING** ○○● Targets are set; Baseline is set

FUTURE VALUE GOALS	TARGETS (EFFECTIVE FROM 2019)	FY 2019 PERFORMANCE
PILLAR 3: PLANET		
Goal 5: Green Value Chain	Carbon emission: To avoid at least a total of 250,000 tonnes of Carbon Dioxide equivalent ("CO <sub>2</sub> e") by 2030 (equivalent to 3.75 million tree seedlings grown for 10 years)	○○● 40,131 tonnes of CO <sub>2</sub> e avoided (cumulative from 2015 – 2019)
	Energy: Consume at least 3% of electricity from renewable source by 2030	○○● 1% of electricity from renewable source (2019)
	Water: All landscape to be irrigated by recycled supplies by 2030	●○○ Data compilation in progress
	Water: 50% of water supply in commercial buildings located in Sunway City Kuala Lumpur to be sourced from recycled supply by 2030	●○○ Data compilation in progress
	Waste: 40% waste diverted from landfill by 2030	○○● 10% of waste diverted from landfill
	Effluent: All industrial and construction sites to be ISO 14001 certified by 2030	●○○ Data compilation in progress
	Biodiversity: All new townships to be developed must have EIA studies and 40% green open space	○○● Sunway City Kuala Lumpur, Sunway City Ipoh, Sunway City Iskandar townships have more than 40% open space (greenscapes and bluescapes)
Goal 6: Low-Carbon Cities	All new townships and buildings completed from 2025 onwards to have green certifications	○○● 23 buildings targeted to be green-certified



SUSTAINABILITY STATEMENT

PILLAR 4 : PROSPERITY

Besides wealth creation for our shareholders, we believe that we can create sustainable economic growth by creating environments that are conducive for investments, enabling people to become job creators or have rewarding jobs, while creating benefits for the environment and the society at large. By spurring innovation, we can create lasting prosperity for everyone.

We hired 2,916 new employees in 2019.

In 2019, we continued to build brand trust with our communities by providing them excellence in products and services.

We continued to digitalise our customer touchpoints throughout the customer journey for our property division. In 2019, we improved the tracking of our property buyers on the Net Promoter Score (NPS) Survey via a new IT System. As a result, we have recorded an increase in response rates and engagement with customers.

In 2019, we continue to build access in Sunway Velocity where we are targeting to complete link bridges worth RM31 million to connect our communities to the MRT and LRT stations.

- LEGEND
- PROGRESS
- TRACKING
- Targets are set; Data compilation in progress
- Targets are set; Baseline yet to be set
- Targets are set; Baseline is set

FUTURE VALUE GOALS	FY 2019 PERFORMANCE
PILLAR 4: PROSPERITY	
Goal 7: Perpetual Growth	○○● PATMI RM767.3 million increase by 18.9% from FY 2019
Goal 8: Returns to Stakeholders	○○● Earnings per share 14.62 sen Dividend payout 9.07 sen

In Sunway Serene, we continue to invest RM100,000 per annum for the maintenance and beautification of the Tasik PJ Kita at Kelana Jaya.

In support of Malaysia's aim to be a choice tourism destination, we recorded 42 million footfalls for Sunway City Kuala Lumpur, 1 million footfalls for Sunway City Ipoh, and over 750,000 footfalls for Sunway City Iskandar in 2019.

We also continued to democratise access to basic needs such as property, financial services, healthcare services and deliveries. Our property division launched its Super 5 easy home ownership scheme in 2019 to help Malaysians own their dream home with 95% guaranteed financing for eligible buyers to overcome the challenge of loan rejections.

We have provided funding, mentorship and market access or 3Ms (money, mentorship, markets) to young entrepreneurs to build the urban future. In 2019, we ran several entrepreneurship programmes of which some are directly linked to the UNSDG to create a sustainable economy by providing youths with the skills they need for their future, either as job creators, or job seekers.



We have completed the installation of solar PV panels at Monash University, Sunway University, Sunway Eco-walk (pictured here), assets owned by Sunway Paving Solutions, and Sunway Big Box Retail Park which will produce 2,561,725 kWh of electricity.



Research shows that Malaysians contribute to more than 16,000 tonnes of food waste daily, enough to feed 12 million hungry mouths three meals a day. Sunway REIT, Sunway Pyramid and Sunway Resort Hotel & Spa joined forces to launch Food CPR (Compost, Plant and Reduce), an initiative that converts food waste into compost. To date, the Food CPR campaign has garnered a total of 35 supporting partners such as Din Tai Fung, Haidilao Hotpot, McDonald's, KFC, Ippudo, Putien and many more.



In Sunway City Kuala Lumpur and Sunway South Quay, we invested RM18 million in research and installation of a water treatment plant which can supply up to 8,400 m³ water daily. This amounts to 50% of water consumption by the community in the area.





## PROVIDING BETTER OUTCOMES

Sunway Medical Centre employs a 360-degree approach in treating, enabling, and caring for patients. The division leverages on a comprehensive hospital management system that integrates all key processes for a more efficient and time-sensitive healthcare journey. The division also employ state-of-the-art technological capabilities such as the Radixact-X9 Tomotherapy Systems, the Gamma Knife Icon and the Da Vinci Surgical System to enhance its quality of care and improve patient outcomes.



Open  
Now



Number of Beds  
**741**



Back

Next



Number of Specialist Consultation Suites  
**226**



Number of Operating Theatres  
**17**



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## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Our key focus areas and future priorities in further enhancing our corporate governance practices are as follows:

As two (2) of the Company's Independent Directors namely Mr Lim Swe Guan and Mr Wong Chin Mun had reached their 9-year tenure in 2020, the Board through the Nomination Committee ("**NC**") are looking for suitably qualified replacements. Mr Philip Yeo Liat Kok has been appointed as Independent Director in place of Mr Lim Swe Guan on 9 April 2020. As for Mr Wong Chin Mun, he will remain in office until a replacement is found. The Board will also look into increasing the woman representation in the Board to 30%.

In light of the continuous effort in strengthening the credibility of internal audit function, the Board is planning to engage an external professional consultant to conduct a Quality Assessment Review ("**QAR**") on the internal audit function. The Group Internal Audit Department ("**GIAD**") had successfully completed its QAR in 2015 and planned to conduct another assessment in 2020. This external assessment is to validate the Group's internal audit activities whether they conform to the relevant internal audit standards as well as to identify key areas of improvement in the internal audit function.

Acknowledging the need to raise awareness and inculcate a zero corruption culture throughout the Group, an Anti-Corruption Task Force has been set up to formalise the Anti-Bribery and Corruption Policy as well as to implement the anti-corruption and bribery programmes (“**ABC Programmes**”). The ABC Programmes involve continuous education for our employees, suppliers, subcontractors and business partners. In addition, monitoring potential corruption risk will be included in the annual risk assessment of the Group.

## I. BOARD RESPONSIBILITIES

The Board aims to create value for the shareholders and ensure long term sustainability of the Group. The Board's main responsibilities are to develop appropriate strategies, business models and risk tolerance to achieve its long term objectives. It also seeks to align the interests of the Board and Management with that of shareholders as well as to balance the interests of all other stakeholders.

The Board's responsibilities focus on the following areas:-

- Sets strategic plans, direction and performance objectives of the Group;
- Sets principles of business ethics and core values for the Group;
- Deliberate and approve annual business plan, capital expenditure and investment proposals presented by Management;

This Corporate Governance Overview Statement (“**CG Overview**”) provides shareholders and investors with an overview of the corporate governance practices of the Group under the leadership of the Board during the financial year 2019. This CG Overview was prepared based on the 3 key Corporate Governance Principles as set out in the Malaysian Code on Corporate Governance (“**CG Code**”), which are:

- i. Board Leadership and Effectiveness;
- ii. Effective Audit and Risk Management; and
- iii. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Our corporate governance practices mostly comply with the CG Code. This Statement is to be read together with the Corporate Governance Report (“**CG Report**”) of the Company which is available on the Company’s website at **[www.sunway.com.my](http://www.sunway.com.my)**.

The CG Report provides an insight on the Company's corporate governance framework and practices in compliance with the principles and practices set out in the CG Code and the Listing Requirement of Bursa Securities for the financial year 2019. Any deviations from the CG Code are explained in the CG Report in the Company's website.



Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

- 5 Independent Non-Executive Directors
- 4 Non-Independent Executive Directors

- Assist the Board in overseeing and monitoring the internal control systems, financial and accounting reporting, compliance, operation and financial risk management.

- Ensuring sound system of risk management and internal controls.
- Ensuring structured policies and procedures on anti-corruption are in place.
- Determining and identifying key material risks with quantifiable impact to bottom line.
- Setting risk tolerance levels within the Group in achieving the Group's strategic goals.

- Evaluating Board's and Board Committees' effectiveness including Independent Directors' performances and contributions.
- Ensuring Independent Non-Executive Directors' continuing independence.
- Reviewing board size, composition and training needs of Directors.
- Setting selection criteria for appointment of new Director(s) and evaluating performances of retiring Directors and recommending their re-election.
- Ensuring management succession planning.

- Reviewing performances of Executive Directors against a set of key performance indices using balanced scorecards.
- Reviewing Group Remuneration Policy to ensure competitive compensation in order to incentivise management towards achieving annual and long term sustainable growth.

- Reviewing the By-Laws of the ESOS and setting criteria for allocation of options under the ESOS.
- Ensuring actual allocation of options under the ESOS is in accordance with the rules of ESOS By-Laws.
- Approving new allocation of options under the ESOS to new qualified employees and employees who have been promoted.

- Responsible for meeting the Group's business performance targets and implementing the Board's strategies and policies.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

- Oversees the business affairs of the Group;
- Monitoring the responsibilities delegated to the Board Committees to ensure effective governance oversight, compliance and accountability systems and control of all Group's activities;
- Approves policies and guidelines;
- Appoints chief executive officer/president;
- Oversees the long term succession planning for senior management;
- Development of competitive compensation plan linked to productivity and performance; and
- Considers sustainability issues (including environmental, safety and social impact factors) as part of its overall corporate strategies.

The key matters reserved for the Board's approval include the following:

- The Group's annual business plan and budget;
- Full year and quarterly financial results;
- Dividend policy and dividend declaration;
- Conflict of interest issues relating to substantial shareholders, directors or management;
- Material acquisitions and disposals of undertakings not in the ordinary course of business;
- Material investments in capital projects;
- Overseas ventures;
- Material corporate or financial exercise/restructuring;
- Management approval authority limits;
- Board succession plan;
- Succession plans for senior management including compensation plan;
- The Group's risk appetite and risk tolerance; and
- Corporate governance issues and related policies.

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 President. This formal structure of delegation is further cascaded by the President to the management team. The President and management team remain accountable to the Board for the authority that is delegated and for the performance of the Group. The Board Charter will be reviewed annually by the Board. The last review of the Board Charter was made on 21 November 2019.

Executive Chairman, Independent Non-Executive Co-Chairman and President

There is a clear segregation of roles and responsibilities between the 2 Co-Chairman i.e. between the Executive Chairman and the Independent Non-Executive Co-Chairman as well as the President in order to ensure a balance of power and authority as defined in the Board Charter.

The Executive Chairman provides leadership to the Board and guidance to the Group. The Independent Non-Executive Co-Chairman chairs the board meetings, sets the agenda items, promote active engagement among Directors as well as between the Board and the President. He ensures the smooth functioning of the Board including the effectiveness of the overall governance systems and processes.

The President is subject to the control of the Board and focuses on the Group's businesses and manages the day-to-day operations of the Company as well as implements the Board's decisions.

Access to Management and independent professional advice

All Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries attend all Board meetings and are accountable directly to the Board, through the Chairman of the Board, on all matters to do with the proper functioning of the Board, including compliance with the Company's constitution, Companies Act 2016, Listing Requirements, the Securities Commission Guidelines, etc. The Company Secretaries are associate members of the Malaysian Institute of Chartered Secretaries and Administrators. The appointment and removal of the Company Secretaries are subject to the approval of the Board.

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 President and/or senior management should there be any explanations or clarifications needed on any aspects of the Group's operations or management issues.

The Independent Non-Executive Directors regularly engage in discussion with senior management, GIAD, Group 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.

Conflicts of Interest

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Company. Where a Director has a conflict of interest in respect to any matter, he/she will be required to immediately disclose his/her interest at a meeting of the Directors or send a written notice to the Company containing details of his/her interest and the conflict, and recuse himself/herself from participating in any discussion and decision on the matter. Such declaration of interest will be recorded in the minutes of meeting.

In respect to mandated recurrent related party transactions, the Board was satisfied that all such transactions were independently scrutinised by the Audit Committee to ensure that they complied with the Listing Requirements of Bursa Securities and the terms of the shareholders' mandate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Sustainability practices

The Board places great emphasis on sustainability practices, covering environmental and social factors, as part of its responsibilities. Details of the sustainability programmes and initiatives are as set out in the Sustainability Statement in pages 134 to 145 of this Annual Report.

Code of conduct and ethics policy

The Board has a formalised code of conduct and business ethics policy ("**Code**") which provides an ethical framework to guide actions and behaviours of all Directors and its employees while at work.


The Company also has in place a Whistleblowing Policy and Procedures. The objective of this policy and procedure is to provide a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action.

Any employee or member of the public who has knowledge or is aware of any improper conduct within the Group is encouraged to disclose through the following reporting channels:

Whistleblowing hotlines

Tel : +603 5639 8025  
E-mail : whistleblowing@sunway.com.my  
Fax : +603 5639 8027

Further details of the Code of Conduct and Whistleblowing Policy and Procedures are set out in the CG Report. The Code, Whistleblowing Policy and Procedures as well as the CG Report are available at the Company's website at **www.sunway.com.my**.

 Connect to more information online at **www.sunway.com.my**

II. BOARD COMPOSITION

There are 9 Directors (including 2 woman directors) in the Board. The Board comprises 4 Executive Directors, 1 Senior Independent Non-Executive Director and 4 Independent Non-Executive Directors. The profiles of the Directors are set out from pages 114 to 125 of this Annual Report.

The appropriate size and composition of the Board are annually reviewed by the NC. The NC will ensure that the size of the Board is conducive for effective discussion and decision making. The NC will endeavour to maintain a board composition with a broad range of knowledge, skills, experiences and deep industry expertise.

The Board is committed to building a diverse, inclusive and collaborative culture. All Board appointments are made based on merit, in the context of skills, experience, independence and relevant knowledge which are essential to the future sustainability of the Company. In terms of gender diversity, there are two (2) woman directors on the Board. The Board will look into increasing the woman representation in the Board to 30%.

Senior Independent Director

The Board appoints a Senior Independent Director who coordinates the activities of the Independent Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He also assists the Chairman and the Board to ensure effective corporate governance in managing affairs of the Board and the Company. He will also be available to shareholders if they have concerns relating to matters that contact through the Chairman, President or Group Chief Financial Officer ("**GCFO**") has failed to resolve, or where such contact is inappropriate.


Board Committees

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

The Board has set up the following committees and will periodically review their TOR and operating procedures:

- a) Audit Committee ("**AC**");
- b) NC;
- c) Remuneration Committee ("**RC**");
- d) Employees' Share Option Scheme ("**ESOS**") Committee; and
- e) Risk Management Committee ("**RMC**").

Each of the Board Committee operates within clearly defined written TOR as approved by the Board. The TORs of the Board Committees are available for reference at the Company's website at **www.sunway.com.my** under the heading of Corporate Governance.

 Connect to more information online at **www.sunway.com.my**

The TORs are continuously reviewed and updated to ensure their relevance to the Company's operations as well as for compliance with relevant legislations, regulations and governance standards.

The Board Committees deliberate issues on a broad and in-depth basis before putting up any recommendation to the Board for decision. Notwithstanding the existence of the Board Committees and the relevant authorities granted to a Committee under its TOR, the ultimate responsibility for the affairs of the Company and decision-making lies with the Board. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the reports by the chairman of the relevant Board Committees and the tabling of the minutes of the Board Committee meetings at the subsequent board meeting.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### a) AC

The details are disclosed under Principle B: Effective Audit and Risk Management.

### b) NC

The NC comprises exclusively Independent Non-Executive Directors. The Chairman of this Committee for the financial year 2019 was Mr Lim Swe Guan. The other members of the Committee were Dato' Sri Idris Jala, Tan Sri Dato' Dr. Lin See Yan, Tan Sri Datuk Dr Rebecca Fatima Sta Maria and Mr Wong Chin Mun. Mr Lim Swe Guan had subsequently resigned as Chairman and member of the Committee with effect from 9 April 2020 and Mr Philip Yeo Liat Kok was appointed in his place.

The NC is responsible for reviewing the composition, size, diversity and balance of the Board. It ensures that the Board comprises Directors with appropriate skills, knowledge, expertise and experience as well as having a proper balance between Executive Directors and Independent Non-Executive Directors.

It regularly reviews the criteria to be used in the Board recruitment process. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the NC would assess the candidate's independence in accordance with Paragraph 1.01 and Practice Note 13 of the Listing Requirements of Bursa Securities as well as his/her time commitment and potential contribution.

It also undertakes and facilitates the annual assessment of the Board and Board Committees. In addition, it is responsible for the succession planning of the Board and senior management.

The duties and responsibilities of the NC are set out in its TOR which is available at the Company's website at [www.sunway.com.my](http://www.sunway.com.my).



Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

During the financial year, five (5) meetings were held to deliberate on the following matters:-

(i) At the meeting held on 28 February 2019, the NC deliberated on the following matters:

- The Committee deliberated and reviewed the competencies of each Director using the Board Skills Matrix. This served as a guide for identifying new Directors with the necessary complementary skills.
- The Committee also analysed the results of the evaluation on the effectiveness of the Board and Board Committees.

- It also undertook a comprehensive assessment of individual Independent Non-Executive Directors' performance and contribution. All the Board members had also conducted Director's peer review for the financial year 2018. Based on the annual assessment, the NC was satisfied with the effectiveness of the Board in discharging its roles and fiduciary duties. All the Directors had performed and fulfilled their duties and responsibilities in accordance with the Companies Act 2016 and Listing Requirements. As for the Board Committees, the Board was satisfied with their effectiveness in discharging their roles and responsibilities as stated in their respective TOR.

- The Committee evaluated the existing size, structure and composition of the Board and Board Committees. The composition of the Board and Board Committees had fulfilled the requirements of the Listing Requirements i.e. having majority Independent Non-Executive Directors in the Board and Board Committees.

- The Committee would continue its search for the right woman candidate to meet the 30% woman directors representation in the Board.

- The Independent Directors had individually confirmed their continued independence in accordance with the Listing Requirements of Bursa Securities and that they would continue to act for the best interest of all stakeholders.

- The Committee was pleased that all the Directors had attended their respective training requirements in 2018. The Committee encouraged the Board members to attend specific training programmes in order to keep themselves abreast with the rapidly changing economic, business, technological and regulatory environment as well as financial reporting standards.

- The Committee assessed the performances of Tan Sri Datuk Seri Razman M Hashim, Dato' Chew Chee Kin and Mr Wong Chin Mun who were subject to retirement by rotation pursuant to Clause 106(1) of the Company's Constitution. The retiring Directors had offered themselves for re-election at the Ninth Annual General Meeting ("9<sup>th</sup> AGM") of the Company held on 20 June 2019.

Based on the peer review assessment and the Executive Directors' performance scorecards of the retiring Directors, the NC subsequently recommended them to the Board and shareholders for re-election. The resolutions to re-elect each Director were subsequently approved by the shareholders at the 9<sup>th</sup> AGM.

- The Independent Directors namely, Mr Lim Swe Guan and Mr Wong Chin Mun would be reaching their 9-year tenure in 2020. The Committee had commenced a search process to identify suitable, well qualified and experienced candidates.

(ii) At the meeting held on 21 March 2019, the NC reviewed and endorsed the NC report for 2018 which formed part of the Company's Annual Report 2018.

(iii) At the meeting held on 21 May 2019, the NC was briefed on Practice 4.2 and 4.3 of the CG Code by the Company Secretary as well as the Corporate Governance Monitor 2019 published by the Securities Commission ("SC").

The Committee had at the meeting, also considered and studied the credentials of potential board candidates received.

(iv) At the meeting held on 27 August 2019, the NC had examined and approved the methodology and approach for evaluation of the effectiveness of the Board, Board Committees, Directors' Peers Review and the assessment of the Independent Non-Executive Directors.

(v) On 21 November 2019, the NC was briefed on the management succession plan by the Chief Human Resources Officer. The potential successors to each key management position in the organisation was tabled for deliberation. The NC received assurances that all potential candidates nominated to C-suite and level 2 leaders' positions were of sufficient calibre. A leadership programme was in place to track their readiness in order to provide orderly succession.

The Group Human Resource Department ("GHR") has a systematic program (i.e. Excel in My Career and Leadership (ExCeL) @ Sunway) to identify the next echelon of future leaders. A 2-day programme was conducted whereby the identified candidates were given various case studies, role play, stimulations, etc to assess their leadership capabilities. The programme enabled a more personalised, purposeful and focused career development journey to assist the candidates to realise their leadership potential.

The Committee also conducted an annual talent review with the Chief Human Resources Officer. The review encompassed comprehensive succession planning for all key management positions across the business units. The identified successors for top management would be presented to the Committee for review and endorsement on an annual basis. Currently, all senior management have one or more potential successors in one or more of these stages i.e. ready now, ready soon or ready later.

At the meeting, it had also reviewed and amended its TOR to be in line with the CG Code and Listing Requirements. Its schedule of meetings for 2020 was also approved at the said Meeting.

The Board, through the NC, assesses the independence of each Independent Directors annually based on a set of criteria as specified in the Listing Requirements. Further, all the Independent Directors are required to give their confirmation on their independence pursuant to the Listing Requirements vide the annual Independent Directors' Self-Assessment Checklist.

The Board has a policy whereby an Independent Non-Executive Director who has reached the threshold of 9 years' tenure will be re-designated as Non-Independent Non-Executive Director unless he or she has obtained shareholders' approval to be retained in the Board as Independent Non-Executive Director.

If the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process. This is to facilitate the Board renewal and hence, enhancing the effectiveness of the Board.

During the financial year under review, none of the Independent Non-Executive Directors had reached the 9-year tenure.

The Board, through the NC undertakes an annual assessment of the Board as a whole, Board Committees and each individual Directors' performance by way of self and peer evaluation. This includes a review of the desirable mix of competencies, qualification, knowledge, skills, expertise and personal characteristics of Directors and any gaps that exist in the optimum mix of skills required for the Board.

The evaluation process was assessed internally and facilitated by the Company Secretaries. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the NC. All assessments carried out by the NC were properly documented, summarised and reported to the Board. The results of the survey and recommendations of the NC were considered by the Board and follow-up actions were taken where necessary.

The Directors were satisfied with the effectiveness of the Board as a whole. Based on the Director's peer review, all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly. Each member was satisfied with each other's contribution in sharing their insights and were involved in active participation in Board and Board Committees' discussions. All the Board Committees were assessed to be effective in discharging their roles and responsibilities in accordance to the TORs.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board was satisfied with the level of time commitment towards fulfilling their roles and responsibilities. Their meeting attendance at Board and Board Committees’ meetings are set out in the table below.

DIRECTORS	BOARD MEETING	AC MEETING	NC MEETING	RC MEETING	ESOS COMMITTEE MEETING	RMC MEETING
Executive Directors						
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO	8/8	N/A	N/A	N/A	-	N/A
Tan Sri Datuk Seri Razman M Hashim	8/8	N/A	N/A	N/A	N/A	N/A
Dato’ Chew Chee Kin	8/8	N/A	N/A	N/A	-	N/A
Sarena Cheah Yean Tih, <i>S.M.S.</i>	7/8	N/A	N/A	N/A	-	N/A
Independent Non-Executive Directors						
Wong Chin Mun	8/8	6/6	5/5	3/3	-	5/5
Dato’ Sri Idris Jala	6/8	N/A	3/5	2/3	N/A	N/A
Lim Swe Guan	8/8	6/6	5/5	3/3	N/A	5/5
Tan Sri Dato’ Dr. Lin See Yan	8/8	6/6	5/5	3/3	N/A	5/5
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	6/8	4/6	3/5	1/3	N/A	3/5


In order to ensure the Directors have sufficient time to fulfil their roles and responsibilities effectively, the Board has agreed that one of the criteria for potential new Directors is that they must not hold more than five (5) directorships in public listed companies. It is incorporated in the Company’s Board Charter that a Director is required to seek prior consent

from the Chairman of the Board before he or 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 and report to the Board during the Board meetings.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### c) RC

The details of the composition of the RC, its scope of responsibilities, meetings and summary of activities are disclosed in the CG Report.

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

### d) ESOS Committee

The ESOS was established in 2013 as an incentive plan for the employees to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group. It is also to motivate, reward and to retain the eligible employees for their contribution to the Group.

The ESOS Committee comprising Mr Wong Chin Mun as Chairman, Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling, Dato’ Chew Chee Kin, Ms Sarena Cheah Yean Tih and Ms Foo Shiang Wyne, was responsible for implementing, allocating and administering the ESOS in accordance with such powers and duties conferred upon it under the By-Laws of the ESOS. The TOR of the ESOS Committee are set out at the Company’s website.

The ESOS Committee did not hold any meeting during the financial year as the share options have been fully allocated to the eligible employees. As the ESOS had expired on 1 September 2019 pursuant to its By-Laws, the ESOS Committee had been dissolved accordingly.

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

### e) RMC

The RMC has oversight on the Company’s risk management framework and policies. It comprised exclusively Independent Non-Executive Directors. It was headed by Tan Sri Dato’ Dr. Lin See Yan with Mr Wong Chin Mun, Mr Lim Swe Guan and Tan Sri Datuk Dr Rebecca Fatima Sta Maria as members for the financial year 2019. Mr Lim Swe Guan had resigned as a member of the Committee on 9 April 2020.

The Company’s overall risk management process is the responsibility of the Board conducted through the RMC. The RMC supports the Board and Management in setting the tone from the top so as to embed and maintain appropriate risk culture. It guides the development of and recommends for the Board’s approval the risk appetite for various types of risk and exercises oversight on how this is operationalised into individual risk appetite limits.

The RMC, with the assistance of the Group Risk Management team:

- (i) evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of the Group’s strategic objectives;
- (ii) ensures an appropriate and effective risk management framework is established and maintained;
- (iii) monitors the design and implementation of the risk management framework; and
- (iv) oversees management of risk identification, reporting and mitigation efforts. The risk management review is reported to the RMC on a quarterly basis for review and discussion.

During the financial year, five (5) meetings were held to deliberate on the following matters:

- (i) Reviewed and deliberated the quarterly risk reports which covered identified principal risks at operational levels, the corresponding rating for each risk as well as the control and mitigation action plans taken;
- (ii) Endorsed the Statement of Risk Management and Internal Control to be included in the Company’s Annual Report 2018;
- (iii) Reviewed the RMC’s TOR to ensure that it is updated with the regulatory and CG Code requirements;
- (iv) Assessed the key business risks and action plans of Sunway Property and Facility Management, Retail, Trading and Manufacturing and The Banjaran Hotsprings Retreat; and
- (v) Approved the meeting schedule for 2020.

In 2019, the RMC discussed the findings and the impact of the following potential risks:-

- (i) Operational risks;
- (ii) External risks covering economic uncertainties, rising competition, technological disruptions, etc; and
- (iii) Human capital development and talent retention risks.

For more details of the Risk Management Framework and Internal Controls system of the Company, please refer to the Statement of Risk Management and Internal Control on pages 172 to 175 of this Annual Report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIRECTORS' PROFESSIONAL DEVELOPMENT AND TRAINING

In view of the increasingly demanding, complex and multi-dimensional role of a Director, the Board recognises the importance of continual training and professional development for its Directors so as to be able to serve effectively on, and contribute positively to, the Board.

During the financial year ended 31 December 2019, all members of the Board attended various development/training programmes, conferences, seminars and courses 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 Company Secretaries maintain a training record to track the Directors' attendance at training and professional development courses.

TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	<ul style="list-style-type: none"> <li>CNBC Managing Asia<sup>#</sup> (CNBC)</li> </ul>	21 March 2019
	<ul style="list-style-type: none"> <li>Talent Grooming Programme (TGP) Inspirational Leadership Symposium 2019<sup>#</sup> (Ministry of Health)</li> </ul>	3 July 2019
	<ul style="list-style-type: none"> <li>International Humanitarian Conference 2019<sup>#</sup> (MERCY Malaysia)</li> </ul>	5 August 2019
	<ul style="list-style-type: none"> <li>IMechE Leadership Conference<sup>#</sup> (IMechE UNITEN Student Chapter, in association with IMechE Malaysia and Universiti Tenaga Nasional)</li> </ul>	17 August 2019
	<ul style="list-style-type: none"> <li>Sunway Leaders Conference 2019 - Good Health and Well-Being, Sustain 3.0 (Sunway Group)</li> </ul>	20 September 2019
	<ul style="list-style-type: none"> <li>Higher Education Forum<sup>#</sup> (BMCC)</li> </ul>	12 November 2019
	<ul style="list-style-type: none"> <li>Pangkor Dialogue<sup>#</sup> (Perak State Government)</li> </ul>	14 November 2019
	<ul style="list-style-type: none"> <li>Inspiring Leadership Session<sup>#</sup> (Peking University)</li> </ul>	20 November 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Dato' Sri Idris Jala	<ul style="list-style-type: none"> <li>International Conference on Emerging Africa (BOS Senegal)</li> </ul>	17 to 19 January 2019
	<ul style="list-style-type: none"> <li>Administrative Development in light of Saudi Vision 2030 [National Center for Performance Management (ADAA Saudi)]</li> </ul>	18 to 20 March 2019
	<ul style="list-style-type: none"> <li>Djibouti Presidential and Cabinet Retreat (World Bank)</li> </ul>	3 to 4 April 2019
	<ul style="list-style-type: none"> <li>Harvard Ministerial Leadership Forum for Finance Ministers (Harvard University)</li> </ul>	14 to 17 April 2019
	<ul style="list-style-type: none"> <li>Pakistan Trade and Investment Growth Knowledge Transfer (World Bank)</li> </ul>	1 to 5 May 2019
	<ul style="list-style-type: none"> <li>Harvard Ministerial Leadership Forum for Health and Education Ministers (Harvard University)</li> </ul>	3 to 7 June 2019
	<ul style="list-style-type: none"> <li>6 Secrets of Corporate Transformation, Mitsubishi Corporation (Mitsubishi Corporation)</li> </ul>	17 June 2019
	<ul style="list-style-type: none"> <li>Economic Management Retreat for Edo State (Edo State)</li> </ul>	13 to 14 July 2019
Tan Sri Datuk Seri Razman M Hashim	<ul style="list-style-type: none"> <li>Corporate Transformation (Bank Islam)</li> </ul>	19 July 2019
	<ul style="list-style-type: none"> <li>Transformational Leadership (Sarawak Energy)</li> </ul>	30 September 2019
	<ul style="list-style-type: none"> <li>International Humanitarian Conference 2019<sup>^</sup> (MERCY Malaysia)</li> </ul>	5 to 7 August 2019
Dato' Chew Chee Kin	<ul style="list-style-type: none"> <li>Sunway Leaders Conference 2019 - Good Health and Well-Being, Sustain 3.0 (Sunway Group)</li> </ul>	20 September 2019
	<ul style="list-style-type: none"> <li>Sunway Leaders Conference 2019 - Good Health and Well-Being, Sustain 3.0 (Sunway Group)</li> </ul>	20 September 2019



CORPORATE GOVERNANCE OVERVIEW STATEMENT

TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Sarena Cheah Yean Tih, S.M.S.	• Revolutionising Businesses Through Blockchain (Securities Industry Development Corporation)	19 June 2019
	• Investment Analysis on Plantation Industry (Malaysian Institute of Accountants)	24 July 2019
	• Sunway Leaders Conference 2019 - Good Health and Well-Being, Sustain 3.0 (Sunway Group)	20 September 2019
	• ICDM International Directors Summit 2019 (Institute of Corporate Directors Malaysia)	14 to 15 October 2019
Wong Chin Mun	• Digital Transformation - Growing Your Business Through e-Platform (Vistage Malaysia Sdn Bhd and MDEC)	27 February 2019
	• Global Regional & Asean Economic Outlook (Vistage Malaysia Sdn Bhd)	10 May 2019
	• International Directors Summit 2019 (Institute of Corporate Directors Malaysia)	14 to 15 May 2019
	• Sales Intelligence Strategies for the Modern Company & Salesperson (Vistage Malaysia Sdn Bhd and Frank Furness & Associates, UK)	17 May 2019
	• The Second Digital Revolution – How Every Business can Make the Most of Youtube, Amazon & the Virtual Reality Revolution (Vistage Malaysia Sdn Bhd and Tim Levy & Associates)	4 July 2019
	• Vistage CEO Summit 2019 - Transforming & Transcending (Vistage Malaysia Sdn Bhd)	27 September 2019
	• Facilitating World Class Meetings (Pembinaan Dayapegas Sdn Bhd and Vistage Worldwide Inc, USA)	29 to 30 October 2019
	• Personal Story Telling in Business (Vistage Malaysia Sdn Bhd)	1 November 2019
Lim Swe Guan	• APREA 2019 Asia Real Estate Market Outlook (APREA)	24 January 2019
	• APREA EPRA European Property Briefing – Singapore (APREA)	17 June 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Tan Sri Dato' Dr. Lin See Yan	• 33 <sup>rd</sup> Asian Shadow Financial Regulatory Committee Meeting (Sunway University)	19 to 21 January 2019
	• ASLI Economics Conversation on “New Risks in Today's Macroeconomic World”# (Asian Strategy & Leadership Institute)	4 March 2019
	• Executive Talk Series on “Trying Times Amid Tumult and Trauma: What Are We To Do?”# (Leadership Institute of Sarawak State Civil Service)	4 March 2019
	• Asian Economic Panel on “The Global Trade System in Disarray: Fixing Design Flaws and Adjusting to a Multi-Polar War” (Jeffrey Cheah Institute on Southeast Asia)	29 to 30 March 2019
	• Innovating Financial Services in Malaysia (The Perdana Leadership Foundation CEO Forum 2019)	4 April 2019
	• DNA23's Digital Dialogue Series: ‘DDS#1 Funding Diversity’ (Asian Strategy & Leadership Institute)	17 April 2019
	• Malaysian Economic Convention (Malaysian Economic Association)	17 June 2019
	• 34 <sup>th</sup> Asian Shadow Financial Regulatory Committee (SFRC) Meeting on “Trade Wars and Their Effect on Asian Market Stability” (Banking University of Ho Chi Minh)	5 to 6 July 2019
	• Economic and Leadership Forum 2019# (London School of Economic Students' Union Malaysia Club)	3 August 2019
	• National Tax Conference 2019# (Inland Revenue Board of Malaysia and Chartered Tax Institute of Malaysia)	5 August 2019
	• Intel Malaysia Women Conference# (Intel Malaysia)	8 August 2019
	• Bernama News Channel's Biz Talk (Astro Malaysia)	30 August 2019
	• Sunway Leaders Conference 2019 - Good Health and Well-Being, Sustain 3.0 (Sunway Group)	20 September 2019
	• Universiti Teknologi Malaysia Leadership Talk Series on: “Malaysia's Economic Outlook Amid Markets in an Age of Anxiety”# (UTM University)	24 September 2019
	• Breakfast Grille Radio 89.9 (BFM 89.9)	27 September 2019
	• Technical Insight Series Talk on: “Traits of a Central Banker”# (Bank Negara Malaysia)	1 October 2019
	• HAA International Leadership Workshop (Harvard Alumni Association)	8 to 10 November 2019

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TRAINING PROGRAMMES, SEMINARS AND WORKSHOPS ATTENDED BY DIRECTORS

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	• Regional Outlook Forum ( <i>ISEAS Yusof Ishak Institute</i> )	9 January 2019
	• IMF Presentation - Unfinished Business by Tamim Bayoumi ( <i>Monetary Authority of Singapore</i> )	14 January 2019
	• Impact of potential Sino-US Trade War <sup>#</sup> ( <i>Singapore Institute of International Affairs (SIIA)</i> )	31 January 2019
	• Thriving in the Age of Disruption by Rich Karlgaard, Editor-at-Large and Global Futurist, Forbes Media ( <i>Forbes Asia</i> )	23 February 2019
	• Asean Roundtable Series: Future of ASEAN Trade: Tackling NonTariff Barriers in the New Trade Order <sup>#</sup> ( <i>Rajaratnam School of International Studies, Nanyang Technology University</i> )	2 April 2019
	• US-China Trade War: Managing the Narrative <sup>#</sup> ( <i>Dean of the NUS Business School</i> )	3 April 2019
	• RSIS-WTO Parliamentarian Workshop, Temasek Foundation Series on Trade and Negotiations <sup>#</sup> ( <i>Rajaratnam School of International Studies, Nanyang Technology University</i> )	13 June 2019
	• Kuala Lumpur Roundtable <sup>#</sup> ( <i>IDEAS Malaysia</i> )	2 July 2019
	• Digital Innovation and Disruption in the 4 <sup>th</sup> Industrial Revolution ( <i>Intel Technology Asia Pte Ltd</i> )	4 July 2019
	• Future of Work Conference <sup>#</sup> ( <i>Ministry of Foreign Affairs, Vietnam</i> )	6 July 2019
	• Pathways to Gender Inclusion in the 4 <sup>th</sup> Industrial Revolution ( <i>APEC Chile</i> )	2 September 2019
	• APEC International Fin-tech Summit ( <i>APEC Chile</i> )	3 September 2019
	• APEC Innovation Forum - Building for the Future, Facing Global Challenges through Innovation and Sustainability ( <i>APEC Chile</i> )	5 September 2019

<sup>^</sup>Attended as speaker      <sup>#</sup> Attended as keynote speaker

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION

The Group recognises that in order to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurate with their experiences, skills and responsibilities as well as benchmarking against industry's standards. In view of this, the remuneration package for Executive Directors and directors' fees for Non-Executive Directors were determined by benchmarking against remuneration packages of relevant position with similar industry and business size. It is structured on the basis of linking rewards to corporate and individual performance. The performance and remuneration package of the Executive Director is subject to evaluation of the RC.

For Independent Non-Executive Directors including the Non-Executive Co-Chairman, the level of remuneration reflects their knowledge, experience and level of responsibilities. In addition, the remuneration is benchmarked against industry's peers of similar size as well as complexity of the Group's businesses. The remuneration of Independent Non-Executive Directors consists of fixed annual directors' fees and meeting allowances for each Board or Board Committee meeting attended.

The Board as a whole determines the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees and allowances payable to the Non-Executive Directors are subject to the prior approval of shareholders at the AGM of the Company.

The Board Chairman is entitled to directors' fee of RM360,000 per year while the rest of the Non-Executive Directors are entitled to directors' fees of RM120,000 per individual per year. The meeting allowance is set at RM1,000 per individual per meeting.

In addition to the directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and oversight responsibilities over financial reporting, internal control system, risk management system, internal and external audit function.

The amount of AC's fees is benchmarked against public listed companies of similar size and industry. The AC's fees are subject to shareholders' approval. The fees will be reviewed as and when the need arises. The AC's fees are payable annually together with the payment of the directors' fees.

Currently, the AC's fees are set at RM6,000 for the Chairman per annum and RM3,000 for each member per annum.

The details of the Directors' remuneration for the financial year 2019 are disclosed in the CG Report which is available in the Company's website at [www.sunway.com.my](http://www.sunway.com.my).

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

The AC is led by Mr Wong Chin Mun who is not the Chairman of the Board. The members of the AC for the financial year 2019 were Tan Sri Dato' Dr. Lin See Yan, Mr Lim Swe Guan and Tan Sri Datuk Dr Rebecca Fatima Sta Maria. Mr Lim Swe Guan had resigned as a member of the Committee on 9 April 2020. All of them were Independent Non-Executive Directors. The AC Chairman is a member of the Malaysian Institute of Accountants.

The Company has a policy requiring a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC.

The AC has explicit authority to investigate any matter within its TOR. Management provides their fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the Internal and External Auditors and full discretion to invite any executive officer to attend its meetings. Similarly, both the Internal and External Auditors have unrestricted access to the AC.

In the financial year 2019, the AC met the External Auditors separately twice on 28 February 2019 and 21 March 2019 without the presence of the Management. It also had a private session without the presence of the Management on 21 March 2019 with the Internal Auditors. The AC had discussed with them on the reasonableness of the financial reporting process, the system of internal controls, management co-operation in the audit process and significant comments and recommendations by both the Internal and External Auditors.

In assessing the suitability of the External Auditors, the AC is guided by the Policy on Selection of External Auditors. It also monitors the provision of non-audit services by the External Auditors to ensure that the non-audit services fees do not exceed 50% of the total audit fees payable to them.

During the year, the AC assessed suitability of re-appointment of BDO PLT as External Auditor for the financial year 2018. The assessment was based on the audit quality, suitability, effectiveness and independence of the External Auditors. The annual assessment of the performance of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, delivery, fees and adequacy of resources. The AC has also considered the non-audit services provided by the External Auditors during the financial year.

The outcome of the assessment was tabled to the AC on 21 March 2019. There were no major concerns highlighted in the External Auditors Assessment Report. As the AC was satisfied with their performance, it had recommended their re-appointment for the financial year 2019 subject to the shareholders' approval at the 9<sup>th</sup> AGM of the Company held on 20 June 2019.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The External Auditors has a policy of rotating their engaging partner once every seven (7) years to maintain their independence from the Group. Nevertheless, the current audit engagement partner has held the position for only five (5) years, including the financial year ended 31 December 2019. The Board also has an option of rotating an audit firm at any time or up to every 7 years at its own discretion.

The External Auditors attended the Company's AGM/ Extraordinary General Meeting(s) and were there to answer questions from the shareholders on the conduct of the statutory audit and the contents of the audited financial statements as well as any corporate exercise undertaken by the Group where the External Auditors were involved.

The Board, through its NC, reviews annually the performance of the AC. The evaluation covered key aspects such as the members' financial literacy levels, ability to pose probing questions, competencies in grasping complex issues and skills as well as knowledge to discharge their duties and responsibilities under its TOR. Based on the assessment for the financial year 2019, the Board was pleased with the performance and effectiveness of the AC.

The detailed report of the AC is set out in the AC Report section on pages 165 to 171 of this Annual Report.

### II. Risk Management and Internal Control Framework

The Board remains committed towards maintaining a sound risk management and internal control systems and policies to safeguard the shareholders' interest. The Company maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, regulatory, compliance and information technology risks to safeguard the stakeholders' interests of the Company.

The Board supported by the AC and the RMC, recognises that the risk management and internal control systems established can provide only reasonable assurance that the Group will not be significantly affected by any event that can be reasonably foreseen or anticipated. There are no systems of risk management and internal controls that can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board through the AC and RMC, has overall responsibility for the governance of risk and oversees the Management in the design, implementation and monitoring of the risk management and internal controls systems. The RMC oversees the adequacy and effectiveness of the risk management framework, systems and policies of the Company. The AC is tasked with the responsibility of evaluating the reliability, adequacy and effectiveness of the Group's risk management and internal control systems, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets. The GIAD which is in-charge of the internal audit function, assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

The RMC is assisted by the Group Risk Management team at the operational level. The Group Risk Management team identifies, mitigates and monitors the critical risks highlighted by each Business Division. The Board through the RMC, has received assurances from the President and GCFO that the risk management framework and internal control systems of the Company are operating adequately and effectively.

Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audit exercises. The risk-based internal audit plan that includes internal audit coverage and scope of work were presented to the AC for its consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the AC on a quarterly basis. The Internal Auditors and Management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

Details of the Risk Management Framework and internal controls system of the Company are as set out in the Statement of Risk Management and Internal Control section on pages 172 to 175 of this Annual Report.

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### I. Communication with Stakeholders

The Board recognises the importance of maintaining transparency and accountability to the shareholders of the Company, and promoting regular, effective and fair communication with shareholders and all stakeholders. The Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public in its effort to strengthen its relationship with the shareholders.

Timely disclosure of material information is critical towards building and maintaining corporate credibility and investor confidence. The Board recognises the importance of accurate and timely public disclosures of corporate information in order for the shareholders to exercise their ownership rights on an informed basis.

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 also 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The communication channels used in the Company's engagement with its stakeholders include:

- The Company's website;
- Establishment of an investor relations division;
- Announcements via Bursa LINK;
- Annual reports;
- General meetings;
- Investors, analysts and media briefings; and
- Domestic and overseas roadshows and investors conference.

The Company maintains a corporate website, [www.sunway.com.my](http://www.sunway.com.my) to disseminate information and enhance its investor relations. All disclosures, material information and announcements made to Bursa Securities via Bursa LINK are published on the website shortly after the same is released by the news wire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. There is an Investor Relations section on the website which provides the Company's investor relations' efforts as well as all relevant information about the Company, such as financial information, announcements released to Bursa Securities, general meetings materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centre. The information is easily accessible by the public. Annual reports and circulars to shareholders are also made available at this website for review.

In addition, the Company also announces the targeted date for release of the financial results of the Company 2 weeks in advance prior to each Board meeting in order to keep the shareholders or investing public aware of the timing of the release of the financial results.

The Board recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of information on the website. All timely disclosure and material information will be clearly date-identified. The Management has ongoing responsibility for ensuring that information in the Company's website are up-to-date.

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

The Company has in place an Investor Relations team supporting the President and the GCFO to facilitate effective communication with shareholders, potential investors, analysts, fund managers and the media. In addition, the e-mail address, name and contact number of the Investor Relations Officer is listed in the Company's website to enable the public to forward queries relating to the Company.

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

The Company also disseminates quarterly reports and corporate presentations to all research analysts and investors via email communication as soon as the information is released to Bursa Securities. During the financial year 2019, the Company had participated in various investor conference and road shows in Malaysia, Thailand and Singapore.

### II. Conduct of General Meetings

The Board encourages shareholders' participation in general meetings. The AGM of the Company provides a principal forum for shareholders to share their views. It also provides open dialogue opportunity 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.

In 2019, the Company served notice of its 9<sup>th</sup> AGM more than 28 days before the meeting, well in advance of the 21-day requirements under the Companies Act 2016 and the Listing Requirements of Bursa Securities. The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Annual Report 2018 and to make necessary arrangements to attend the meeting. The Company also distributed together with the notice of 9<sup>th</sup> AGM, an Administrative Guide, which furnished useful information regarding the conduct of the 9<sup>th</sup> AGM, such as details of the meeting, shareholders' entitlement to attend the meeting, their right to appoint proxy, etc. Shareholders who are not able to attend the meeting are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at all the general meetings.

Before commencement of the 9<sup>th</sup> AGM, the President gave a detailed presentation of the Company's and of the Group's financial performance for the financial year ended 31 December 2018.

The Chairman provided ample time for the Questions and Answers sessions during the AGM. All the Directors together with the President, GCFO, management team and External Auditors were present to respond to all queries raised. All suggestions and comments given by the shareholders were also noted by Management for consideration.

In addition, written queries raised by the Minority Shareholder Watch Group were presented to the shareholders at the general meetings together with the Group's response.

All resolutions set out in the notices of the 9<sup>th</sup> AGM were voted by poll, and an independent scrutineer was appointed to validate the votes cast. The Company had appointed its Share Registrar, Sunway Management Sdn Bhd as Polling Administrator to conduct the polling process, and BDO Consulting Sdn Bhd as Independent Scrutineer to validate the poll results of the 9<sup>th</sup> AGM of the Company.

### CORPORATE GOVERNANCE OVERVIEW STATEMENT

In order to promote greater transparency and to allow for a more efficient and accurate voting system, the Company has leveraged on technology to facilitate electronic poll voting with real-time polling results updated live for all shareholders’ viewing. The Company has conducted electronic polling at its 9<sup>th</sup> AGM. This allows all the shareholders and proxies present at the meetings to vote on “one share, one vote” basis. The poll results were instantaneously displayed on-screen which could be seen by everyone in the meeting room, confirmed by the Chairman and subsequently announced to Bursa Securities in a timely manner after the meeting.

The minutes of the 9<sup>th</sup> AGM was also made available on the Company’s website at [www.sunway.com.my](http://www.sunway.com.my) for the information of the public.

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

#### NEW INITIATIVES

During the financial year 2019 and up to the date of this Annual Report, the Board has established an Anti-Bribery and Corruption Task Force (“**Task Force**”) to implement policies and procedures for the anti-bribery and corruption compliance programme and to strengthen the Group’s internal processes and practices on anti-corruption. The members of the Task Force comprised senior management team from various group functions. This initiative is in response to the corporate liability provision of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which will take effect on 1 June 2020 and based on the Guidelines on Adequate Procedures issued by the Prime Minister’s Office on 4 December 2018.

The Task Force has established a comprehensive anti-bribery and corruption programme and it is expected to be fully implemented within the Group by 1 June 2020. The actionable areas set out in the programme includes the following:

- Establishment of an Anti-Bribery and Corruption Policy (“**ABC Policy**”) - The ABC Policy was deliberated and approved by the Board on 21 November 2019. It outlines the Group’s anti-bribery and corruption strategies and action plans in preventing, detecting and managing bribery and corruption issues. The ABC Policy will be made available for viewing at the Company’s website.
- Corruption Risk Assessment - Corruption risk has been included in the annual risk assessment of the Group. Risk assessment will be conducted to identify and analyse the internal and external corruption risks in order to establish appropriate processes, systems and controls to mitigate the specific corruption risks the businesses are exposed to, if any.
- Training and Communication - Adequate training and communication of the ABC Policy and related guidelines such as gifts, entertainment and hospitality expenses and donation and sponsorship policies and procedures will be carried out involving all Directors, employees and associates.

In addition, the Company had also on 21 November 2019 established an Anti-Money Laundering Policy (“**AML Policy**”) to be observed within the Group. The purpose of the AML Policy is to provide guidance to all the Group’s employees on how to strengthen anti-money laundering measures. It reiterates the Company’s commitment to full compliance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001. This AML Policy complements and should be read in conjunction with the Company’s Code of Conduct and Business Ethics and the Whistleblowing Policy and Procedures.

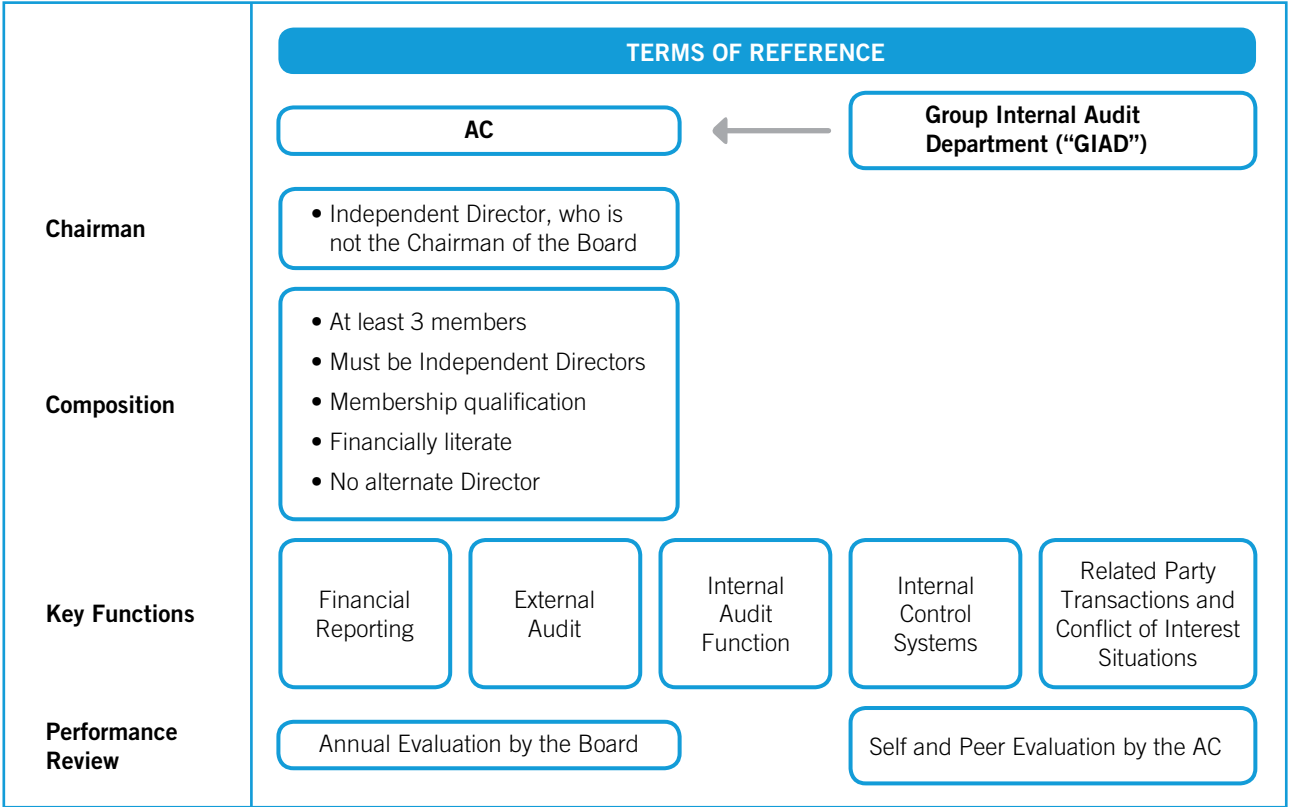
**This Corporate Governance Overview Statement was approved by the Board of Directors on 7 April 2020.**



**DATO’ SRI IDRIS JALA**  
Independent Non-Executive Co-Chairman


### AUDIT COMMITTEE REPORT

The Board of Sunway Berhad is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee (“**AC**”) has discharged its oversight functions during the financial year ended 31 December 2019.



#### TERMS OF REFERENCE

The scope of responsibilities of the AC is outlined in its terms of reference which is set out at Sunway website at [www.sunway.com.my](http://www.sunway.com.my).

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

#### COMPOSITION

The AC assists the Board to review, to assess and to recommend proposals relating to financial and accounting records, internal controls, related party transactions (“**RPT**”) and financial reporting practices of Sunway Group.

The AC comprises four (4) members, all of whom are Independent Non-Executive Directors and is chaired by a Senior Independent Non-Executive Director. Members of the AC during the financial year ended 31 December 2019 comprised the following Directors:-

- Wong Chin Mun – Chairman  
(Senior Independent Non-Executive Director)
- Tan Sri Dato’ Dr. Lin See Yan  
(Independent Non-Executive Director)
- Tan Sri Datuk Dr Rebecca Fatima Sta Maria  
(Independent Non-Executive Director)
- Lim Swe Guan  
(Independent Non-Executive Director)  
(Resigned with effect from 9 April 2020)

The composition of the AC complied with the Main Market Listing Requirements (“**MMLR**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) and the principles and practices set out in the Malaysian Code on Corporate Governance 2017 (“**MCCG 2017**”):

MMLR	
Requirements	Commentary
Paragraphs 15.09(1)(a) & (b) of MMLR	<ul style="list-style-type: none"> <li>The AC comprises 4 members, all of whom are Independent Non-Executive Directors who satisfy the test of independence under the MMLR.</li> </ul>
Paragraph 15.09(1)(c) of MMLR	<ul style="list-style-type: none"> <li>Mr Wong Chin Mun is a Fellow of Australian Society of Certified Practising Accountants and a member of Malaysian Institute of Accountants.</li> </ul>



AUDIT COMMITTEE REPORT

COMPOSITION (contd.)

MCCG 2017

Best Practices	Commentary
Practice 8.1 of MCCG 2017	• Mr Wong Chin Mun is not the Chairman of the Board.
Practice 8.2 of MCCG 2017	• Since the incorporation of the Company on 10 November 2010, none of the Directors were former key audit partners.
Practice 8.3 of MCCG 2017	• The AC has policies and procedures to assess the suitability, objectivity and independence of the External Auditors.
Practice 8.4 of MCCG 2017	• The AC comprises solely of Independent Directors.
Practice 8.5 of MCCG 2017	• All members are financially literate and are able to understand matters under the purview of the AC including the financial reporting process. • They have attended various training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies on areas relevant to the Group's businesses, Directors' roles, responsibilities, effectiveness and/or corporate governance issues.

The Board, through its Nomination Committee (“NC”) has on 28 February 2019, reviewed the terms of office of the AC members and found it to be adequate. The NC also assessed the effectiveness of the AC. This was conducted through an annual internal AC Evaluation survey facilitated by the Company Secretary. The Board was satisfied with the performance of the AC in which they have discharged their functions and carried out their duties and responsibilities in accordance with the terms of reference of the AC.

MEETINGS AND ATTENDANCE

The AC held six (6) meetings in the financial year under review. The attendance records of the AC members are shown below:-

Name	Membership	Attendance (attended/held)	% of Attendance
Wong Chin Mun	Chairman	6/6	100%
Tan Sri Dato’ Dr. Lin See Yan	Member	6/6	100%
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	Member	4/6	67%
Lim Swe Guan (Resigned w.e.f. 9 April 2020)	Member	6/6	100%

The President and Group Chief Financial Officer were invited to attend all the meetings to provide clarification on audit issues as well as the Group’s financial and business operations. The Head of Group Internal Audit Department (“GIAD”) attended all the meetings and was responsible for presenting quarterly internal audit reports and the annual audit plan. The External Auditors, Messrs BDO PLT, were present at three (3) of the meetings held.

The minutes of each AC meeting were recorded and tabled for adoption at subsequent AC meetings and thereafter, all minutes of AC meetings were presented to the Board for

discussion and confirmation. The Chairman of the AC reported the AC’s recommendations to the Board for its consideration and implementation. He also highlighted the significant matters and resolutions deliberated by the AC to the Board at its immediate subsequent meeting.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2019, the AC carried out the following activities in the discharge of its functions and duties as per its terms of reference:-

1. Financial Reporting

(a) Quarterly Financial Results

At the AC Meetings held on 28 February 2019, 21 May 2019, 27 August 2019 and 21 November 2019, the AC reviewed and discussed with Management, the quarterly management accounts and quarterly financial results, taking into consideration that the necessary processes and controls were in place in the preparation of the financial reports.

At each of the meetings, the Group Chief Financial Officer presented the financial reports and confirmed to the AC, the following matters:

- i) The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of the following new or amended accounting standards that were effective for the financial year 2019:

- MFRS 16 Leases;
- IC Interpretation 23 Uncertainty over Income Tax Treatments;
- Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures;
- Amendments to MFRS 9 Prepayment Features with Negative Compensation;

AUDIT COMMITTEE REPORT

- Amendments to MFRS 3 Annual Improvements to MFRS Standards 2015 – 2017 Cycle;
- Amendments to MFRS 11 Annual Improvements to MFRS Standards 2015 – 2017 Cycle;
- Amendments to MFRS 112 Annual Improvements to MFRS Standards 2015 – 2017 Cycle;
- Amendments to MFRS 123 Annual Improvements to MFRS Standards 2015 – 2017 Cycle;
- Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement; and
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform.

- ii) There were no significant and unusual issues other than those reported in the financial statements;
- iii) The Company and the Group continue to operate as going concern; and
- iv) The accounting standards, regulatory and other legal requirements had been complied with in the preparation of the financial statements.

The AC reviewed the quarterly financial results and focused its attention on the accuracy of the reported financial figures and explanations to material variances or movements during the relevant quarters. The AC endorsed the unaudited quarterly financial results which had been prepared in accordance with MMLR and the relevant approved accounting standards so as to give a true and fair view of the financial position of the Group and of its financial performance and cash flows for each quarter. The AC’s recommendations were then presented to the Board for approval at each subsequent meetings for release to Bursa Securities.

(b) Audited Financial Statements

On 21 March 2019, the AC together with the External Auditors and Management, deliberated on the audited financial statements for the financial year ended 31 December 2018. The AC discussed the significant audit findings, key audit matters raised by the External Auditors and the adoption of new accounting standards in the audited financial statements.

At the said meeting, the Management and the External Auditors confirmed that the draft audited financial statements was prepared in accordance with the relevant accounting standards and legal requirements. Thereafter, the AC recommended the same for the Board’s approval and subsequent tabling at the Ninth Annual General Meeting of the Company held on 20 June 2019.

(c) Accounting standards and other relevant regulatory requirements

The AC also reviewed and took note of the changes and amendments to the regulations, accounting standards and other regulatory requirements tabled by the External Auditors and the Group Chief Financial Officer which had a material financial impact on the Group’s financial reports.

At the AC Meeting held on 21 March 2019, the External Auditors updated the Committee on the tentative agenda decision published by the IFRS Interpretation Committee on IAS 23 Borrowing Costs.

2. Assessing Risks and Control Environment

- (a) The AC reviewed the adequacy and effectiveness of the internal controls and risk management framework and the appropriateness of Management’s responses to key risk areas and proposed recommendations for improvements to be implemented.
- (b) On 28 February 2019, the AC also reviewed the internal control system as reported by the External Auditors in the course of their statutory audit of the financial statements for the financial year ended 31 December 2018. At the meeting, the External Auditors reported that there were no significant weaknesses in the Group’s internal control systems.

3. Evaluating the Internal and External Audit Process

(a) Internal Audit

- (i) The AC approved GIAD’s 2019 Annual Audit Plan at the meeting held on 28 February 2019. The 2019 Audit Plan was developed using a risk based audit methodology where business units and processes were selected for audit based on risk assessments carried out periodically by GIAD. The AC reviewed the adequacy and relevance of the scope and resources allocated for the plan and subsequently, approved the plan and its proposed audit timetable and the budgeted man-hours.

The 2019 Audit Plan was also reviewed on a quarterly basis taking into account any developments which had an impact on the audit coverage.

GIAD’s Audit Plan 2019 were mainly carried out in the following key business components:-

- **Property Development Projects**
  - Review of tender and award processes to ensure compliance with standard operating procedures
  - Review of project performance including cost and quality control on current projects for all regions;
- **Leisure – Theme Parks**
  - Internal control audits on revenue, collections, procurement and inventory management
  - Utilise data analytics to carry out continuous monitoring of transactions
  - Regular audits to detect and prevent risks of fraud or irregularities;
- **Healthcare**
  - Yearly internal control audits on business office including revenue and collections audits
  - Scheduled audits on other key areas such as procurement, inventory, capital expenditure and IT systems
  - Review of internal controls of newly opened businesses such as Sunway Medical Centre Velocity;

## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES (contd.)

- **Trading and Manufacturing ("T&M")**
    - 3-year audit cycle for branches across the regions including Malaysia, Indonesia, Thailand, China, Australia and Singapore
    - Internal control audits on other selected subsidiaries under T&M;
  - **Building Materials and Quarry**
    - Internal control audits on key processes for major plants and locations to be covered over a 2-year cycle;
  - **Hospitality**
    - Scheduled audits on key business processes to be covered over 2-year cycle.
- (ii) The AC reviewed the results of audit engagements carried out by GIAD at the AC Meetings held on 28 February 2019, 21 March 2019, 21 May 2019, 27 August 2019 and 21 November 2019 as well as discussed the major findings and audit recommendations. The AC also reviewed the status of implementation of corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all areas of risk and internal control issues. In addition, GIAD updated the AC on the progress of the 2019 Audit Plan and results of ad-hoc assignments including audit investigations.
- (iii) At the meeting held on 28 February 2019, the AC reviewed the Internal Audit Charter and found that the Charter was appropriate without any need for amendments.
- (iv) At the meeting held on 21 March 2019, the Internal Audit Function Evaluation Report was tabled for AC to assess the performance of GIAD. The AC had assessed the effectiveness of the internal audit function in terms of scope of work and compliance with relevant regulatory standards as well as its collaboration with the External Auditors. The Committee also assessed the adequacy of resources as well as the qualifications, skills and competencies of staff within the GIAD.
- The AC was satisfied with the performance and effectiveness of the GIAD and was of the opinion that the internal audit function was appropriate to its size, the nature and scope of its activities. The AC was of the view that the GIAD was effective and able to function independently and able to provide the Board and the Management with pertinent information on potential weaknesses in the system of internal control and providing the Management with constructive input and ideas for remedial action.
- (v) The AC had on 21 March 2019, met with GIAD without the presence of Management and Executive Board members to facilitate discussions of additional matters in relation to audit issues and internal control weaknesses noted in the course of its audit.

### (b) External Audit

- (i) The AC met with the External Auditors, Messrs BDO PLT on the following dates:
- The AC had on 28 February 2019, reviewed and deliberated with Management and the External Auditors, the Auditors' Report by the External Auditors in respect of their audit for the financial year ended 31 December 2018.
- In the meeting, the External Auditors confirmed their professional independence in relation to the audit engagement for the financial year ended 31 December 2018. The External Auditors also reported their audit status versus the audit plan. The AC was briefed by the External Auditors on the findings on areas of significant auditor attention, key audit matters, impact on financials from the adoption of new accounting standards, etc.
- The External Auditors had subsequently confirmed that they were not aware of any non-compliance of laws and regulations, as well as any material litigations and claims against the Group other than those brought forward from prior financial years.
- The AC and Management had also confirmed that they were not aware of any non-compliance of laws and regulations or any significant fraud related matters.
- The AC had on 21 March 2019, discussed with the External Auditors on the final draft of the audited financial statements of the Company for the financial year ended 31 December 2018.
- The External Auditors was of the opinion that the Company's audited financial statements reflected a true and fair view of the financial position of the Company and its group in accordance with the Malaysian Financial Reporting Standards and the requirements of the Companies Act 2016.
- Based on its annual audit, the External Auditors reported the following key audit matters and its audit response in its Auditors' Report for the financial year 2018:
- Revenue recognition for property development
  - Revenue recognition for construction contracts
- The AC had on 21 November 2019, reviewed and discussed with the External Auditors, the Group Audit Planning Memorandum for the financial year ended 31 December 2019 which outlined the External Auditors' engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant audit attention, engagement team as well as audit reporting, deliverables and audit fees.

## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES (contd.)

- (ii) The AC had private sessions with the External Auditors to discuss any issues and reservations arising from their audit without the presence of management staff and the executive board members on 28 February 2019 and 21 March 2019. The External Auditors were given the opportunity to raise any matters of concern arising from their audit work. No major concerns were highlighted and the External Auditors had also confirmed that they had received full cooperation from Management and unrestricted access to the Group's records.
- (iii) The AC had, at its meeting held on 21 March 2019, reviewed the audit and non-audit fees of the External Auditors for the financial year 2018.
- The AC having considered the nature, scope and amount of the non-audit fees, was satisfied that there was no conflict of interest and it would not impair the independence of the External Auditors.
- (iv) The AC undertook an annual assessment of the performances and effectiveness of the External Auditors in respect to their statutory audit services. The results of the evaluation were tabled to the AC at its meeting held on 21 March 2019. Based on the assessment, the AC was satisfied with the timeliness and service quality rendered. There were no issues with regards to adequacy of audit manpower.
- As such, the AC had subsequently recommended to the Board that the External Auditors be re-appointed for the next financial year subject to the shareholders' approval at the Annual General Meeting.
- #### 4. Reviewing Related Party Transactions and Conflict of Interest Situations
- (a) The AC had at its meetings held on 28 February 2019, 21 May 2019, 27 August 2019 and 21 November 2019, reviewed and deliberated on any potential Management's conflict of interest, related party transactions and recurring related party transactions.
- All related party transactions and recurring related party transactions were found to have complied with the following criteria:-
- i) Carried out in compliance with the MMLR of Bursa Securities, relevant rules and regulations as well as the shareholders' mandate;
  - ii) Transactions/arrangements were carried out on an arms' length basis and under normal commercial terms;
  - iii) Transactions/arrangements were in the best interest of the Company;

- iv) Interested parties abstained from deliberation and voting;
- v) Adequate disclosure via Bursa announcements, quarterly reports and annual report; and
- vi) Prior approval by the shareholders, where applicable.

With the assistance of GIAD, the AC had satisfied itself on the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.

The AC also took note of the disclosure of Management's conflict of interest situations and the actions taken to address them.

- (b) On 28 February 2019, the AC reviewed and approved the Circular to Shareholders in respect of the proposed renewal of shareholders' mandate for recurrent related party transactions as well as the statements by the AC in respect of the proposed shareholders' mandate for recurrent related party transactions.

### 5. Other Matters

- (a) On 21 March 2019, the AC reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, AC Report and Statement of Risk Management and Internal Control for inclusion into the Company's Annual Report 2018.

The AC had also reviewed and recommended for the Board's approval, the Annual Report 2018 of the Company.

- (b) In its meeting held on 20 June 2019, the AC had endorsed the execution of a Privatisation Agreement between Sunway PKNS Sdn Bhd (a subsidiary) and Perbadanan Kemajuan Negeri Selangor (a related party) in relation to the development of a parcel of leasehold land located in Section 10 of Kota Damansara measuring approximately 9.458 acres by Sunway PKNS Sdn Bhd and subsequently, recommended the same to the Board for approval.

- (c) The AC had also reviewed and approved the revised policy on selection of External Auditors at its Meeting held on 27 August 2019. This revision arose from the change in the rules governing the rotation period of the audit engagement partner from 5 years to 7 years as passed by the Malaysian Institute of Accountants.

- (d) At the AC Meeting held on 21 November 2019, the AC had reviewed and approved its revised terms of reference incorporating the new amendments to the Malaysian Code of Corporate Governance and MMLR.

- (e) The AC was informed that there were no breaches of the MMLR of Bursa Securities during the financial year.



## AUDIT COMMITTEE REPORT

### SUMMARY OF ACTIVITIES (contd.)

#### 5. Other Matters (contd.)

- (f) The AC was briefed by the Company Secretary at its quarterly meetings on the following developments in regulations and laws:
  - i) Amendments to the MMLR consequential to the revised Equity Guidelines and the revised Prospectus Guidelines, the Malaysian Code on Take-Overs and Mergers 2016 and Rules of Take-Overs, Mergers and Compulsory Acquisitions, all issued by the Securities Commission (“SC”). The amendments took effect on 13 March 2019; and
  - ii) Amendments to the MMLR pursuant to Section 9 of the Capital Markets and Services Act 2007 in relation to continuing disclosure obligations and other amendments. The amendments took effect on 3 June 2019.
- (g) Minutes of the previous AC Meetings were tabled at the following Board Meetings by the AC Chairman. Significant issues and concerns raised during the AC Meetings together with the accompanying recommendations were reported to the Board for decision.

### PERFORMANCE EVALUATION

The appraisal of the performance and effectiveness of the AC were undertaken by the Board. The AC members also undertook a Self and Peer Evaluation to rate each other’s performance and contribution in discharging their duties and responsibilities effectively in accordance with its terms of reference.

Based on the assessment, the Board was pleased that the AC was effective in carrying out its responsibilities as per its terms of reference.

### CONTINUING EDUCATION

The details of training programmes and seminars attended by each AC member during the financial year ended 31 December 2019 are set out in the Corporate Governance Overview Statement under “Directors’ Professional Development and Training”.

### OTHERS

The AC and the Head of GIAD have also been given the responsibility by the Board to monitor the implementation of the Whistleblowing Policy and Procedures, whilst duties relating to the day-to-day administration of the policy are performed by the Head of GIAD. During the financial year under review, there were no cases reported through the channel.

### INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Group’s Internal Audit (“IA”) function is an integral part of the assurance framework and it is performed in-house and undertaken by GIAD. The mission of GIAD is to enhance and protect Sunway Group’s organisational value by providing risk-based and objective assurance, advice and insight. GIAD helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, internal controls and governance processes. GIAD reports functionally to the AC and administratively to the Executive Chairman.

GIAD is headed by Mr Yee Meng Haw who is a member of the Malaysian Institute of Certified Public Accountant (MICPA), a member of the Malaysian Institute of Accountants (MIA) and a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA).

GIAD has 23 auditors and most of the GIAD staff have professional qualifications. Some are members of Certified Information System Auditors (CISA), Certified Fraud Examiners (CFE) and Certified Internal Auditor (CIA). The Head of GIAD and the auditors have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

GIAD is a member of the Malaysian Chapter of the Institute of Internal Auditors (“IIA”) and adopts the International Standards for the Professional Practice of Internal Auditing (“IIA Standards”) laid down in the International Professional Practices Framework issued by the IIA. GIAD successfully completed its external Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. It will undertake another external Quality Assessment Review in 2020. GIAD carried out its activities based on a risk-based annual audit plan approved by the AC. The AC reviews annually the adequacy of the scope, function and resources of the IA, to ensure that the responsibilities of GIAD are fully discharged.

## AUDIT COMMITTEE REPORT

The internal audit reports arising from the audit assignments carried out in 2019 were issued to the respective business unit management for their responses and Management were made responsible to ensure that the agreed corrective actions to be taken to address the reported risks and weaknesses were taken promptly within the required timeframes. Follow-up audit engagements were carried out by GIAD to ensure that the key corrective actions were implemented appropriately. The internal audit reports were subsequently tabled to the AC for its review. The Head of GIAD has unrestricted access to the AC and reports directly to the AC Chairman. In its current structure, the GIAD has been able to provide Directors and senior management with pertinent information about weaknesses in the system of internal control allowing Management to take prompt remedial actions.

During the financial year ended 31 December 2019 and as at the date of this report, GIAD had carried out the following activities:-

- (a) Prepared and presented the risk-based annual internal audit plan encompassing key business segments within the Group for the approval of the AC;
- (b) Performed audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices;

- (c) Issued internal audit reports to the AC and Management providing results of the assessments of internal controls, identifying key areas of concerns as well as highlighting recommendations for improvements and carried out follow-up audits;
- (d) Acted on suggestions made by the AC and/or senior management on concerns over operations or controls and significant issues pertinent to the Company and the Group;
- (e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels;
- (f) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions; and
- (g) Reviewed risk exposures of new IT systems implemented to assess the controls that should be in place to mitigate the risks identified prior to implementation.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2019 including staff payroll costs and overheads amounted to RM4.37 million. The costs incurred in the previous financial year was RM4.61 million.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) is pleased to present the Statement of Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2017, with guidance from the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### THE BOARD’S RESPONSIBILITY

The Board affirms its commitment and responsibility towards effective risk management and internal control. In doing so, the Board embeds risk management into activities, initiatives and processes of Sunway and its subsidiaries (“the Group”). The framework has been set in place by the Board to identify, evaluate, mitigate and monitor key risks faced by the Group.

The framework is designed to mitigate rather than eliminate, risks or events with significant adverse impact on the achievement of the Group’s objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud. This statement does not cover associate companies and joint ventures where risk management and internal control are managed by the respective management teams.

The Risk Management Committee (“RMC”), comprising of independent directors in majority and as its Chairman oversees the Group’s risk management and internal control. Accountable to the Board of Directors, the RMC meets quarterly to:

- Identify, assess and monitor key business risks and review risk mitigation strategies;
- Review and recommend risk management strategies, policies and levels of risk tolerance; and
- Ensure infrastructure, resources and systems are in place to manage risks.

In 2019, the RMC has duly reviewed, appraised and assessed the efficacy of the controls and progress of action plans taken to mitigate, monitor and manage the Group’s risk exposure. RMC had subsequently provided assurance to the Board that the Group’s risk management framework and internal controls are operating adequately and effectively in all material aspects.

### INTERNAL CONTROL SYSTEM

Planning, monitoring and review of the Group’s performance and conduct are done via scheduled periodic meetings of the Board, Board Committees and management. The annual Business Plan ensures that all divisions and operating subsidiaries prepare and present respective outlook, expectations, budgets, performance and targets for the forthcoming year.

The President communicates the Board’s expectations to management teams and employees during management meetings, managers’ conferences, e-mail announcements and forums while the heads of operating subsidiaries and departments are empowered with the responsibility of planning, monitoring, reporting and managing their respective operations.

### Components of the Internal Control System

#### 1. Policies & Procedures

The Group’s internal control system includes clear, formalised and documented internal policies, standards and procedures to ensure compliance with internal controls and relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group’s goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group’s portals for employees’ reference.

Other policies that are made available to enhance the Group’s operational efficiency include:

- Anti-Bribery and Corruption
- Whistle Blowing
- Fraud Response
- Code of Conduct and Business Ethics
- Diversity and Inclusion
- Staff Handbook
- Industrial Relations
- Personal Data Protection Act
- General Employment and Recruitment
- Support Facilities
- Learning & Development

#### 2. Audits

The Group Internal Audit Department (“GIAD”) carries out internal audits on divisions and operating units of the Group based on a risk-based audit plan approved annually by the Audit Committee (“AC”). Based on these audits, GIAD provides the AC with periodic reports highlighting observations, recommendations and action plans to improve the Group’s internal control system. 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 are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

#### 3. Employee Engagement and Performance

Key performance indicators, based on balanced scorecards are used to track and measure employee’s performance while employee engagement surveys are conducted to gain feedback on effectiveness and efficiency of the Group to aid continuous improvement of employee competency, in line with the Group’s goals and objectives.

#### 4. Risk Management

The Group’s risk management framework is benchmarked against the ISO31000:2018 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management (“ERM”) into key activities, initiatives and processes of the Group. This enables the Group to identify, evaluate, mitigate and monitor risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.

The framework is enterprise-wide and 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;
- enhance and improve corporate governance with a clear, concise and robust structure for the Group;
- determine risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;
- set risk policies and limits consistent with the risk appetite and tolerance of the Group; and
- ensure appropriate skills and resources are applied to risk management.

Continuous risk assessment is fundamental to the Group’s risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate risks.

In providing assurance to the RMC and the Board, Group Risk Management Department (“GRMD”), under the purview of the Chief Financial Officer’s Office continues to review the quarterly risk reports in identifying and mitigating all major risks of the operating subsidiaries under the Group. The quarterly risks from all operating subsidiaries are consolidated and updated to the Chief Financial Officer, President and RMC, highlighting major risks and mitigating controls carried out.

The Group has four (4) core response strategies for risk management. These include:

##### 1. 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 its businesses.

##### 2. Risk Reduction

Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group’s businesses.

#### 3. Risk Acceptance

Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence 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

#### 4. 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 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 Structure

The RMC will meet and deliberate on the top risks identified on a quarterly basis while its Chairman will subsequently update the Board on proceedings and updates from the RMC. Internal control and risk related matters are recommended by the AC and RMC to the Board for deliberation or approval while matters and decisions made within the purviews of the AC and RMC are escalated to the Board for its notation. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. The Group positions its business units towards a profitable objective while incorporating risk management principles into our functions and processes.

GRMD is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

Consequently, GRMD undertakes the role of assisting operating subsidiaries by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by the operating subsidiaries. In line with the Group’s governance initiatives, GRMD also collaborates with other support functions such as Group Brand Marketing & Communication, Group Finance, Group Internal Audit, Group IT, Group Legal, Group Procurement, Group Secretarial and Corporate Development.



## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

GRMD continues to support the Group’s efforts in embracing change and evolution into a resilient conglomerate, allowing it to refine its focus and strategies to achieve goals and objectives while sustaining an ecological balance between employees, communities and environment. Thus, as the Group commits to provide Occupational, Safety & Health standards and practices to enhance stakeholders’ value, GRMD’s quarterly risk reporting exercise with operating subsidiaries goes beyond risk mitigation to ensure that operational processes are consistent and remain compliant with relevant standards such as Occupational Health and Safety Management Certification (“OHSAS”), International Standardization for Organization (“ISO”), Australian Council of Healthcare Standards (“ACHS”) and the Malaysian Society for Quality in Health (“MSQH”) to name a few.

Apart from the above, GRMD participates in other value-adding exercises such as:

### 1. Review existing Sunway Standard Operating Principles (“SSOP”)

The review of the Group’s SSOPs is conducted by GRMD together with key relevant personnel from respective divisions or operating subsidiaries, covering credit control, sales and marketing, procurement, products and services and operative guidelines.

### 2. Assist in day-to-day operations for operating subsidiaries

Upon instruction from management, GRMD assists in fulfilling daily operative requirements to ensure minimal business interruption or delays that could hamper the achievement of goals and objectives.

### 3. Assist in conducting regulatory and risk-based research

Such research is conducted to ensure that the Group’s projects and businesses (existing or new) remain compliant to laws and regulations.

### 4. Assist in conducting tender for divisions and operating subsidiaries

GRMD participates in tender processes to form an independent party to ensure fairness in observance of due process, decision making and tender awards.

### Key Risk Factors

For the financial year under review, the following risks were most prevalent among business units in the Group. These were presented to the RMC which includes the President and GCFO where controls, mitigating plans and monitoring mechanisms were highlighted.

#### 1. Operational Risks

The Group’s business units have continuously and consistently paid significant attention to this risk where aspects of delivery of products and services, disaster recovery, infrastructure, production and safety are of paramount importance. This is so as the Group’s reputation could be potentially damaged by one or more events, resulting in negative publicity and impairing public confidence.

Appropriate and effective policies and procedures are implemented and thoroughly monitored jointly by business units and GRMD to mitigate these risks. These are also continuously reviewed to ensure effectiveness and adequacy, in accordance with global best practices and standards.

#### 2. External Risks

Mindful of global economic uncertainties, currency fluctuation and intense competition, the Group continues to formalise strategies to remain resilient against these risks. While the country experienced a moderate growth performance in 2019, the Group has adopted a myriad of strategies to provide value added products and services that are competitively priced while maintaining competitive advantage via flexible procurement of supplies, self-sustaining resources and continuous exploration of new businesses.

#### 3. Human Capital

In delivering the goals and objectives set out by the Group, recruitment of highly skilled and competent employees and the development of young talents with an aim of assimilation into the Group’s workforce is crucial. In addition, loss of skilled and key employees due to market competition is a perennial risk faced by many.

In mitigating this risk, Group Human Resources, together with respective divisions and operating subsidiaries continuously improve and enhance strategies and plans which include employee engagement surveys, team building exercises, training and development – internal and external and reviews of the Group’s staff remuneration and compensation benefits.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

### 4. Regulatory

Changes in regulations, guidelines and laws in Malaysia or any other countries may directly and indirectly impact the Group. This risk is monitored to reduce the Group’s exposure to potential legal liabilities and minimise any adverse impact arising from non-compliance of such changes. Together with GRMD, relevant departments and business units engage in discussions to attend to necessary changes to ensure compliance and monitor the resulting changes adopted.

### THE BOARD’S CONCLUSION

The Board is pleased to report that the state of the Group’s risk management and internal control framework is able to meet the Group’s objective to ensure good corporate governance. There was no potential or present 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 President and Chief Financial Officer that the Group’s risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholder value and business sustainability will remain a core practice for the Group.

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditor has reviewed this Statement of Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 (“AAPG 3”) *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the external auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

**This Statement of Risk Management and Internal Control was approved by the Board of Directors on 7 April 2020.**



**TAN SRI DATO’ SERI DR JEFFREY CHEAH FOOK LING** ao  
Executive Chairman

## 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**”):

### 1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

- (a) On 26 March 2013, Sunway had announced that Sunway Velocity Mall Sdn Bhd (“**SVM**”), a 59% owned jointly controlled entity of Sunway City Sdn Bhd (“**Sunway City**”) which in turn is a wholly-owned subsidiary of Sunway, had received authorisation from the Securities Commission (“**SC**”) to establish a medium term note programme for the issuance of unrated medium term notes (“**UMTNs**”) of up to RM1.0 billion in nominal value (“**MTN Programme**”) via SC’s letter dated 21 March 2013.

There was no issuance of UMTNs during the financial year ended 31 December 2019. As at 31 December 2019, the total outstanding UMTNs amounted to RM480,000,000/-.

The proceeds raised from the MTN Programme were utilised to repay advances and other related costs due to Sunway Treasury Sdn Bhd (“**Sunway Treasury**”), a wholly-owned subsidiary of Sunway City, for the development and operation of SVM.

- (b) On 28 October 2013, Sunway had announced that it had received authorisation from the SC to establish a commercial paper/medium term note programme for the issuance of commercial papers (“**CPs**”) and/or medium term notes (“**MTNs**”) of up to RM2.0 billion in nominal value (“**CP/MTN Programme**”) via SC’s letter dated 25 October 2013.

During the financial year ended 31 December 2019, Sunway had 66 issuance of CPs totaling RM10,174,000,000/- under the CP/MTN Programme at various interest rates and had repaid RM11,154,000,000/- of CPs. As at 31 December 2019, the total outstanding CPs and MTNs amounted to RM186,000,000/- and RM610,000,000/- respectively.

The proceeds raised from the CP/MTN Programme were utilised to finance investment activities, capital expenditure, working capital requirements and/or other general corporate purposes.

- (c) On 22 August 2014, Sunway had announced that Sunway Treasury Sukuk Sdn Bhd (“**Sunway Treasury Sukuk**”), a wholly owned subsidiary of Sunway Treasury, had received authorisation from SC to establish an Islamic commercial paper/medium term note programme for issuance of Islamic commercial papers (“**ICPs**”) and/or Islamic medium term notes (“**IMTNs**”) under the Shariah principle of Mudharabah of up to RM2.0 billion in nominal value (“**Sukuk Programme**”) via SC’s letter dated 21 August 2014.

During the financial year ended 31 December 2019, Sunway Treasury Sukuk had 58 issuance of ICPs totaling RM7,650,000,000/- under the Sukuk Programme at various interest rates and had repaid RM8,010,000,000/- of ICPs. Sunway Treasury Sukuk did not issue any IMTN during the financial year. As at 31 December 2019, the total outstanding ICPs and IMTNs amounted to RM800,000,000/- and RM670,000,000/- respectively.

The proceeds raised from the Sukuk Programme were utilised to finance investment activities, capital expenditure, working capital requirements and/or other general corporate purposes.

- (d) On 17 July 2017, Sunway had announced that Sunway Treasury Sukuk had received authorisation from SC to establish an Islamic Medium Term Note Programme of up to RM10.0 billion in nominal value (“**2017 Sukuk Programme**”) for issuance of unrated Islamic medium term notes (“**UiMTNs**”) via SC’s letter dated 14 April 2017.

During the financial year ended 31 December 2019, Sunway Treasury Sukuk had issued 6 tranches of UiMTNs totaling RM1,320,000,000/- under the 2017 Sukuk Programme at various interest rates and had repaid RM560,000,000/- of UiMTNs. As at 31 December 2019, the total outstanding UiMTNs amounted to RM2,130,000,000/-.

The proceeds raised from the 2017 Sukuk Programme were utilised to finance investment activities, capital expenditure, working capital requirements including the refinancing/early redemption/buy back of Sunway Treasury Sukuk’s ICPs under its Sukuk Programme and/or other general corporate purposes.

- (e) On 29 September 2017, Sunway had announced that Sunway Parkview Sdn Bhd (“**Sunway Parkview**”), a wholly-owned subsidiary of Sunway Iskandar Sdn Bhd (“**Sunway Iskandar**”), had established a Medium Term Note Programme of up to RM999.0 million in nominal value (“**Sunway Parkview MTN Programme**”) for issuance of medium term notes (“**Sunway Parkview MTNs**”) pursuant to the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

There were no issuance of Sunway Parkview MTNs during the financial year ended 31 December 2019. As at 31 December 2019, the total outstanding Sunway Parkview MTNs amounted to RM300,000,000/-

The proceeds raised from Sunway Parkview MTN Programme were utilised to finance or reimburse Sunway Parkview’s cost of acquisition of the lease(s) over 10 parcels of adjoining development land from Sunway Iskandar.

## ADDITIONAL COMPLIANCE INFORMATION

- (f) On 15 December 2017, Sunway had announced that it had established a Perpetual Islamic Medium Term Note Programme of up to RM5.0 billion in nominal value (“**Sunway Sukuk Programme**”) for issuance of Islamic medium term notes (“**Sunway iMTNs**”) pursuant to the Guidelines on Unlisted Capital Market Products Under the Lodge and Launch Framework.

During the financial year ended 31 December 2019, Sunway had issued 3 tranches of Sunway iMTNs totaling RM750,000,000/- under the Sunway Sukuk Programme at various interest rates. As at 31 December 2019, the total outstanding Sunway iMTNs amounted to RM1,150,000,000/-.

The proceeds raised from the Sunway Sukuk Programme were utilised to finance investment activities, capital expenditure, working capital requirements and/or other general corporate purposes (including but not limited to future operating expenses relating to the Sunway Sukuk Programme) of the Company and/or its direct and indirect subsidiaries and including jointly controlled entities and associate companies.

- (g) On 29 January 2019, Sunway had announced that Sunway Treasury Sukuk had established an Islamic Commercial Papers/Islamic Medium Term Notes Programme with the Shariah Principle of Mudharabah of RM10.0 billion in nominal value (“**Sukuk Mudharabah Programme**”).

During the financial year ended 31 December 2019, Sunway Treasury Sukuk had 67 issuance of Islamic Commercial Papers (“**ICPs**”) totaling RM9,970,000,000/- under the Sukuk Mudharabah Programme at various interest rates and had repaid RM9,105,000,000/- of ICPs. As at 31 December 2019, the total outstanding ICPs amounted to RM865,000,000/-.

The proceeds raised from the Sukuk Mudharabah Programme were utilised to finance investment activities, capital expenditure, working capital requirements and/or other general corporate purposes (including but not limited to future operating expenses relating to the Sukuk Mudharabah Programme) of the Company and/or its direct and indirect subsidiaries and including jointly controlled entities and associate companies.

### 2. OPTIONS OVER ORDINARY SHARES

- (a) The Company’s Employees’ Share Option Scheme 2013/2019 (“**ESOS**”) had expired on 1 September 2019. During the financial year, a total number of 9,518,465 ESOS had been exercised and a total of 5,206,957 ESOS had expired, forfeited and deallocated. No ESOS was granted and vested during the financial year.

The Directors had fully exercised their options in 2017.

- (b) Percentage of options applicable to Directors and Senior Management under the ESOS are as follows:-

Director and Senior Management	During the financial year (%)	Since commencement up to expiry of ESOS (%)
(a) Aggregate maximum allocation	0	22.37
(b) Actual granted	0	22.37
(c) Actual vested	0	27.42

The Company did not grant any options over the ordinary shares pursuant to the ESOS to the Non-Executive Directors.

### 3. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2019, the total audit and non-audit fees paid or payable incurred for services rendered to the Company and the Group by the external auditors, or a firm affiliated to the external auditors are as follows:-

	Group (RM'000)	The Company (RM'000)
Audit fees	3,280	298
Non-audit fees	56	3
TOTAL	3,336	301

### 4. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed, there were no other material contracts (not being contracts entered into in the ordinary course of business) entered into by Sunway and/or its subsidiaries involving Directors’ and major shareholders’ interests during the financial year ended 31 December 2019:-

- (a) Privatisation Agreement dated 1 July 2019 between Sunway PKNS Sdn Bhd (“**Sunway PKNS**”), a subsidiary of Sunway, and Perbadanan Kemajuan Negeri Selangor (“**PKNS**”) whereby PKNS as the registered proprietor granted and Sunway PKNS accepted the rights to develop the leasehold land held under master title identified as PN97868, Lot 50202, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan measuring approximately 9.458 acres (“**Land**”). In consideration of PKNS granting the development rights to the Land to Sunway PKNS, Sunway PKNS shall pay a total cash consideration of RM124,600,000/- to PKNS in the manner as stipulated in the said agreement.

### RELATIONSHIP OF RELATED PARTIES

PKNS is a major shareholder with 40% direct interest in Sunway PKNS.

### 5. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 50 of the Notes to the Financial Statements.



INVESTOR RELATIONS

Sunway has always remained committed in its primary mission to empower the organisation as a whole in delivering enhanced value to all of its stakeholders. Through a dedicated Investor Relations (“IR”) team, nurturing the communication that bridges the Company and the investing community has never been more efficient. Dissecting and disseminating key information on valuable business insights, industry strategies and future prospects for existing and potential investors has become a core responsibility that the IR team has strived, and succeeded, in spearheading.

As Sunway continues to champion a seamless merge of timely, meaningful and reliable information when communicating with the valued investing community, analysts and shareholders, the increased engagement and dialogue with these key stakeholders ultimately instills in them the confidence and wisdom of making informed investment decisions.

Sunway maintains its adherence towards regulatory guidelines regarding information disclosure.



KEY IR INITIATIVES AND ACTIVITIES CONDUCTED

In-House Meetings

Hosted one-on-one and small group meetings to facilitate a two-way dialogue between the valued investing community and company’s senior management to foster a win-win scenario where investors gain an in-depth understanding of the Company’s performance and the Company collects useful insights concerning the investing community.

Large Group Meetings and Conferences

Participated in large group meetings and conferences in prime financial metropolises to present the merits of its investment case while sharing operational developments with existing and potential investors. Sunway also attended key non-deal corporate roadshows and luncheons organised by signature investment banks for local, seasoned investors to digest the Company’s updates and projections.

Date	Organiser	Event	Venue
11 January 2019	Credit Suisse	10 <sup>th</sup> Annual ASEAN Conference	Singapore
19 March 2019	Bursa Malaysia and Maybank	Invest Malaysia 2019	Kuala Lumpur
4 September 2019	Citibank	Citi Malaysia Investor Symposium 2019	Kuala Lumpur
17 September 2019	UBS	UBS OneASEAN Conference 2019	Bangkok

Site Visits

Conducted site visits for investors and analysts to gain valuable visual perspective on the strategic location, connectivity and seamless integration of Sunway’s landbanks and developments. They are updated on the development progress and future plans through these site visits that continue to position Sunway as a leading diversified conglomerate and integrated developer.

Iconic projects in Sunway City Kuala Lumpur, namely Sunway Medical Centre and Sunway GeoLake, continued to gain investors’ interest with a total of 5 visits in 2019. With opening of our new Sunway Medical Centre Velocity at Sunway Velocity and Sunway Big Box at Sunway City Iskandar, we have also hosted a total of 3 group of investors to visit the facilities during the year.

INVESTOR RELATIONS

COMMUNICATION CHANNELS

Briefing Packs, Flash Notes and Analyst Briefings	Quarterly Financials and Annual Report	IR Portal and E-Mail
<p>Information concerning the Group such as the release of quarterly results, new construction orders, new land and company acquisitions, as well as corporate exercises are announced through Bursa Malaysia on a timely manner.</p> <p>The IR team prepares concise reports in the form of briefing packs and flash notes which are disseminated among analysts, media outlets and the investing community immediately after the announcements are released.</p> <p>Analyst briefings are also arranged when the Group embarks on major events to communicate the details transparently.</p>	<p>We provide shareholders with details on the Group's financial and operational performance through reader-friendly quarterly financials and annual reports.</p> <p>Sunway is committed to continue in its effort to improve the quality of information provided in these reports.</p>	<p>The IR team regularly manages and updates the Sunway’s IR web portal to ensure reports are made available within 48 hours of any major announcements.</p> <p>Notable features and information available on the portal are the Group’s financial information, financial calendars, corporate announcements and an interactive stock chart which serve as an insightful reference for the investing community.</p> <p>The IR portal can be accessed directly via <b><a href="http://www.sunway.com.my/investor%20relations/">http://www.sunway.com.my/investor relations/</a></b>.</p>

EXTENSIVE RESEARCH COVERAGE

Sunway continues to garner substantial interest from analysts from both local and foreign financial institutions. As at 31 December 2019, Sunway is covered by 12 analysts, with 7 having a “Buy” call on the Company. The average target price of the Sunway Berhad share on even date stood at RM1.98.

Covered by 12 research houses:


- Affin Hwang Investment Bank
- AllianceDBS Research
- AmInvestment Bank
- CIMB Investment Bank
- Hong Leong Investment Bank
- J.P. Morgan
- Kenanga Research
- Maybank Investment Bank
- MIDF Research
- RHB Research Institute
- TA Securities
- UOB Kay Hian

Analysts’ Recommendation:



IR CONTACT

For any queries on matters pertaining to investor relations, you can contact our IR team via email at [irsunwayberhad@sunway.com.my](mailto:irsunwayberhad@sunway.com.my). Feedback and constructive dialogue from the investing community are always welcomed.

 Connect to more information online at [www.sunway.com.my](http://www.sunway.com.my)

## INVESTOR RELATIONS

<div> <div>Research by kenanga</div> <div>Kenanga Today</div> <div>01 April 2019</div> <div> <div> <div>BURSA</div> <div> <div>29-Mar</div> <div>Day chg</div> <div>% chg</div> </div> <div> <div>KLSE</div> <div>1,643.8</div> <div>2.3</div> <div>0.14%</div> </div> <div> <div>FTSE EMAS</div> <div>11,553.8</div> <div>23.5</div> <div>0.20%</div> </div> <div> <div>FTSE SMI40</div> <div>12,711.3</div> <div>65.72</div> <div>0.52%</div> </div> <div> <div>FTSE MIB30</div> <div>4,652.2</div> <div>36.2</div> <div>0.78%</div> </div> <div> <div>KLSE M1 Cap (RM)</div> <div>1,682.5</div> <div>3.3</div> <div>0.20%</div> </div> </div> <div> <div>BURSA DAILY TRADING PARTICIPATION</div> <div> <div>Participation</div> <div>Net (RM m)</div> <div>Value (%)</div> </div> <div> <div>Local Institution</div> <div>15.56</div> <div>37.29</div> </div> </div> </div> <div> <div>Research Highlights</div> <div> <ul style="list-style-type: none"> <li>Survey to buy quarry and premix plant operator to penetrate into new markets (Comment included in Kenanga Today)</li> <li>Gedung plans to vary JV terms of RM1.8b project as partner seeks more funding</li> <li>Vertice and main sub-con mutually terminate RM218.5m contract</li> </ul> </div> </div> </div>	<div> <div>J.P.Morgan</div> <div>Asia Pacific Equity Research</div> <div>28 August 2019</div> <div> <div>Sunway Bhd</div> <div>Results sequentially better Q/Q heading into stronger 2H</div> <div> <div>Overweight</div> <div>SWAY.KL, SWB MK</div> <div>Price (27 Aug 19): MY\$1.57</div> <div>Price Target (Jun-20): MY\$1.90</div> </div> </div> <div> <div>Results were driven by non-operating items (tax and interest), with 1H19 core net profit making 59%/49% on a tax write-back, excluding which we estimate results were broadly in-line with our forecasts. At the operating level, core EBIT made 43% of our full-year estimate but</div> <div> <div>Malaysia</div> <div>Real Estate</div> <div>May KR Mak AC</div> </div> </div> </div>
<div> <div>AmInvestment Bank</div> <div>Company report</div> <div>Thong Pak Leng</div> <div>thong-pak-leng@ambankgroup.com</div> <div>03-2036 2025</div> <div> <div>SUNWAY</div> <div>(SWB MK EQUITY, SWAY KL)</div> <div>23 May 2019</div> <div>New property sales surges 58%, healthcare PBT jumps 43% YoY</div> <div>BUY</div> <div>(Maintained)</div> </div> <div> <div>Rationale for report: Company results/update</div> <div>Investment Highlights</div> </div> </div>	<div> <div>February 26, 2020</div> <div>Maybank iB Research</div> <div> <div>Sunway (SWB MK)</div> <div>A good 2019</div> <div> <div>HOLD</div> <div>Share Price</div> <div>Price</div> <div>12m Price Target</div> <div>Previous Price Target</div> </div> </div> <div> <div>Profit in line but sales above expectation</div> <div>Sunway's 4Q19 core net profit of MYR154m (+0.6% YoY) was within our and consensus estimates but 2019 property sales of MYR1.1b were above</div> <div> <div>Company Description</div> <div>Sunway Bhd is involved in property development, investment properties and construction businesses</div> </div> </div> </div>
<div> <div>CGS-CIMB</div> <div>Company Note</div> <div>Construction   Malaysia   November 22, 2019</div> <div>Shariah Compliant</div> <div> <div>Malaysia</div> <div>HOLD</div> <div>Consensus ratings*: Buy 7 Hold 5 Sell 0</div> <div>Current price: RM1.77</div> <div>Target price: RM1.85</div> <div>Previous target: RM1.75</div> <div>Up/downside: 4.5%</div> <div>CGS-CIMB / Consensus: -1.6%</div> <div>Readers: SWAY.KL</div> </div> <div> <div>Sunway Bhd</div> <div>Healthcare ops remained resilient in 9M19</div> <div> <ul style="list-style-type: none"> <li>9M19 results were above expectations due to a lower tax rate. Core net profit rose 29% yoy, supported by earnings growth in healthcare operations.</li> <li>Performance of both property and construction segments was impacted by lower billings and delays in new tenders (domestic and overseas).</li> <li>Maintain Hold with a higher TP (20% RNAV discount).</li> </ul> </div> </div> </div>	<div> <div>RHB</div> <div>Malaysia Results Review</div> <div>26 February 2020</div> <div>Property   Real Estate</div> <div> <div>Sunway (SWB MK)</div> <div>Stays Resilient Amidst Challenging Market; BUY</div> <div> <div>Target Price (Return):</div> <div>Price</div> <div>Market Cap:</div> <div>Avg Daily Turnover (MYR/USD)</div> </div> </div> <div> <div>MYR2.00 (12%)</div> <div>MYR1.78</div> <div>USD2.061m</div> <div>5.28m/1.28m</div> </div> <div> <div>Analyst</div> <div> <ul style="list-style-type: none"> <li>Maintain BUY and MYR2.00 TP, 12% upside plus 4.6% yield. 4Q19 results met our expectations but beat consensus. FY19 property sales</li> </ul> </div> </div> </div>
<div> <div>Malaysia Company Guide</div> <div>Sunway Berhad</div> <div>Version 10   Bloomberg: SWB MK   Reuters: SWAY.KL</div> <div>Refer to important disclosures at the end of this report</div> <div>DBS Group Research - Equity</div> <div>9 Jul 2019</div> <div> <div>BUY</div> <div>Upgrade from Hold</div> <div>Last Traded Price (8 Jul 2019): RM1.68 (Q/C: 1,677.64)</div> <div>Price Target 12-mth: RM2.20 (31% upside) (Prev RM1.60)</div> <div>Analyst</div> </div> <div> <div>Scaling greater heights</div> <div>Unrivaled integrated 'build-own-operate' model. Sunway's (SWB) focus on sustainable township developments with multi-disciplinary expertise has resulted in a superior integrated 'build-</div> </div> </div>	<div> <div>TA SECURITIES</div> <div>A MEMBER OF THE TA GROUP</div> <div>Friday, September 13, 2019</div> <div>FBKULCH: LA01.00</div> <div>Sector: Property</div> <div>THIS REPORT IS STRICTLY FOR INTERNAL CIRCULATION ONLY*</div> <div> <div>Sunway Bhd</div> <div>Wins Land Tender in Tianjin, China</div> <div> <div>TP: RM1.65 (+0.4%)</div> <div>Last Traded: RM1.64</div> <div>Under Review</div> </div> </div> <div> <div>Tianjin Chuan Wan</div> <div>Tel: +863-2147 8811</div> <div>cert@ta.com.my</div> <div>www.ta.com.my</div> </div> <div> <div>Wins Land tender in Tianjin, China</div> <div>Sunway announced that its 60%-owned joint venture (JV) company, Tianjin Eco-</div> <div> <div>Share Information</div> <div>Bloomberg Code</div> <div>SWB MK</div> </div> </div> </div>
<div> <div>HongLeong Investment Bank</div> <div>Results Review: 2QFY19</div> <div>28 August 2019</div> <div> <div>HLIB Research</div> <div>PP1804122012 (201413)</div> <div>Andrew Lim Ken-Wen</div> <div>afirm@hli.hongleong.com.my</div> <div>(603) 2663 1739</div> <div>BUY</div> <div>(Maintain)</div> <div>Target Price: RM2.17</div> <div>Previously: RM2.15</div> <div>Current Price: RM1.57</div> </div> <div> <div>Sunway</div> <div>Strong dividends ahead</div> <div>Sunway's 1HFY19 core PATMI of RM256.9m (+1.3% YoY) was within expectations given the expectation of a stronger 2H. 1H19 effective sales stood at RM510m (51% of FY19 target) while unbilled sales stood at RM2.1bn (cover ratio of 3.4x). Minimal changes to forecast after imputing SunCon's latest earnings. Maintain BUY with TP of RM2.17 (from RM2.18) based on a 10% holding discount from SOP-derived valuation of RM2.41 after imputing SunCon's latest TP.</div> </div> </div>	<div> <div>22 November 2019</div> <div>Securities</div> <div>AFFIN HYANG CAPITAL</div> <div>(Our Words, Our Partners)</div> <div> <div>3Q19 results: Sustained growth momentum</div> <div>Sunway sustained the earnings momentum with 22% yoy growth in net profit to RM588m in 3Q19. This was above market and our expectations. Most divisions saw better performance except its construction and trading arms. The bottom line was also boosted by an exceptional gain of RM33m from the disposal of Sunway REIT's assets. Sunway remains our top large-cap property BUY.</div> <div> <div>Results Note</div> <div>Sunway Berhad</div> <div>SWB MK</div> <div>Sector: Property</div> <div>RM1.77 @ 21 November 2019</div> <div>BUY (maintain)</div> </div> </div> <div> <div>Above expectations</div> <div>Net profit of RM588m (+22% ppy) in 3Q19 accounted for 91% of our full-year estimate. Revenue of RM607m and 85% of our revenue estimate of</div> </div> </div>
<div> <div>UOB KayHian</div> <div>Malaysia Daily</div> <div>Thursday, 10 May 2019</div> <div> <div>COMPANY RESULTS</div> <div>Sunway Bhd (SWB MK)</div> <div>Q119: Great Kick-off</div> <div>Sunway started 2019 positively, reporting 1Q19 net profit growth of 14% yoy, coming in at 22% of our full-year estimate. All segments contributed positively to bottom-line except for trading &amp; manufacturing and quarry. The company believes its diversified</div> <div> <div>HOLD</div> <div>(Maintained)</div> <div>Share Price</div> <div>Target Price</div> </div> </div> </div>	<div> <div>midf RESEARCH</div> <div>23 May 2019   1QFY19 Results Review</div> <div> <div>Sunway Berhad</div> <div>New sales within expectations</div> <div> <div>Maintain NEUTRAL</div> <div>Unchanged Target Price (TP): RM1.55</div> </div> </div> <div> <div>INVESTMENT HIGHLIGHTS</div> </div> </div>

## DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 (“the Act”) to prepare the financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards, the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.





## RESHAPING MODERN MANUFACTURING

With over 180 agency lines and 13,000 dealers and customers, Sunway's Trading and Manufacturing division is a major industry player within Malaysia and abroad. The division is a strategic solutions provider to both Sunway's divisions and external customers. It continues to deliver a wide range of products and services and looks to expand its business presence to new markets while tapping technology to further develop its in-house brand portfolio.



Back



Regional  
Presence

7  
countries



## 182 FINANCIALS

184 Financial Statements

390 List of Material Properties



Agency  
Lines  
181



Distribution  
Points  
43



Customer  
Base  
13,000

Next



20A

21A

22A

23A

24A

25A

26A

27A

96m  
to aisle  
21A



## 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 2019.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and provision of management services.

The principal activities and details of the subsidiaries are set out in Note 51 to the financial statements.

### RESULTS

	Group RM'000	Company RM'000
<b>Profit for the financial year</b>	836,557	611,405
<b>Profit attributable to:</b>		
Owners of the parent	767,252	611,405
Non-controlling interests	69,305	-
	836,557	611,405

### DIVIDENDS

The dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM'000
<b>In respect of financial year ended 31 December 2018:</b>	
a) Second interim single tier cash dividend of 2 sen per ordinary share, paid on 18 April 2019	96,878
b) Share dividend distribution of 48,399,832 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company, distributed on 18 April 2019	91,912
<b>In respect of financial year ended 31 December 2019:</b>	
a) First interim single tier dividend of 3 sen per ordinary share, paid on 17 October 2019	145,980
b) Share dividend distribution of 48,651,765 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company, distributed on 17 October 2019	86,989
	421,759

On 25 February 2020, the Board of Directors declared a second interim single tier dividend of 4.5 sen per ordinary share in the Company ("Sunway Shares") for the financial year ended 31 December 2019 ("Second Interim Dividend"). The Dividend Reinvestment Scheme ("DRS"), which was approved by the shareholders of the Company at the Extraordinary General Meeting held on 26 June 2014 and renewed at the Ninth Annual General Meeting held on 20 June 2019, will apply to the entire portion of the dividend whereby the shareholders will be given the option to elect to reinvest up to 100% of the dividend in the new ordinary shares of the Company.

## DIRECTORS' REPORT (CONTD.)

### DIVIDENDS (CONTD.)

The issue price of the new Sunway Shares to be issued pursuant to the DRS, which is applicable to the entire portion of the Second Interim Dividend (i.e. 4.5 sen per Sunway Share in respect of the financial year ended 31 December 2019), has been fixed on 11 March 2020 ("Price Fixing Date") at RM1.54 per new Sunway Share ("Issue Price"). The Issue Price was based on the five (5)-market day volume weighted average market price ("VWAMP") of RM1.7488 per Sunway Share up to and including 10 March 2020, being the last trading day prior to the Price Fixing Date for the issue price of new Sunway Shares after adjusting for the following:-

(a) a dividend adjustment of 4.5 sen to the five (5)-market day VWAMP ("Ex-Dividend VWAMP"); and

(b) a discount of RM0.1638 which is approximately 9.61% discount to the Ex-Dividend VWAMP of RM1.7038.

Under the DRS, shareholders will have the following options:-

(a) To elect to participate in the reinvestment option by reinvesting up to the entire electable portion for new Sunway Shares;

(b) To elect to participate in the reinvestment option by reinvesting part of the electable portion for new Sunway Shares and receive the remaining portion in cash; and

(c) To elect not to participate in the reinvestment option and thereby receive the entire Second Interim Dividend entitlement in cash.

Any amount of dividend payment that is insufficient for issuance of one (1) board lot will be received in cash by the shareholders of the Company.

Bursa Malaysia Security Berhad ("Bursa Securities") had on 4 March 2020 approved the Company's application for the listing of and quotation for up to 181,431,200 new Sunway Shares to be issued pursuant to the DRS in respect of the Second Interim Dividend on the Main Market of Bursa Securities.

The Board had decided on 18 March 2020, after careful deliberation, to exercise its right to cancel the application of the DRS on the electable portion of the Second Interim Dividend, as provided for in Section 2.6 of the circular to shareholders dated 11 June 2014 in relation to the DRS ("Circular") and paragraph 13 of the terms and conditions of the DRS Statement which was appended as Appendix I in the Circular.

Accordingly, the entitled shareholders of the Company have received the entire Second Interim Dividend of 4.5 sen per Sunway Share in cash on 22 April 2020 amounted to approximately RM220,562,000. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

The Board of Directors does not propose any final dividend for the financial year ended 31 December 2019.

### ISSUE OF SHARES AND SHARES BUY-BACK

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM5,379,437,000 to RM5,393,666,000 by way of issuance of:

(i) 4,418,167 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.07 per ordinary share for cash;

(ii) 1,435,156 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.23 per ordinary share for cash;

(iii) 1,738,852 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.40 per ordinary share for cash;

(iv) 1,926,290 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.26 per ordinary share for cash; and

(v) 10,709 ordinary shares pursuant to the exercise of Warrants 2017/2024 at an exercise price of RM1.72 per ordinary share for cash.

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 issues of shares during the financial year.



DIRECTORS' REPORT (CONTD.)

ISSUE OF SHARES AND SHARES BUY-BACK (CONTD.)

During the financial year, the Company repurchased 55,042,100 of its issued ordinary shares from the open market at prices ranging from RM1.47 to RM1.81 per share. The total consideration paid for the repurchases was RM91,926,283 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company had made a total share dividend distributions of 97,051,597 treasury shares on the basis of 1 treasury share for every 100 ordinary shares held in the Company amounting to a total of RM178,900,636.

As at 31 December 2019, the Company held a total of 30,200,065 ordinary shares as treasury shares out of its total issued and paid up share capital of 4,933,931,363 ordinary shares. Such treasury shares are recorded at a carrying amount of RM53,324,297 (2018: RM140,298,650).

EMPLOYEES' SHARE OPTION SCHEME

Sunway Berhad's Employees' Share Option Scheme ("the Scheme") came into effect on 3 September 2013 and is governed by the by-laws approved by the shareholders on 27 June 2013. The Scheme is for eligible employees (including Executive Directors) of the Company and its subsidiaries.

The main features of the Scheme are:

- (a) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer of options under the Scheme;
- (b) Only eligible Executive Directors and employees of the Company and of the Group will be eligible to participate in the Scheme;
- (c) The price payable upon exercise of an option granted under the Scheme shall be the higher of:
  - (i) the 5-day volume weighted average market price of the underlying shares as at the date of the offer, and at the discretion of the committee appointed by the Board to administer the Scheme ("Committee"), with either a:
    - premium; or
    - discount of not more than 10% (or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by Bursa Malaysia Securities Berhad or any other relevant authorities); or
  - (ii) the par value of the Company's shares.
- (d) The duration of the Scheme is 6 years from the date of its commencement;
- (e) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on, inter alia, the eligible employee's position within the Group, fulfilment of the eligibility criteria, work performance and/or such other factors as the Committee deems fit and the offer shall be valid for acceptance by an employee for a period of 30 days from the date of offer; and
- (f) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

Options exercisable in a particular year but not exercised shall be carried forward to subsequent years within the option period provided that no options shall be exercised beyond the date of expiry of the Scheme.

DIRECTORS' REPORT (CONTD.)

EMPLOYEES' SHARE OPTION SCHEME (CONTD.)

Details of share option granted, vested and exercised under the Scheme are as follows :-

(a) Options granted

Grant No.	Grant date	Number of share options '000	Movements during the financial year				Exercise price RM/option	Exercise period
			Balance as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000		
First	3.9.2013	133,564	5,979	(4,418)	(1,561)	-	1.07	3.10.2013 - 1.9.2019
Second	1.8.2014	15,735	2,264	(1,435)	(829)	-	1.23	2.9.2014 - 1.9.2019
Third	3.8.2015	10,840	3,322	(1,739)	(1,583)	-	1.40	2.9.2015 - 1.9.2019
Fourth	3.8.2016	6,159	3,160	(1,926)	(1,234)	-	1.26	2.9.2016 - 1.9.2019

(b) Options vested

(i) First grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year				Exercise price RM/option	Exercise period
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000		
2.9.2016	22,471	5,979	(4,418)	(1,561)	-	1.07	2.9.2016 - 1.9.2019

(ii) Second grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year				Exercise price RM/option	Exercise period
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000		
2.9.2016	3,268	2,264	(1,435)	(829)	-	1.23	2.9.2016 - 1.9.2019

(iii) Third grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year				Exercise price RM/option	Exercise period
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000		
2.9.2016	3,642	3,322	(1,739)	(1,583)	-	1.40	2.9.2016 - 1.9.2019

DIRECTORS' REPORT (CONTD.)

EMPLOYEES' SHARE OPTION SCHEME (CONTD.)

Details of share option granted, vested and exercised under the Scheme are as follows :- (contd.)

(b) Options vested (contd.)

(iv) Fourth grant of options over ordinary shares

Vesting date	Movements during the financial year					Exercise price RM/option	Exercise period
	Vested '000	Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000		
2.9.2016	4,936	3,160	(1,926)	(1,234)	-	1.26	2.9.2016 - 1.9.2019

The Scheme had expired on 1 September 2019. Accordingly, the Committee had been dissolved on 1 September 2019.

WARRANTS 2017/2024

On 4 October 2017, the Company issued 629,970,466 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of 3 free warrants for every 10 ordinary shares held in the Company.

The warrants entitle the registered holder, at any time within a period of 7 years commencing on and including the date of issuance of the warrants and expiring on the close of business at 5.00 p.m. in Malaysia on the date immediately preceding the 7<sup>th</sup> anniversary of the date of issuance of the warrants, and if such date is not a market day, then on the preceding market day. In relation to this, the warrants were issued at an exercise price of RM1.86 each.

The exercise price of the warrant is subject to a fixed annual step-down of RM0.07 per year on each of the anniversary dates of the date of first issuance of the warrants. The exercise price, at any time during the tenure of the warrants, is further subjected to adjustments in accordance with the provisions of the Deed Poll in the event of any alteration to the share capital of the Company.

During the financial year, 10,709 new ordinary shares of RM1.72 each were issued pursuant to the exercise of Warrants 2017/2024 for the equivalent numbers by the registered holders.

The Warrants were listed on Bursa Malaysia Securities Berhad on 6 October 2017 and the salient features of the Warrants are disclosed in Note 41(b) to the financial statements.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the Note 44 to the financial statements.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO	Dato' Chew Chee Kin
Dato' Sri Idris Jala	Sarena Cheah Yean Tih
Tan Sri Datuk Seri Razman M Hashim	Wong Chin Mun
Tan Sri Dato' Dr. Lin See Yan	Philip Yeo Liat Kok (Appointed on 9 April 2020)
Tan Sri Datuk Dr Rebecca Fatima Sta Maria	Lim Swe Guan (Resigned on 9 April 2020)

In accordance with Clause 106 of the Constitution of the Company, Tan Sri Dato' Dr. Lin See Yan and Ms. Sarena Cheah Yean Tih retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

Mr. Philip Yeo Liat Kok retires pursuant to Clause 89 of the Constitution of the Company at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

As Mr. Wong Chin Mun will be reaching his 9-year tenure as an Independent Non-Executive Director, the Board will seek the shareholders' approval to retain him as an Independent Non-Executive Director at the forthcoming Annual General Meeting.

DIRECTORS' REPORT (CONTD.)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement 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, which had expired on 1 September 2019 and warrants issued as disclosed in Note 41 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 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 50 to the financial statements.

DIRECTORS' INTERESTS

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in ordinary shares, redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares				
	As at 1.1.2019	Share Dividend Distribution^	Share Dividend Distribution^^	Acquired	Sold

The Company

Direct interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO	249,108,108	2,491,080	965,991	-	(155,000,000)	97,565,179
Tan Sri Datuk Seri Razman M Hashim	3,542,324	35,423	35,777	-	-	3,613,524
Tan Sri Dato' Dr. Lin See Yan	700,000	7,000	7,070	-	-	714,070
Dato' Chew Chee Kin	20,623,927	206,238	208,301	-	-	21,038,466
Sarena Cheah Yean Tih	5,145,175	51,451	51,966	-	-	5,248,592

Deemed interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO <sup>a</sup>	2,736,925,095	27,369,248	29,192,940	155,000,000	-	2,948,487,283
Dato' Chew Chee Kin <sup>b</sup>	1,534,029	15,340	15,493	-	-	1,564,862
Sarena Cheah Yean Tih <sup>c</sup>	2,976,778,211	29,767,779	30,065,456	155,000,000	(155,000,000)	3,036,611,446

	Number of non-cumulative redeemable preference shares			
	As at 1.1.2019	Acquired	Redeemed	As at 31.12.2019

Immediate holding company

Sungei Way Corporation Sdn. Bhd.

Direct interest:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO	122,000,000	-	(122,000,000)	-
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Deemed interest:

Sarena Cheah Yean Tih <sup>d</sup>	122,000,000	-	(122,000,000)	-
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DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTERESTS (CONTD.)

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in ordinary shares, redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows: (contd.)

	Number of non-cumulative convertible redeemable preference shares			
	As at 1.1.2019	Allotted	Redeemed	As at 31.12.2019

Immediate holding company  
Sungei Way Corporation Sdn. Bhd.

<b>Direct interest:</b>				
Tan Sri Dato' Seri Dr. Jeffrey				
Cheah Fook Ling A0	-	381,760,000	(97,760,000)	<b>284,000,000</b>
<b>Deemed interest:</b>				
Sarena Cheah Yean Tih <sup>d</sup>	-	381,760,000	(97,760,000)	<b>284,000,000</b>

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Sold	As at 31.12.2019

Immediate holding company  
Sungei Way Corporation Sdn. Bhd.

<b>Deemed interests:</b>				
Tan Sri Dato' Seri Dr. Jeffrey	10,000,000	-	-	<b>10,000,000</b>
Cheah Fook Ling A0 <sup>e</sup>				
Sarena Cheah Yean Tih <sup>f</sup>	10,000,000	-	-	<b>10,000,000</b>

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Sold	As at 31.12.2019

Ultimate holding company  
Active Equity Sdn. Bhd.

<b>Direct interests:</b>				
Tan Sri Dato' Seri Dr. Jeffrey				
Cheah Fook Ling A0	102,000	-	-	<b>102,000</b>
Sarena Cheah Yean Tih	25,500	-	-	<b>25,500</b>

<b>Deemed interests:</b>				
Tan Sri Dato' Seri Dr. Jeffrey				
Cheah Fook Ling A0 <sup>g</sup>	68,000	-	-	<b>68,000</b>
Sarena Cheah Yean Tih <sup>d</sup>	102,000	-	-	<b>102,000</b>

DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTERESTS (CONTD.)

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in ordinary shares, redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows: (contd.)

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Sold	As at 31.12.2019

Related Corporation  
Sunway Construction Group Berhad

<b>Direct interests:</b>				
Tan Sri Dato' Seri Dr. Jeffrey				
Cheah Fook Ling A0	7,723,892	-	-	<b>7,723,892</b>
Tan Sri Datuk Seri Razman M Hashim	106,864	-	-	<b>106,864</b>
Tan Sri Dato' Dr. Lin See Yan	10,000	-	-	<b>10,000</b>
Sarena Cheah Yean Tih	57,727	-	-	<b>57,727</b>

<b>Deemed interests:</b>				
Tan Sri Dato' Seri Dr. Jeffrey				
Cheah Fook Ling A0 <sup>h</sup>	833,629,588	-	-	<b>833,629,588</b>
Sarena Cheah Yean Tih <sup>i</sup>	841,282,416	-	-	<b>841,282,416</b>

	Number of ordinary shares			
	As at 1.1.2019	Acquired	Sold	As at 31.12.2019

Related company  
Sunway Global Limited

<b>Direct interest:</b>				
Dato' Chew Chee Kin	689,183	-	-	<b>689,183</b>

DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTERESTS (CONTD.)

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of Directors in office at the end of the financial year in ordinary shares, redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows: (contd.)

	Number of warrants 2017/2024			
	As at 1.1.2019	Acquired	Sold	As at 31.12.2019

The Company

Direct interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO	32,028,184	-	-	32,028,184
Tan Sri Datuk Seri Razman M Hashim	455,441	-	-	455,441
Tan Sri Dato' Dr. Lin See Yan	90,000	-	-	90,000
Dato' Chew Chee Kin	2,651,647	-	-	2,651,647
Sarena Cheah Yean Tih	661,522	-	-	661,522

Deemed interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO <sup>a</sup>	403,096,933	6,242,900	-	409,339,833
Dato' Chew Chee Kin <sup>b</sup>	197,232	-	-	197,232
Sarena Cheah Yean Tih <sup>c</sup>	433,935,190	6,242,900	-	440,178,090

<sup>^</sup> Receipt of ordinary shares on 18 April 2019 pursuant to the distribution of a second interim single tier dividend via a share dividend distribution on the basis of 1 treasury share for every 100 ordinary shares held in Sunway Berhad ("Share Dividend Distribution") for the financial year ended 31 December 2018.

<sup>^^</sup> Receipt of ordinary shares on 17 October 2019 pursuant to the distribution of a first interim single tier dividend via a Share Dividend Distribution for the financial year ended 31 December 2019.

<sup>a</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and children.

<sup>b</sup> Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 held through spouse.

<sup>c</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., spouse and parent.

<sup>d</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through parent.

<sup>e</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd. and children.

<sup>f</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd. and parent.

<sup>g</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through children.

<sup>h</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd. and children.

<sup>i</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd., spouse and parent.

DIRECTORS' REPORT (CONTD.)

DIRECTORS' INTERESTS (CONTD.)

By virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's and Sarena Cheah Yean Tih's substantial interests in the Company and Active Equity Sdn. Bhd., they are deemed to have interests 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, redeemable preference shares or warrants in the Company or its related corporations during the financial year.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 11 to the financial statements.

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The amount of insurance premium paid by the Group and the Company for the financial year 2019 was RM73,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION

(I) As at the end of the financial year

- (a) Before the financial statements 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 or of the Company to meet their obligations as and when they fall due.



DIRECTORS' REPORT (CONTD.)

OTHER STATUTORY INFORMATION (CONTD.)

(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.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows:

Adly Sham Bin Che Din	Dato' Ir Goh Chye Koon
Adrian Cheah Yean Sun	Dato' Lee Weng Keng (Dr)
Adrian Lim Tiong Yeau	Dato' Ng Tiong Lip
Alan Ow Wui Kiat	Dato' Siow Kim Lun @ Siow Kim Lin
Aminah Binti Noordin	Dato' Tan Kia Loke
Andre Hans Peter Scholl <sup>#</sup>	Datuk Kwan Foh Kwai <sup>##</sup>
Andrew Wong Kok Leong <sup>^</sup>	Datuk Lim Lian Kheng
Anne Marie Tan Hwee Hwee	Dodda Lingamurthy
Azlina Binti Jaapar	Dr Sarinder Kumari A/P Oam Parkash
Beh Soo Ming	Dr Seow Vei Ken <sup>^^</sup>
Bernard Anand A/L Paul	Dr Shiamala Devi A/P Saravana Muthu
Bhawarlal H Jain	Dr Tan Kok Heng <sup>^</sup>
Cha Luan Kee	Dr Wee Tong Ming <sup>^^</sup>
Chan Hoi Choy	Eric Tan Chee Hin
Chan Tack Ming	Evan Cheah Yean Shin
Chang Kim Long	Fawzi Bin Abd. Aziz
Che Rozita Binti Abd Aziz	Fong Choon Fuoi
Cheah Kok Hoong <sup>^^</sup>	Fong Foo Tat
Chen Kok Peng <sup>^</sup>	Foo Shiang Wyne
Cheng Jew Keng	Foo Yoon Seong
Chew Chor Eng <sup>^</sup>	Foong Wooi Fatt
Chew Pek Teong	Goh Hai Thun @ Ng Hai Thun
Chia Hon Yuen	Gunawan Sukardi Subur
Chong Chang Choong	H.E Nhean Leng
Chong Sau Min	H.E Sok An
Choy Le Roy	Hajah Norita Binti Mohd Sidek <sup>^</sup>
Chu Yuen Leng	Hajah Siti Zubaidah Binti Abd Jabar
Chu Yuen Mun	Hau Lian Hong
Chua Seng Teong	Ho Ch'an Hin
Chung Soo Kiong	Ho Poo Hong
CoSign Services Limited <sup>^</sup>	Ho Sheng Yueh
Datin Paduka Norazlina Binti Zakaria	Hong Eng Heng
Dato' Chia Kee Mong	Hoo Han Huat
Dato' Dr Charles Vijayan David <sup>##</sup>	How May Lynn
Dato' Dr Ir Johari Bin Basri	Irene Sin May Lin @ Irene Wong May Lin

DIRECTORS' REPORT (CONTD.)

LIST OF DIRECTORS OF SUBSIDIARIES (CONTD.)

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows: (contd.)

Jegatheesan A/L Achelingam	Ng Chong Beng
John Eu Eng Jin <sup>^</sup>	Ng Chun Lieh <sup>^</sup>
Johnas Tahan Siahaan <sup>^</sup>	Ng Kok Chew
Kelly Leong Wai Keong	Nicholas Lauritzen Davison <sup>^#</sup>
Khaou Phallaboth	Nicholas Manevski
Khoo Chai Ee	Oh Keng Jin <sup>^</sup>
Khoo Min Sinn	Oknha Sour Pheng
Khor Seng Yan	Ong Pang Yen
Koh Moy Poh	Ooi Hooi Inn <sup>^</sup>
Koichi Saito <sup>+</sup>	Pathuri Veera Anjaneyulu
Kok Shin Lin	Phua Swee Hock
Kong Heong Fook	Poh Siau Jane
Koo Sow Ming <sup>^</sup>	Quah Kok Heng
Kuan Hsu <sup>+</sup>	Quet Foong <sup>^</sup>
Kumaresan A/L Varadu Rasu	Rabinder Singh Nijhar <sup>#</sup>
Kwon Il Park	Saisuda Needham <sup>^</sup>
Kwon Ouk Park	Sankarnarayanan Ramanathan <sup>^</sup>
Kwong Tzyy En	Shigeki Komi
Lau Beng Long	Sin Tong Joo
Lee Boon Chuan	Sing Chui Boon <sup>^^</sup>
Lee Boon Kwang	Soo Chin Kang
Lee Chuan Seng	Soon Chian Myau
Lee Hong Tat	Spread Services Limited <sup>^</sup>
Lee Soong Hwa	Subba Rao Semenchalam <sup>^</sup>
Liew Chee Choong	Sum Kwai Mun
Liew Kok Wing	Takehito Fukui
Lim Chee Siang <sup>^</sup>	Tan Beng Kwee
Lim Chin Huat	Tan Eng Koon <sup>^</sup>
Lim Chin Khuan <sup>^</sup>	Tan Gar Peng
Lim Chin Lee <sup>#</sup>	Tan Hwa Chuan
Lim Hai Poh	Tan Kim Yoke
Lim Hin Soon	Tan Lay Kuan
Lim Kim Wong	Tan Poh Chan
Lim Kwee Hiong	Tan Seow Leng
Lim Vin Tze <sup>^</sup>	Tan Sri Dato' (Dr) R.V. Navaratnam
Loo Bit Sin	Tan Wee Bee
Lum Tuck Ming	Tan Wooi Teong <sup>#</sup>
Matthijs Geert-Jan Van Leeuwen <sup>^</sup>	Tan Yit Chong
Nabilah Farhanah Binti Tajul Ariffin <sup>^</sup>	Teh Saw Ha
Ng Bee Lien	Teo Han Meng <sup>^^</sup>
Ng Boon Liang	Teoh Joo Keng
Ng Chee Hing	Thomas Samuel A/L C T Samuel
Ng Chee Hwa <sup>^</sup>	Toh Seok Leng

DIRECTORS' REPORT (CONTD.)

LIST OF DIRECTORS OF SUBSIDIARIES (CONTD.)

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries (excluding Directors who are also Directors of the Company) during the financial year and up to the date of this report is as follows: (contd.)

Toh Soon Seng	YAM Tengku Kamil Ismail Bin Tengku Idris Shah
Tong Sau Ching	Yap Chong Koon
Trixy Chua Zee Quin <sup>##</sup>	Yap Gee Tian
U Than Oo	Yeoh Aik Hong <sup>^</sup>
Wai Sow Fun	Yeoh Yuen Chee
Wong Ban Seng	Yeow Boon Ban
Wong Fook Chai	Yong Num Heng
Wong Kwan Song	Zaharudin Bin Mohd Sanif <sup>#</sup>
Wong Wan Wooi	

- <sup>^</sup> Appointed during the financial year
- <sup>^^</sup> Appointed after the financial year but before the date of this report
- <sup>#</sup> Resigned during the financial year
- <sup>##</sup> Resigned after the financial year but before the date of this report
- <sup>+</sup> Removed as Director during the financial year

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant events during the financial year and subsequent to the end of the reporting period are disclosed in Note 53 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors’ remuneration of the Company and its subsidiaries for the financial year ended 31 December 2019 are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2020.



Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO



Dato' Chew Chee Kin

STATEMENT BY DIRECTORS  
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling and Dato' Chew Chee Kin, being two of the Directors of Sunway Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 202 to 389 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 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 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 28 April 2020.



Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling AO



Dato' Chew Chee Kin

STATUTORY DECLARATION  
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Chong Chang Choong, being the officer primarily responsible for the financial management of Sunway Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 202 to 389 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 Chong Chang Choong  
at Petaling Jaya in the State of  
Selangor Darul Ehsan on 28 April 2020



Chong Chang Choong

Before me,



No. 43, Kompleks Emporium  
Makan Sek 52, Jalan Sultan  
46200 Petaling Jaya, Selangor



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD

(INCORPORATED IN MALAYSIA)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Sunway Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit and loss, 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 notes to the financial statements, including a summary of significant accounting policies, as set out on pages 202 to 389.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Revenue recognition for property development

Revenue from property development during the financial year as disclosed in Note 5 to the financial statements is RM491.4 million.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

#### Audit response

Our audit procedures included the following:

- (i) reviewed contracts with customers to identify distinct and material performance obligations, and compared our findings to the findings of the Group;
- (ii) recomputed transaction prices based on historical profit margins of the Group, and compared these transaction prices allocated to profit margins of similar contracts subsequent to the end of reporting period;

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD (CONTD.)

### Key Audit Matters (contd.)

#### (a) Revenue recognition for property development (contd.)

#### Audit response (contd.)

Our audit procedures included the following: (contd.)

- (iii) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (iv) inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (v) compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (vi) recomputed the results of the input method determined by management for revenue recognition based on verified actual costs incurred to-date and budgeted costs.

#### (b) Revenue recognition for construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 5 to the financial statements is RM1,144.9 million.

We determined this to be a key audit matter because it requires management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to liquidated ascertained damages ("LAD"). The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on contract work certified to date over the estimated total contract sum.

In estimating the progress towards complete satisfaction of performance obligations, the Group considers the estimated contract work completed to date and the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

#### Audit response

Our audit procedures included the following:

- (i) inspected documentation to support the estimated total contract sum and correspondences from contract customers in relation to variations and claims to corroborate key judgements applied by management;
- (ii) inspected documentation certified by professional consultants to support the contract work performed by the Group to-date;
- (iii) inquired in-house operational and financial personnel of the Group to assess the merits of extension of time submitted to the contract customers for assessing the exposure to LAD; and
- (iv) inspected relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works.

#### (c) First-time adoption of MFRS 16 Leases

The Group adopted MFRS 16 for the first-time during the financial year ended 31 December 2019 as disclosed in Note 54(a) to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements for specific assumptions applied in determining right-of-use assets and lease liabilities. The specific assumptions include the determination of appropriate discount rates and assessment of lease terms, including renewal and termination options of the leases.

#### Audit response

Our audit procedures included the following:

- (i) obtained an understanding of the design and implementation of key controls pertaining to the determination of the MFRS 16 transition impact;
- (ii) assessed the appropriateness of the discount rates applied in determining lease liabilities based on the lease contracts and relevant inputs;
- (iii) assessed the appropriateness of the assumptions applied in determining the lease terms of the lease liabilities, including renewal and termination options of the leases;

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD (CONTD.)

### Key Audit Matters (contd.)

#### (c) *First-time adoption of MFRS 16 Leases (contd.)*

##### *Audit response (contd.)*

Our audit procedures included the following: (contd.)

- (iv) verified the accuracy of the underlying lease data by agreeing a representative sample of leases to original contracts or other supporting information; and
- (v) reviewed key service contracts to assess whether leases as defined in MFRS 16 have been appropriately identified.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

### INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITORS' REPORT THEREON

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 internal control of the Group and of the Company.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD (CONTD.)

### AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTD.)

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (contd.)

- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

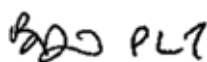
From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 51 to the financial statements.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



**BDO PLT**  
LLP0018825-LCA & AF 0206  
Chartered Accountants

Kuala Lumpur  
28 April 2020



**Tang Seng Choon**  
02011/12/2021 J  
Chartered Accountant



## STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>Revenue</b>	5	<b>4,780,279</b>	5,410,165	<b>212,004</b>	1,106,129
Cost of sales	6	<b>(3,092,503)</b>	(3,732,053)	<b>(45,206)</b>	(51,931)
<b>Gross profit</b>		<b>1,687,776</b>	1,678,112	<b>166,798</b>	1,054,198
Other income	7	<b>200,274</b>	216,285	<b>328,764</b>	16,419
Administrative expenses		<b>(791,122)</b>	(721,278)	<b>(23,605)</b>	(20,463)
Selling and marketing expenses		<b>(153,049)</b>	(173,722)	-	-
Other expenses		<b>(377,905)</b>	(404,658)	<b>(317)</b>	(448)
<b>Operating profit</b>		<b>565,974</b>	594,739	<b>471,640</b>	1,049,706
Finance and other distribution income	8	<b>321,287</b>	276,146	<b>209,034</b>	153,766
Finance costs	8	<b>(233,498)</b>	(263,283)	<b>(67,245)</b>	(78,088)
Share of results of associates		<b>192,755</b>	172,322	-	-
Share of results of joint ventures		<b>68,468</b>	56,932	-	-
<b>Profit before tax</b>	9	<b>914,986</b>	836,856	<b>613,429</b>	1,125,384
Income tax expense	12	<b>(78,429)</b>	(121,441)	<b>(2,024)</b>	(172)
<b>Profit for the financial year</b>		<b>836,557</b>	715,415	<b>611,405</b>	1,125,212
Attributable to:					
Owners of the parent		<b>767,252</b>	645,563	<b>611,405</b>	1,125,212
Non-controlling interests		<b>69,305</b>	69,852	-	-
		<b>836,557</b>	715,415	<b>611,405</b>	1,125,212
<b>Earnings per share attributable to owners of the parent (sen per share):</b>					
Basic	13	<b>14.62</b>	13.05		
Diluted	13	<b>14.62</b>	13.04		

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 2019

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Profit for the financial year	<b>836,557</b>	715,415	<b>611,405</b>	1,125,212
<b>Other comprehensive income:</b>				
<b>Items that may be reclassified subsequently to profit or loss</b>				
Foreign currency translations	<b>26</b>	(69,844)	-	-
Cash flow hedge reserve - fair value (loss)/gain				
- Fair value (loss)/gain of derivatives	<b>(28,528)</b>	37,202	-	-
- Amounts recycled to profit or loss	<b>29,674</b>	(37,029)	-	-
<b>Item that will not be reclassified subsequently to profit or loss</b>				
Fair value gain/(loss) on other investments at fair value through other comprehensive income	<b>37,045</b>	(8,906)	-	-
Revaluation of property, plant and equipment	<b>3,451</b>	-	-	-
<b>Other comprehensive income/(loss) for the financial year, net of tax</b>	<b>41,668</b>	(78,577)	-	-
<b>Total comprehensive income for the financial year</b>	<b>878,225</b>	636,838	<b>611,405</b>	1,125,212
<b>Total comprehensive income attributable to:</b>				
Owners of the parent	<b>809,658</b>	567,075	<b>611,405</b>	1,125,212
Non-controlling interests	<b>68,567</b>	69,763	-	-
	<b>878,225</b>	636,838	<b>611,405</b>	1,125,212

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

## STATEMENTS OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2019

	Note	31.12.2019 RM'000	Group 31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15	2,749,044	2,627,664	2,247,265
Intangible assets	16	19,833	17,748	15,333
Investment properties	17	2,327,617	1,942,744	2,066,760
Inventories	18	1,674,576	1,671,311	1,682,127
Investments in associates	20	2,123,840	2,084,029	1,886,876
Investments in joint ventures	21	1,627,026	1,306,632	1,741,727
Goodwill	22	311,808	313,893	311,814
Deferred tax assets	23	66,722	110,342	102,066
Trade receivables	24	140,071	63,838	51,407
Other receivables	25	6,099	24,956	11,351
Amounts due from joint ventures	34	1,332,623	1,827,921	1,242,074
Derivatives	26	-	-	34,181
Rock reserves	27	5,605	5,868	6,131
Other investments	28	5,023	122,397	813
Biological assets	29	121	234	616
		12,390,008	12,119,577	11,400,541
<b>Current assets</b>				
Inventories	18	2,102,056	1,857,935	1,788,430
Trade receivables	24	1,638,423	1,514,524	1,659,087
Other receivables	25	348,767	286,992	285,251
Contract assets	30	76,230	100,765	104,660
Placement in funds	31	3,627,369	2,526,479	2,035,734
Cash and bank balances	31	2,261,539	2,609,553	2,382,870
Derivatives	26	1,925	64,629	68,378
Amounts due from associates	33	35,145	45,577	41,446
Amounts due from joint ventures	34	992,429	99,366	113,031
Tax recoverable		79,257	68,792	57,474
		11,163,140	9,174,612	8,536,361
Assets of disposal group classified as held for sale	35	-	486,128	294,283
<b>Total assets</b>		<b>23,553,148</b>	21,780,317	20,231,185

## STATEMENTS OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2019 (CONTD.)

	Note	31.12.2019 RM'000	Group 31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings	36	8,024,907	6,337,103	4,910,497
Trade payables	37	1,344,269	1,336,189	1,520,114
Other payables	38	1,287,820	1,260,261	1,118,711
Contract liabilities	30	43,529	33,772	34,669
Amounts due to associates	33	11,950	11,286	14,850
Amounts due to joint ventures	34	72,774	64,118	58,601
Hire purchase and lease liabilities	39	69,750	81,289	68,521
Derivatives	26	17,730	17,227	48,315
Tax payable		5,480	33,555	26,662
		10,878,209	9,174,800	7,800,940
<b>Non-current liabilities</b>				
Borrowings	36	1,542,563	2,535,226	2,868,110
Deferred tax liabilities	23	130,304	146,907	121,331
Other payables	38	52,360	121,676	253,563
Amounts due to joint ventures	34	4,131	4,358	-
Long term liabilities	40	2,923	2,959	4,450
Hire purchase and lease liabilities	39	768,204	810,389	763,295
Derivatives	26	187	36	4,496
		2,500,672	3,621,551	4,015,245
<b>Total liabilities</b>		<b>13,378,881</b>	12,796,351	11,816,185
<b>Equity attributable to owners of the parent</b>				
Share capital	41	5,393,666	5,379,437	5,370,606
Treasury shares	41	(53,324)	(140,299)	(63,817)
Equity contribution from a joint venture	42	51,654	51,654	51,654
Merger reserve	43	(1,192,040)	(1,192,040)	(1,192,040)
Reserves	44	4,192,912	3,866,108	3,627,632
		8,392,868	7,964,860	7,794,035
Perpetual sukuk	45	1,150,000	400,000	-
Non-controlling interests		631,399	619,106	620,965
<b>Total equity</b>		<b>10,174,267</b>	8,983,966	8,415,000
<b>Total equity and liabilities</b>		<b>23,553,148</b>	21,780,317	20,231,185



## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTD.)

			Company	
	Note	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	15	9,985	12,469	14,836
Investments in subsidiaries	19	5,152,682	4,842,679	4,042,679
Investments in joint ventures	21	800	800	800
Other investments	28	78	78	78
		5,163,545	4,856,026	4,058,393
<b>Current assets</b>				
Other receivables	25	26,176	15,416	11,855
Placement in funds	31	1,041,000	885,000	529,511
Cash and bank balances	31	42,676	233,173	736,164
Amounts due from subsidiaries	32	2,087,990	2,440,612	1,746,546
Amounts due from associates	33	179	1,744	824
Amounts due from joint ventures	34	2,151	2,383	1,562
Tax recoverable		-	564	-
		3,200,172	3,578,892	3,026,462
<b>Total assets</b>		<b>8,363,717</b>	<b>8,434,918</b>	<b>7,084,855</b>

### Equity and liabilities

#### Current liabilities

Borrowings	36	796,000	1,246,000	1,060,000
Other payables	38	65,412	67,518	27,146
Amounts due to subsidiaries	32	14,138	3,220	5,557
Amounts due to associates	33	41	-	39
Amounts due to joint ventures	34	255	-	11
Lease liabilities	39	2,583	2,468	2,115
Tax payable		231	-	230
		878,660	1,319,206	1,095,098

#### Non-current liabilities

Borrowings	36	-	610,000	610,000
Lease liabilities	39	9,473	12,028	14,382
		9,473	622,028	624,382
<b>Total liabilities</b>		<b>888,133</b>	<b>1,941,234</b>	<b>1,719,480</b>

## STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2019 (CONTD.)

			Company	
	Note	31.12.2019 RM'000	31.12.2018 RM'000 (Restated)	1.1.2018 RM'000 (Restated)
<b>Equity and liabilities (contd.)</b>				
<b>Equity attributable to owners of the parent</b>				
Share capital	41	5,393,666	5,379,437	5,370,606
Treasury shares	41	(53,324)	(140,299)	(63,817)
Reserves	44	985,242	854,546	58,586
		6,325,584	6,093,684	5,365,375
Perpetual sukuk	45	1,150,000	400,000	-
<b>Total equity</b>		<b>7,475,584</b>	<b>6,493,684</b>	<b>5,365,375</b>
<b>Total equity and liabilities</b>				
		<b>8,363,717</b>	<b>8,434,918</b>	<b>7,084,855</b>

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 2019

Attributable to owners of the parent																		
Non-distributable																		
Distributable																		
	Share capital (Note 61) RM'000	Treasury shares (Note 41) RM'000	Equity contribution from a joint venture (Note 42) RM'000	Merger reserve (Note 43) RM'000	Capital reserve (Note 44) RM'000	Statutory reserve (Note 44) RM'000	Revaluation reserve (Note 44) RM'000	Share option reserve (Note 44) RM'000	Cash flow hedge reserve (Note 44) RM'000	Fair value reserve (Note 44) RM'000	Furniture, fittings and equipment reserve (Note 44) RM'000	Foreign currency translation reserve (Note 44) RM'000	Other reserves, total (Note 44) RM'000	Retained earnings (Note 44) RM'000	Equity attributable to owners of the parent, total RM'000	Perpetual sukuk (Note 45) RM'000	Non-controlling interests RM'000	Equity, total RM'000
2019	5,379,437	(140,299)	51,654	(1,192,040)	134,508	1,179	3,871	7,632	(17,681)	(8,906)	16,233	130,421	267,257	3,708,354	8,074,363	400,000	619,826	9,094,189
Group																		
At beginning of financial year (as previously reported)																		
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	-	-	-	-	-	-	-	-	(109,503)	(109,503)	-	(720)	(110,223)
Effects of adoption of Amendments to MFRS 128 (Note 54)	-	-	-	-	-	-	-	-	-	-	-	-	-	(132)	(132)	-	-	(132)
At beginning of financial year (restated)	5,379,437	(140,299)	51,654	(1,192,040)	134,508	1,179	3,871	7,632	(17,681)	(8,906)	16,233	130,421	267,257	3,598,719	7,964,728	400,000	619,106	8,983,834
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	767,252	767,252	-	69,305	836,557
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	3,451	-	1,146	37,045	-	764	42,406	-	42,406	-	(738)	41,668
Total comprehensive income	-	-	-	-	-	-	3,451	-	1,146	37,045	-	764	42,406	767,252	809,638	-	68,567	878,225
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	14,241	14,241
Transfer to furniture, fittings and equipment reserve	-	-	-	-	-	-	-	-	-	-	4,336	-	4,336	(4,336)	-	-	-	-
Transfer to statutory reserve	-	-	-	-	(272)	821	-	-	-	-	-	-	549	(607)	(58)	-	58	-
Disposal of other investment recognised at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	(28,139)	-	-	(28,139)	28,139	-	-	-	-
Transactions with owners																		
Issuance of ordinary shares pursuant:																		
- to exercise of ESOS	14,211	-	-	-	-	-	-	(2,867)	-	-	-	-	(2,867)	-	11,354	-	-	11,354
- to exercise of warrants	18	-	-	-	-	-	-	-	-	-	-	-	-	-	18	-	-	18
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	750,000	-	750,000
Reversal of share options granted under ESOS	-	-	-	-	-	-	-	(4,775)	-	-	-	-	(4,775)	3,170	(1,605)	-	-	(1,605)
Share buy back by a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,357)	(2,357)	-	(3,337)	(5,694)
Purchase of treasury shares	-	(91,926)	-	-	-	-	-	-	-	-	-	-	-	-	(91,926)	-	-	(91,926)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(63,073)	(63,073)
Dividends paid by the Company	-	178,901	-	-	-	-	-	-	-	-	-	-	-	(421,759)	(242,858)	-	-	(242,858)
Distribution paid to holders of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-	(54,488)	(54,488)	-	-	(54,488)
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(428)	(428)	-	3,203	2,775
Acquisition of equity interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	830	830	-	(7,366)	(6,536)
Total transactions with owners	14,229	86,975	-	-	-	-	-	(7,632)	-	-	-	-	(7,632)	(475,032)	(381,460)	750,000	(70,573)	297,967
At end of financial year	5,393,666	(53,324)	51,654	(1,192,040)	134,236	2,000	7,322	-	(16,535)	-	20,569	131,185	278,777	3,914,135	8,392,868	1,150,000	631,399	10,174,267

^ Represents 10,709 warrants amounting to RM18,419.

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

Attributable to owners of the parent																			Distributable	
Non-distributable																				
	Share capital (Note 41) RM'000	Treasury shares (Note 41) RM'000	Equity contribution from a joint venture (Note 42) RM'000	Merger reserve (Note 43) RM'000	Capital reserve (Note 44) RM'000	Statutory reserve (Note 44) RM'000	Revaluation reserve (Note 44) RM'000	Share option reserve (Note 44) RM'000	Cash flow hedge reserve (Note 44) RM'000	Fair value reserve (Note 44) RM'000	Furniture, fittings and equipment reserve (Note 44) RM'000	Foreign currency translation reserve (Note 44) RM'000	Other reserves, total (Note 44) RM'000	Retained earnings (Note 44) RM'000	Equity attributable to owners of the parent, total RM'000	Perpetual sukuk (Note 45) RM'000	Non-controlling interests RM'000	Equity, total RM'000		
2018																				
Group																				
At beginning of financial year (as previously reported)	5,370,606	(63,817)	51,654	(1,192,040)	134,522	826	3,871	10,596	(17,854)	-	12,536	200,176	344,673	3,379,642	7,890,718	-	621,526	8,512,244		
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	-	-	-	-	-	-	-	-	(96,683)	(96,683)	-	(561)	(97,244)		
At beginning of financial year (restated)	5,370,606	(63,817)	51,654	(1,192,040)	134,522	826	3,871	10,596	(17,854)	-	12,536	200,176	344,673	3,282,959	7,794,035	-	620,965	8,415,000		
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	645,563	645,563	-	69,852	715,415		
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	-	-	173	(8,906)	-	(69,755)	(78,488)	-	(78,488)	-	(89)	(78,577)		
Total comprehensive income	-	-	-	-	-	-	-	-	173	(8,906)	-	(69,755)	(78,488)	645,563	567,075	-	69,763	636,838		
Transfer to furniture, fittings and equipment reserve	-	-	-	-	-	-	-	-	-	-	3,697	-	3,697	(3,697)	-	-	-	-		
Transfer to statutory reserve	-	-	-	-	-	353	-	-	-	-	-	-	353	(350)	3	-	(3)	-		
Transactions with owners																				
Issuance of ordinary shares pursuant:																				
- to exercise of ESOS	8,831	-	-	-	-	-	-	(1,897)	-	-	-	-	(1,897)	-	6,934	-	-	6,934		
- to exercise of warrants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Issuance of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	400,000	-	400,000		
Reversal of share options granted under ESOS	-	-	-	-	-	-	-	(1,067)	-	-	-	-	(1,067)	-	(1,067)	-	-	(1,067)		
Purchase of treasury shares	-	(76,482)	-	-	-	-	-	-	-	-	-	-	-	-	(76,482)	-	-	(76,482)		
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(65,780)	(65,780)		
Dividends paid by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	(316,493)	(316,493)	-	-	(316,493)		
Distribution to holders of perpetual sukuk	-	-	-	-	-	-	-	-	-	-	-	-	-	(9,795)	(9,795)	-	-	(9,795)		
Shares acquired by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	(210)	(210)	-	2,604	2,394		
Acquisition of equity interest from non-controlling interests	-	-	-	-	(14)	-	-	-	-	-	-	-	(14)	874	860	-	(8,443)	(7,583)		
Total transactions with owners	8,831	(76,482)	-	-	(14)	-	-	(2,964)	-	-	-	-	(2,978)	(325,624)	(325,624)	400,000	(71,619)	(67,872)		
At end of financial year	5,379,437	(140,299)	51,654	(1,192,040)	134,508	1,179	3,871	7,632	(17,681)	(8,906)	16,233	130,421	267,257	3,598,851	7,964,860	400,000	619,106	8,983,966		

represents 202 warrants amounting to RM376.

^ Represents 202 warrants amounting to RM376.



STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	I----- Non-distributable -----I			Distributable		
	Share capital (Note 41) RM'000	Treasury shares (Note 41) RM'000	Share option reserve (Note 44) RM'000	Retained earnings (Note 44) RM'000	Perpetual sukuk (Note 45) RM'000	Equity, total RM'000
<b>2019</b>						
<b>Company</b>						
<b>At beginning of financial year (as previously reported)</b>	5,379,437	(140,299)	4,462	852,273	400,000	6,495,873
Effects of adoption of MFRS 16 (Note 54)	-	-	-	(2,189)	-	(2,189)
<b>At beginning of financial year (restated)</b>	5,379,437	(140,299)	4,462	850,084	400,000	6,493,684
Profit for the financial year	-	-	-	611,405	-	611,405
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	611,405	-	611,405
<b>Transactions with owners</b>						
Issuance of ordinary shares pursuant:						
- to exercise of ESOS	14,211	-	(2,857)	-	-	11,354
- to exercise of warrants	18 <sup>^</sup>	-	-	-	-	18 <sup>^</sup>
Issuance of perpetual sukuk	-	-	-	-	750,000	750,000
Reversal of share options granted under ESOS	-	-	(1,605)	-	-	(1,605)
Purchase of treasury shares	-	(91,926)	-	-	-	(91,926)
Dividends paid	-	178,901	-	(421,759)	-	(242,858)
Distribution to holders of perpetual sukuk	-	-	-	(54,488)	-	(54,488)
	14,229	86,975	(4,462)	(476,247)	750,000	370,495
<b>At end of financial year</b>	<b>5,393,666</b>	<b>(53,324)</b>	<b>-</b>	<b>985,242</b>	<b>1,150,000</b>	<b>7,475,584</b>

<sup>^</sup> Represents 10,709 warrants amounting to RM18,419.

STATEMENTS OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	I----- Non-distributable -----I			Distributable		
	Share capital (Note 41) RM'000	Treasury shares (Note 41) RM'000	Share option reserve (Note 44) RM'000	Retained earnings (Note 44) RM'000	Perpetual sukuk (Note 45) RM'000	Equity, total RM'000
<b>2018</b>						
<b>Company</b>						
<b>At beginning of financial year (as previously reported)</b>	5,370,606	(63,817)	7,426	53,032	-	5,367,247
Effects of adoption of MFRS 16 (Note 54)	-	-	-	(1,872)	-	(1,872)
<b>At beginning of financial year (restated)</b>	5,370,606	(63,817)	7,426	51,160	-	5,365,375
Profit for the financial year	-	-	-	1,125,212	-	1,125,212
Other comprehensive income, net of tax	-	-	-	-	-	-
<b>Total comprehensive income</b>	-	-	-	1,125,212	-	1,125,212
<b>Transactions with owners</b>						
Issuance of ordinary shares pursuant:						
- to exercise of ESOS	8,831	-	(1,897)	-	-	6,934
- to exercise of warrants	- <sup>^</sup>	-	-	-	-	- <sup>^</sup>
Issuance of perpetual sukuk	-	-	-	-	400,000	400,000
Reversal of share options granted under ESOS	-	-	(1,067)	-	-	(1,067)
Purchase of treasury shares	-	(76,482)	-	-	-	(76,482)
Dividends paid	-	-	-	(316,493)	-	(316,493)
Distribution to holders of perpetual sukuk	-	-	-	(9,795)	-	(9,795)
	8,831	(76,482)	(2,964)	(326,288)	400,000	3,097
<b>At end of financial year</b>	<b>5,379,437</b>	<b>(140,299)</b>	<b>4,462</b>	<b>850,084</b>	<b>400,000</b>	<b>6,493,684</b>

<sup>^</sup> Represents 202 warrants amounting to RM376.

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 2019

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>914,986</b>	836,856	<b>613,429</b>	1,125,384
Adjustments for:				
Finance and other distribution income	<b>(321,287)</b>	(276,146)	<b>(209,034)</b>	(153,766)
Finance costs	<b>233,498</b>	263,283	<b>67,245</b>	78,088
Dividend income	<b>(20)</b>	(2,387)	<b>(162,100)</b>	(1,060,625)
Depreciation and amortisation	<b>233,580</b>	222,893	<b>2,571</b>	2,653
Fair value gain on:				
- derivatives	<b>(4,209)</b>	(1,773)	-	-
- investment properties	<b>(48,462)</b>	(43,432)	-	-
Fair value loss on:				
- derivatives	<b>415</b>	1,097	-	-
- investment properties	<b>11,323</b>	20,383	-	-
Gain on disposal of:				
- assets held for sale	<b>(37,676)</b>	(1,592)	-	-
- property, plant and equipment	<b>(11,672)</b>	(1,936)	-	-
- subsidiaries	-	(936)	<b>(310,003)</b>	-
- joint venture	-	(738)	-	-
Gain on reassessments and modifications of leases	<b>(106)</b>	-	-	-
Gain on divestment of a subsidiary to a joint venture	<b>(14)</b>	(5,084)	-	-
Gain on re-measurement of remaining interest held as a joint venture	-	(7,500)	-	-
Gain on liquidation of a subsidiary	<b>(7)</b>	-	-	-
Loss on liquidation of a subsidiary	<b>9</b>	-	-	-
Impairment losses on:				
- trade and other receivables	<b>6,348</b>	16,115	-	-
- amounts due from subsidiaries	-	-	-	387
- amounts due from associates	<b>1</b>	15	-	1
- amounts due from joint ventures	<b>4,905</b>	4,375	-	1
- property, plant and equipment	<b>55,916</b>	-	-	-
- contract assets	-	164	-	-
- goodwill	<b>2,230</b>	-	-	-
- investment in an associate	-	16	-	-
- quasi-equity loan advanced to joint ventures	<b>789</b>	-	-	-
Loss on disposal of:				
- an associate	-	29	-	-
- property, plant and equipment	<b>34</b>	556	-	-
Net unrealised foreign exchange (gains)/losses:				
- hedged items	<b>(29,674)</b>	37,029	-	-
- others	<b>2,702</b>	2,904	<b>40</b>	10
Cash flow hedge recycled to profit or loss	<b>29,674</b>	(37,029)	-	-
Net cash generated from/(used in) operating activities carried forward	<b>1,043,283</b>	1,027,162	<b>2,148</b>	(7,867)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Net cash generated from/(used in) operating activities brought forward	<b>1,043,283</b>	1,027,162	<b>2,148</b>	(7,867)
Share options reversed under ESOS	<b>(2,454)</b>	(1,651)	<b>(9)</b>	(37)
Reversal of allowance for impairment of:				
- trade and other receivables	<b>(12,197)</b>	(24,567)	-	-
- investment in an associate	<b>(6)</b>	-	-	-
- intangible assets	-	(7,656)	-	-
- amounts due from joint ventures	<b>(265)</b>	(66)	-	-
- amounts due from associates	<b>(112)</b>	(158)	<b>(1)</b>	-
- amounts due from subsidiaries	-	-	<b>(960)</b>	-
- contract assets	<b>(171)</b>	-	-	-
Share of results of:				
- associates	<b>(192,755)</b>	(172,322)	-	-
- joint ventures	<b>(68,468)</b>	(56,932)	-	-
Net movements in unrealised profit arising from construction project in joint ventures	<b>920</b>	4,198	-	-
Net movements in unrealised profit arising from sale of assets to associate	<b>673</b>	19,821	-	-
Write down of inventories to net realisable value	<b>3,417</b>	2,280	-	-
Reversal of inventories written down to net realisable value	<b>(4,780)</b>	(877)	-	-
Write off of:				
- bad debts	<b>2,217</b>	3,395	<b>68</b>	-
- biological assets	<b>13</b>	-	-	-
- inventories	<b>2,149</b>	1,343	-	-
- property, plant and equipment	<b>7,744</b>	5,733	-	2
- intangible assets	<b>62</b>	35	-	-
- other investments	<b>29</b>	-	-	-
Operating profit/(loss) before working capital changes	<b>779,299</b>	799,738	<b>1,246</b>	(7,902)
Changes in working capital:				
Land held for property development	<b>8,674</b>	15,616	-	-
Inventories	<b>(147,207)</b>	(259,423)	-	-
Trade receivables	<b>(151,976)</b>	133,895	-	-
Other receivables	<b>(11,552)</b>	(47,602)	<b>(10,760)</b>	(3,561)
Contract assets	<b>24,706</b>	3,731	-	-
Trade payables	<b>(20,196)</b>	(181,630)	-	-
Other payables	<b>31,290</b>	185,789	<b>(2,106)</b>	40,372
Long term payables	<b>(69,352)</b>	(38,446)	-	-
Contract liabilities	<b>9,757</b>	(897)	-	-
Cash generated from/(used in) operations	<b>453,443</b>	610,771	<b>(11,620)</b>	28,909



## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Cash generated from/(used in) operations brought forward	453,443	610,771	(11,620)	28,909
Interest received	320,433	276,132	209,034	153,766
Dividends received from:				
- joint ventures and associates	147,907	175,664	19,600	19,200
- subsidiaries	-	-	142,500	1,041,425
- other investment	20	2,387	-	-
Tax refunded	33,969	-	564	-
Tax paid	(127,976)	(109,186)	(1,793)	(966)
<b>Net cash from operating activities</b>	<b>827,796</b>	<b>955,768</b>	<b>358,285</b>	<b>1,242,334</b>
<b>Cash flows from investing activities</b>				
Acquisitions of:				
- biological assets	(121)	(22)	-	-
- business	-	(2,079)	-	-
- equity interest from non-controlling interests	(6,536)	(7,583)	-	-
- intangible assets	(10,024)	(10,655)	-	-
- investment properties and investment properties under construction	(436,155)	(64,103)	-	-
- land held for property development	(64,610)	(274,285)	-	-
- other investments	(7,758)	(130,490)	-	-
- property, plant and equipment	(340,995)	(464,068)	(44)	(150)
- subsidiaries for cash, net of cash acquired	3,297	15	-	-
Proceeds from disposal of:				
- investment in a joint venture	-	122,832	-	-
- intangible assets	19	7	-	-
- other investments	162,114	-	-	-
- property, plant and equipment	43,875	3,581	-	-
- assets held for sale	494,870	394,308	-	-
- a subsidiary	-	5,000	-	-
Proceeds from liquidation of subsidiaries	245	-	-	-
Proceeds from acquisition of equity interest by non-controlling interests	2,775	2,394	-	-
Additional interests acquired:				
- subsidiaries	-	-	-	(800,000)
- joint ventures	(4,232)	(52,563)	-	-
- associates	(200)	(191,388)	-	-
Net cash inflows of disposal of subsidiaries (Advances to)/Repayment from:	-	372	-	-
- subsidiaries	-	-	362,836	(697,821)
- associates and joint ventures	(379,379)	(619,081)	2,094	(1,792)
Net cash flows from licensed banks and other financial institutions with maturity of over 3 months	(4,169)	12,038	-	6,013
Net cash flows from fund placements	(1,100,890)	(490,745)	(156,000)	(355,489)
Quasi-equity loan (advanced to)/repaid by joint ventures	(285,468)	353,115	-	-
Net cash (used in)/from investing activities carried forward	(1,933,342)	(1,413,400)	208,886	(1,849,239)

## STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Net cash (used in)/from investing activities brought forward	(1,933,342)	(1,413,400)	208,886	(1,849,239)
Net cash outflow from a subsidiary become a joint venture	(3)	-	-	-
<b>Net cash (used in)/from investing activities</b>	<b>(1,933,345)</b>	<b>(1,413,400)</b>	<b>208,886</b>	<b>(1,849,239)</b>
<b>Cash flows from financing activities</b>				
Drawdown of:				
- term loans	3,289,017	1,720,021	-	-
- revolving credits	1,693,637	896,002	-	240,000
- commercial papers	1,548,000	1,874,000	368,000	694,000
- medium term notes	1,320,000	1,360,000	-	-
- other bank borrowings	153,010	2,046,897	-	-
Repayments of:				
- hire purchase and lease liabilities	(69,138)	(60,633)	(2,483)	(2,139)
- term loans	(3,549,503)	(2,511,753)	-	-
- revolving credits	(1,152,028)	(401,993)	(80,000)	(240,000)
- commercial papers	(2,023,000)	(1,428,000)	(1,348,000)	(508,000)
- medium term notes	(560,000)	(401,278)	-	-
- other bank borrowings	(53,426)	(2,022,626)	-	-
Proceeds from issuance of ordinary shares pursuant:				
- to exercise of warrants	18	-^	18	-^
- to exercise of ESOS	11,354	6,934	11,354	6,934
Interest paid	(233,498)	(263,283)	(67,245)	(78,088)
Dividends paid	(242,858)	(316,493)	(242,858)	(316,493)
Dividends paid to non-controlling interests in subsidiaries	(63,073)	(65,780)	-	-
Shares buyback	(97,620)	(76,482)	(91,926)	(76,482)
Issuance of perpetual sukuk	750,000	400,000	750,000	400,000
Distribution paid to holders of perpetual sukuk	(54,488)	(9,795)	(54,488)	(9,795)
<b>Net cash from/(used in) financing activities</b>	<b>666,404</b>	<b>745,738</b>	<b>(757,628)</b>	<b>109,937</b>
Net cash from operating activities	827,796	955,768	358,285	1,242,334
Net cash (used in)/from investing activities	(1,933,345)	(1,413,400)	208,886	(1,849,239)
Net cash from/(used in) financing activities	666,404	745,738	(757,628)	109,937
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(439,145)</b>	<b>288,106</b>	<b>(190,457)</b>	<b>(496,968)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(2,932)</b>	<b>(17,124)</b>	<b>(40)</b>	<b>(10)</b>
<b>Cash and cash equivalents at beginning of financial year</b>	<b>2,507,882</b>	<b>2,236,900</b>	<b>233,153</b>	<b>730,131</b>
<b>Cash and cash equivalents at end of financial year (Note 31)</b>	<b>2,065,805</b>	<b>2,507,882</b>	<b>42,656</b>	<b>233,153</b>

^ Represents 202 warrants amounting to RM376.

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 2019

#### 1. Corporate information

Sunway 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 principal place of business and registered office of the Company are located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are set out in Note 51 to the financial statements.

The immediate and ultimate holding companies of the Company are Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution by the Board of Directors on 28 April 2020.

#### 2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company adopted MFRS 16 *Leases* on 1 January 2019 retrospectively. The Group and the Company have consistently applied the Standard in its opening statements of financial position as at 1 January 2018 and throughout the financial years presented, as if the Standard had always been in effect. Comparative figures for the financial year ended 31 December 2018 in these financial statements have been restated to give effect to these changes. New MFRSs and amendments to MFRSs adopted during the financial year, the effects arising from the initial application of MFRS 16 *Leases* and the adoption of Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures* are summarised in Note 54(a) 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.

#### 3. Segment information

For management purposes, the Group is organised into business units based on their products and services. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows:

- (i) Property development - development of residential and commercial properties.
- (ii) Property investment - management, operation and letting of properties, operation of theme parks, rendering recreational club facilities, travel agent and time sharing businesses, management and operation of hotels, investment in real estate investment fund.
- (iii) Construction - construction of building and civil works and provision of mechanical, electrical and piling works.
- (iv) Trading and manufacturing - trading and manufacturing of construction and industrial products and building materials.
- (v) Quarry - quarrying, manufacturing and supplying of premix, manufacturing of ready-mixed concrete and production of building stones.
- (vi) Healthcare - operation of medical centres and provision of medical consultation services.
- (vii) Investment holdings - management and letting of properties, provision of financial services to companies within the Group, as well as holding of investments in the shares of subsidiaries, associates and other investments.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

#### 3. Segment information (contd.)

For management purposes, the Group is organised into business units based on their products and services. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows: (contd.)

- (viii) Others - manufacturing of vitrified clay pipes, concrete pipes, interlocking pavers, pretensioned spun concrete piles, precast micro injection piles, reinforced concrete piles, euro tiles, blocks and concrete products, provision of secretarial and share registration services, provision of management services, underwriting of insurance, lease and hire purchase financing, interior design and renovation, loyalty programme, investment in online media, electronic parcel locker operator, operation of petrol kiosk, online remittance and money services, retail of pharmaceutical products and provision of venture capital fund management.

Except as indicated above, no operating segments have been aggregated to form the above reportable 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 and expenses include transfers between business segments that are eliminated on consolidation. Segment results exclude the effects of transfers between business segments.



### NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

#### 3. 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:

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment holdings RM'000	Others RM'000	Adjustments/eliminations RM'000	Note	Total RM'000
<b>At 31 December 2019</b>											
<b>Revenue</b>											
Sales to external customers	545,852	803,468	1,273,269	959,762	348,114	584,833	5,019	259,962	-		4,780,279
Inter-segment revenue	52,872	220,675	1,394,806	135,857	26,340	3,807	932,423	75,568	(2,842,348)	A	-
Total revenue	598,724	1,024,143	2,668,075	1,095,619	374,454	588,640	937,442	335,530	(2,842,348)		4,780,279
<b>Results</b>											
Operating profit/(loss)	163,328	239,331	144,461	41,053	12,644	59,227	(72,632)	(21,438)	-		565,974
Finance and other distribution income	52,807	50,086	26,204	10,874	6,781	22,242	287,742	11,543	(146,992)		321,287
Finance costs	(21,231)	(157,584)	(13,235)	(20,504)	(2,696)	(19,654)	(134,498)	(11,088)	146,992		(233,498)
Share of results of associates	4	187,527	4,802	-	-	-	-	422	-		192,755
Share of results of joint ventures	51,401	16,968	99	-	-	-	-	-	-		68,468
Profit/(Loss) before tax	246,309	336,328	162,331	31,423	16,729	61,815	80,612	(20,561)	-		914,986
Income tax	(42,697)	4,168	(25,519)	(6,102)	(1,632)	(31)	(1,590)	(5,026)	-		(78,429)
Net profit/(loss) for the year	203,612	340,496	136,812	25,321	15,097	61,784	79,022	(25,587)	-		836,557
Non-controlling interests	(5,475)	(3,185)	(57,541)	(2,539)	(1,092)	(567)	(17)	1,111	-		(69,305)
Attributable to owners of the parent	198,137	337,311	79,271	22,782	14,005	61,217	79,005	(24,476)	-		767,252

#### 3. 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.)

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment holdings RM'000	Others RM'000	Adjustments/eliminations RM'000	Note	Total RM'000
<b>At 31 December 2019 (contd.)</b>											
<b>Assets</b>											
Segment assets	5,668,979	3,373,042	2,107,913	922,401	351,717	1,751,340	16,474,375	765,403	(11,758,867)		19,656,303
Investments in associates	-	1,942,477	-	-	-	-	-	181,363	-		2,123,840
Investments in joint ventures	1,435,196	147,568	44,262	-	-	-	-	-	-		1,627,026
Unallocated assets											145,979
Total assets											23,553,148
<b>Liabilities</b>											
Segment liabilities	4,567,025	3,853,979	1,538,990	641,741	238,487	737,773	12,378,084	612,366	(11,325,348)		13,243,097
Unallocated liabilities											135,784
Total liabilities											13,378,881
<b>Other segment information</b>											
Capital expenditure	62,514	320,809	20,264	9,426	8,406	302,410	56	14,097	-	B	737,982
Depreciation and amortisation	7,254	73,476	37,302	15,740	14,872	61,093	26	23,817	-		233,580

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

3. 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.)

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment holdings RM'000	Others RM'000	Adjustments/eliminations RM'000	Note	Total RM'000
<b>At 31 December 2018 (Restated)</b>											
<b>Revenue</b>											
Sales to external customers	619,587	814,806	1,847,872	1,103,353	223,355	459,723	7,623	333,846	-		5,410,165
Inter-segment revenue	216,173	164,736	1,201,163	147,145	19,677	2,851	1,852,139	103,445	(3,707,329)	A	-
Total revenue	835,760	979,542	3,049,035	1,250,498	243,032	462,574	1,859,762	437,291	(3,707,329)		5,410,165
<b>Results</b>											
Operating profit/(loss)	118,207	237,412	172,581	62,036	10,929	52,159	(95,314)	36,729	-		594,739
Finance and other distribution income	43,389	20,770	16,458	7,541	5,695	24,150	269,253	7,826	(118,936)		276,146
Finance costs	(19,150)	(154,176)	(8,752)	(16,455)	(2,929)	(21,890)	(145,775)	(13,092)	118,936		(263,283)
Share of results of associates	3	169,014	-	-	-	-	-	3,305	-		172,322
Share of results of joint ventures	30,745	25,600	587	-	-	-	-	-	-		56,932
Profit before tax	173,194	298,620	180,874	53,122	13,695	54,419	28,164	34,768	-		836,856
Income tax	(11,921)	(55,793)	(35,646)	(8,382)	692	(172)	(6,422)	(3,797)	-		(121,441)
Net profit for the year	161,273	242,827	145,228	44,740	14,387	54,247	21,742	30,971	-		715,415
Non-controlling interests	(4,823)	201	(61,360)	(3,490)	(185)	(332)	46	91	-		(69,852)
Attributable to owners of the parent	156,450	243,028	83,868	41,250	14,202	53,915	21,788	31,062	-		645,563

3. 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.)

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Healthcare RM'000	Investment holdings RM'000	Others RM'000	Adjustments/eliminations RM'000	Note	Total RM'000
<b>At 31 December 2018 (Restated)</b>											
<b>Assets</b>											
Segment assets	5,134,644	3,623,436	1,910,065	991,048	180,710	1,565,382	12,767,391	657,438	(8,619,592)		18,210,522
Investments in associates	-	1,919,465	-	-	-	-	-	164,564	-		2,084,029
Investments in joint ventures	1,116,049	145,844	44,739	-	-	-	-	-	-		1,306,632
Unallocated assets											179,134
Total assets											21,780,317
<b>Liabilities</b>											
Segment liabilities	3,678,185	3,867,533	1,359,237	649,002	157,031	1,151,381	9,903,899	490,937	(8,641,316)		12,615,889
Unallocated liabilities											180,462
Total liabilities											12,796,351
<b>Other segment information</b>											
Capital expenditure	224,258	87,796	56,168	19,633	4,057	233,485	150	4,708	-	B	630,255
Depreciation and amortisation	5,265	78,921	43,049	13,691	11,357	47,614	269	22,727	-		222,893



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 3. Segment information (contd.)

#### Geographical segments

The following table provides an analysis of the Group's revenue, profit/(loss) before tax, net profit/(loss), profit/(loss) attributable to owners of the parent and assets by geographical segment:

	Revenue from contracts with customers (Note 5) RM'000	Other revenue (Note 5) RM'000	Total revenue (Note 5) RM'000	Profit/(loss) before tax RM'000	Net profit/(loss) RM'000	Net profit/(loss) attributable to owners of the parent RM'000	Segment assets RM'000
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#### At 31 December 2019

Malaysia	4,138,795	160,616	4,299,411	834,607	760,724	690,981	18,325,509
Singapore	197,389	-	197,389	(7,284)	(6,427)	(5,688)	503,040
China	150,458	-	150,458	61,098	60,164	59,849	305,065
India	843	-	843	(6,292)	(6,461)	(3,526)	985
Australia	29,152	-	29,152	(402)	(3,937)	(4,328)	107,030
Indonesia	50,209	-	50,209	1,345	1,284	1,284	22,764
United Kingdom	-	2,147	2,147	23,181	23,085	23,073	212,389
Other countries	50,670	-	50,670	8,733	8,125	5,607	179,521
	4,617,516	162,763	4,780,279	914,986	836,557	767,252	19,656,303

#### At 31 December 2018 (Restated)

Malaysia	4,687,234	173,230	4,860,464	768,398	653,829	587,711	17,032,164
Singapore	175,787	-	175,787	38,990	37,982	38,923	576,133
China	224,906	-	224,906	14,949	13,679	11,756	346,261
India	-	-	-	(847)	(847)	(681)	1,118
Australia	37,993	-	37,993	5,387	3,511	1,491	104,256
Indonesia	58,245	-	58,245	5,842	3,741	3,741	47,510
United Kingdom	-	-	-	(11,043)	(11,043)	(11,043)	-
Other countries	52,770	-	52,770	15,180	14,563	13,665	103,080
	5,236,935	173,230	5,410,165	836,856	715,415	645,563	18,210,522

#### Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Capital expenditures consist of:

	2019 RM'000	2018 RM'000
Property, plant and equipment (excluding right-of-use assets)	382,316	464,841
Intangible assets	10,024	10,655
Biological assets	121	22
Investment properties	345,521	154,737
	737,982	630,255

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 4. Capital and financial risk management

#### (a) Capital management

The primary objective of the Group's and the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group'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 non-core assets, which provides low returns are also made to optimise the capital structure of the Group.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's debt level, hence its capital structure. The ratio is calculated as net debt divided by total equity. Net debt includes total borrowings net of cross currency swap less cash and bank balances and placement in funds.

	Note	Group		Company	
		2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Borrowings		9,567,470	8,872,329	796,000	1,856,000
Add/(Less): Cross currency swap		15,004	(48,576)	-	-
Net borrowings after cross					
currency swap	36	9,582,474	8,823,753	796,000	1,856,000
Hire purchase with					
financial institutions	39	3,090	885	-	-
		9,585,564	8,824,638	796,000	1,856,000
Less:					
Cash and bank balances	31	(2,261,539)	(2,609,553)	(42,676)	(233,173)
Placement in funds	31	(3,627,369)	(2,526,479)	(1,041,000)	(885,000)
Net debt		3,696,656	3,688,606	(287,676)	737,827
Total equity		10,174,267	8,983,966	7,475,584	6,493,684
Gearing ratio		36%	41%	N/A	11%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 4. Capital and financial risk management (contd.)

#### (b) 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 market risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, 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.

##### Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and funds.

The Group's and the Company's interest rate risk arises primarily from interest bearing borrowings. The Group manages its interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group also entered into interest rate swap contracts and cross currency swap contracts to hedge the floating rate interest payable on certain borrowings. The Group closely monitors markets and output from various industry working groups on the transitions to new interest rate benchmark arising from the respective interest rate benchmarks reforms in various jurisdictions. At the end of the reporting period, the Group's interest rate swap contracts and cross currency swap contracts are not affected by any interest rate benchmarks reforms. Approximately 80% (2018: 84%) of the Group's borrowings after cross currency swap are at fixed rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 24, 31, 32, 34, 36 and 39 to the financial statements.

##### Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") 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"), United States Dollar ("USD"), Chinese Renminbi ("RMB"), Australian Dollar ("AUD") and British Pound Sterling ("GBP"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Approximately 10% (2018: 10%) of the Group's sales are denominated in foreign currencies whilst almost 10% (2018: 10%) 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 holds cash and bank balances denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM203.5 million (2018: RM139.5 million).

Material foreign currency transactions exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts and cross currency swap contracts.

The Group and the Company entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which were entered into to minimise the interest cost. These cross currency swap contracts have expiry periods within 3 months to 7 months (2018: 3 month to 8 months).

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.

### 4. Capital and financial risk management (contd.) (b) Financial risk management objectives and policies (contd.)

#### Foreign currency risk (contd.)

##### Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

Group	SGD		USD		RMB		AUD		GBP		Others	
	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000
<b>At 31 December 2019</b>												
<b>Financial assets in foreign currencies</b>												
Cash and bank balances	71,010	-	8,331	-	62,740	-	44,767	-	1,142	-	15,555	-
Trade and other receivables	131,156	-	5,874	-	82,317	-	5,087	5,826	258	-	23,460	283
<b>Financial liabilities in foreign currencies</b>												
Trade and other payables	(18,594)	-	(20,598)	-	(35,597)	-	(4,788)	-	(3,150)	-	(36,476)	-
Borrowings	(390,197)	(52,656)	(1,582,042)	-	-	-	(257,134)	-	(103)	(119,907)	(8,979)	-
Less: hedged portion	-	-	944,610	-	-	-	255,088	-	-	-	-	-
Borrowings - unhedged portion	(390,197)	(52,656)	(637,432)	-	-	-	(2,046)	-	(103)	(119,907)	(8,979)	-
Net exposure	(206,625)	(52,656)	(643,825)	-	109,460	-	43,020	5,826	(1,853)	(119,907)	(6,440)	283



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Foreign currency risk exposure (contd.)

The currency risk exposure profiles for each class of financial instruments are as follows: (contd.)

Group	SGD		USD		RMB		AUD		GBP		Others	
	<1 year	>1 year	<1 year	>1 year	<1 year	>1 year	<1 year	>1 year	<1 year	>1 year	<1 year	>1 year
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 31 December 2018												
Financial assets in foreign currencies												
Cash and bank balances	19,754	-	5,662	-	31,502	-	69,655	-	-	-	12,897	-
Trade and other receivables	121,095	-	9,151	-	74,819	-	4,190	5,613	1	-	45,588	-
Financial liabilities in foreign currencies												
Trade and other payables	(10,918)	-	(12,958)	-	(62,200)	-	(5,829)	-	(8)	-	(17,307)	-
Borrowings	(280,002)	-	(1,693,501)	-	(1,568)	-	(391,654)	-	-	-	(11,512)	-
Less: hedged portion	229,784	-	1,016,995	-	-	-	389,324	-	-	-	-	-
Borrowings - unhedged portion	(50,218)	-	(676,506)	-	(1,568)	-	(2,330)	-	-	-	(11,512)	-
Net exposure	79,713	-	(674,651)	-	42,553	-	65,686	5,613	(7)	-	29,666	-
Company												
At 31 December 2019/2018												

The currency risk exposure profile of the Company is not presented as its exposure to foreign currencies was not material at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Company, which are material to the Group, with all other variables held constant.

Profit net of tax	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
SGD/RM				
- strengthen 1.4% (2018: 1.0%)	(2,806)	733	-	-
- weaken 1.4% (2018: 1.0%)	2,806	(733)	-	-
USD/RM				
- strengthen 0.4% (2018: 1.5%)	(2,025)	(7,570)	-	-
- weaken 0.4% (2018: 1.5%)	2,025	7,570	-	-
RMB/RM				
- strengthen 0.4% (2018: 1.1%)	295	341	-	-
- weaken 0.4% (2018: 1.1%)	(295)	(341)	-	-
AUD/RM				
- strengthen 0.6% (2018: 3.3%)	217	1,752	-	-
- weaken 0.6% (2018: 3.3%)	(217)	(1,752)	-	-
GBP/RM				
- strengthen 2.4% (2018: 3.2%)	(2,251)	-	-	-
- weaken 2.4% (2018: 3.2%)	2,251	-	-	-

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.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 26, 32, 33, 34, 36, 37, 38 and 39 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 4. Capital and financial risk management (contd.)

#### (b) Financial risk management objectives and policies (contd.)

##### 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.

The credit risk concentration profiles have been disclosed in Note 24 to the financial statements.

##### Market risk

Market risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group was exposed to equity price risks arising from quoted investments held by the Group as at end of previous financial year. They were held for strategic rather than trading purposes. The Group did not actively trade these investments. These instruments were classified as financial assets designated at fair value through other comprehensive income.

To manage its price risk arising from investments in shares, funds and bonds, the Group diversifies its portfolio in accordance with the limits set by the Group.

The sensitivity analysis of market risk has been disclosed in Note 28 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 5. Revenue

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Revenue from contracts with customers:</b>				
Property development:				
- sale of properties under development	449,143	570,109	-	-
- sale of completed properties	42,209	33,813	-	-
Revenue from construction contracts	1,144,925	1,748,434	-	-
Sales of goods and services	2,921,856	2,863,614	-	-
Time sharing fees	1,339	2,234	-	-
Property management fees	11,880	9,389	-	-
Management fees from:				
- Subsidiaries	-	-	46,837	42,449
- Joint ventures	46,164	9,342	3,067	3,055
	4,617,516	5,236,935	49,904	45,504
<b>Other revenue:</b>				
- Interest advances and share financing	8,751	5,416	-	-
- Rental income	153,455	165,026	-	-
- Lease and hire purchase	537	401	-	-
- Dividend income from:				
- Subsidiaries	-	-	142,500	1,041,425
- A joint venture	-	-	19,600	19,200
- Other investments	20	2,387	-	-
	4,780,279	5,410,165	212,004	1,106,129
<b>Timing of revenue recognition:</b>				
Products and services transferred over time	1,653,451	2,339,508	49,904	45,504
Products and services transferred at a point in time	2,964,065	2,897,427	-	-
<b>Revenue from contracts with customers</b>	<b>4,617,516</b>	<b>5,236,935</b>	<b>49,904</b>	<b>45,504</b>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

5. Revenue (contd.)

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 3 to the financial statements, which has been presented based on geographical location from which the sale transactions originated.

(a) Revenue from property development and construction contracts

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from property development and construction contracts is measured at the fixed transaction price agreed under the agreement.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Revenue from property development

Revenue from property development is recognised over the period of the contract using the input method by reference to the costs incurred for work performed to date against the estimated costs to completion if control of the asset transfers over time. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time.

The Group identifies performance obligations that are distinct and material, which are judgmental in the context of contracts. Transaction prices are determined based on estimated profit margins prior to its allocation to the identified performance obligations. The Group also estimates total contract costs in applying the input method to recognise revenue over time. In estimating the total costs to complete, the Group considers the completeness and accuracy of its costs estimation, including its obligations to contract variations, claims and cost contingencies.

Revenue from construction contracts

Revenue from construction contracts is recognised over the period of the contract using the output method by reference to the progress towards complete satisfaction of that performance obligation if control of the asset transfers over time. The output method recognises revenue on the basis of direct measurements of value to the customer of the construction work performed to date relative to the remaining construction work promised under the contract.

If control of asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to Liquidated Ascertained Damage ("LAD") based on the facts and circumstances of the relevant construction projects, including projects that had been served with certificates of non-achievement for project delays. In making these judgements, the Group evaluates based on experience and by relying on the work of specialists.

Information on receivables, contract assets and contract liabilities from contracts with customers are disclosed in Notes 24 and 30 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

5. Revenue (contd.)

(b) Sale of completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(c) Sale of goods and services, rights of enjoyment and club subscription fees

Revenue from sale of products and services rendered is recognised at a point in time when the products have been transferred or the services have been rendered to the customers and coincide with the delivery of products and services and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from sale of products and services rendered as the sales or services are made on the normal credit terms not exceeding twelve months.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are utilised.

Club subscription fees are recognised on the accrual basis.

(d) Property management fees

Revenue from property management fees are recognised over time as income when the customer receives and consumes the benefits.

(e) Time share revenue

Membership fees are recognised over the membership period.

Annual maintenance fees are recognised on the accrual basis based on fees chargeable to members upon execution and renewal of the membership.

(f) Management fees

Management fees from the management of real estate investment funds activity and the provision of management services to subsidiaries are recognised over time when customers/subsidiaries simultaneously receive and consume the benefits.

(g) Interest advances and share financing

Interest advances and share financing are recognised as income on accrual basis.

(h) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(i) Interest on lease and hire purchase

Interest on lease and hire purchase are recognised as income on the effective yield basis method.

(j) Dividend income and distribution of income from real estate investment trust

Dividend income and distribution of income from real estate investment trust are recognised when the right of the Group to receive payment is established.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 6. Cost of sales

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Property development costs (Note18(b))	(242,785)	(362,142)	-	-
Cost of completed properties sold	(33,022)	(27,566)	-	-
Construction contract costs	(852,024)	(1,434,695)	-	-
Cost of goods sold and services rendered	(1,964,669)	(1,907,621)	(45,206)	(51,931)
Cost of time sharing business operations	(3)	(29)	-	-
	(3,092,503)	(3,732,053)	(45,206)	(51,931)

### 7. Other income

Included in other income are the following:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Bad debts recovered	340	1,085	-	-
Fair value gain on:				
- investment properties (Note 17)	48,462	43,432	-	-
- derivatives	4,209	1,773	-	-
Gain on disposal of:				
- assets held for sale	37,676	1,592	-	-
- property, plant and equipment	11,672	1,936	-	-
- subsidiaries	-	936	310,003	-
- a joint venture	-	738	-	-
Gain on divestment of a subsidiary to a joint venture	14	5,084	-	-
Corporate guarantee commission fee	-	-	16,950	15,644
Gain on liquidation of a subsidiary	7	-	-	-
Gain on re-measurement of remaining interest held as a joint venture	-	7,500	-	-
Gain on reassessments and modifications of leases	106	-	-	-
Rental income:				
- equipment	1,528	385	-	-
- land and buildings	14,849	13,328	611	600
- others	3,472	5,121	-	-
Reversal of inventories write down to net realisable value (Note 18)	4,780	877	-	-
Foreign exchange gain:				
- realised	10,448	39,239	47	1
- unrealised	8,900	3,460	-	-
- unrealised (hedged items)	29,674	-	-	-
Cash flow hedge reserve recycled to profit or loss	(29,674)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 8. Finance and other distribution income and finance costs

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>Finance and other distribution income</b>				
Finance and other distribution income from:				
- Advances to a subsidiary	-	-	127,643	91,941
- Advances to joint ventures	58,557	74,097	-	-
- Accretion of interest	854	14	-	-
- Deposits with licensed banks	8,099	9,316	305	251
- Placement in funds	246,625	187,848	81,086	61,574
- Others	7,152	4,871	-	-
	321,287	276,146	209,034	153,766

#### Finance costs

Interest expense in relation to:

- Hire purchase and lease liabilities	(47,138)	(48,776)	(745)	(850)
- Bank overdrafts	(18)	(137)	-	-
- Revolving credits	(18,254)	(18,295)	(92)	(1,325)
- Commercial papers and medium term notes	(110,130)	(158,729)	(66,408)	(75,913)
- Term loans	(41,423)	(23,619)	-	-
- Bankers' acceptances	(7,641)	(7,143)	-	-
- Bills discounting	(5,504)	(4,092)	-	-
Others	(3,390)	(2,492)	-	-
	(233,498)	(263,283)	(67,245)	(78,088)

#### Interest income

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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 9. Profit before tax

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Auditors' remuneration:				
- statutory audits	3,280	3,121	298	292
- other services	56	22	3	18
Foreign exchange loss:				
- realised	12,102	7,084	-	-
- unrealised	11,602	6,364	40	10
- unrealised (hedged items)	-	37,029	-	-
Cash flow hedge reserve recycled to profit or loss	-	(37,029)	-	-
Fair value loss on:				
- investment properties (Note 17)	11,323	20,383	-	-
- derivatives	415	1,097	-	-
Write down of inventories to net realisable value (Note 18)	3,417	2,280	-	-
Loss on disposal of:				
- property, plant and equipment	34	556	-	-
- an associate	-	29	-	-
Loss on liquidation of a subsidiary	9	-	-	-
Write off of:				
- bad debts	2,217	3,395	68	-
- biological assets	13	-	-	-
- inventories (Note 18)	2,149	1,343	-	-
- property, plant and equipment	7,744	5,733	-	2
- intangible assets	62	35	-	-
- other investment	29	-	-	-
Rental expense:				
- Short term leases	2,385	6,774	23	40
- Low value assets	1,764	1,745	160	139
- Variable lease payments	36,026	32,893	37	15
Direct operating expenses arising from investment properties that generated rental income	43,265	36,824	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 10. Employee benefits expense

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Wages, salaries and bonuses	725,846	703,277	44,870	46,859
Social security contributions	7,600	7,160	158	152
Contributions to defined contribution plan	79,435	78,823	6,574	7,448
Share options reversed under ESOS	(2,454)	(1,651)	(9)	(37)
Other benefits	126,818	106,711	4,784	5,014
	937,245	894,320	56,377	59,436

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM45,740,000 (2018: RM44,071,000) and RM16,511,000 (2018: RM15,891,000) as further disclosed in Note 11 to the financial statements.

### 11. Directors' remuneration

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Directors' remuneration:				
Fees	100	100	-	-
Emoluments	45,640	43,971	16,511	15,891
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 10)	45,740	44,071	16,511	15,891
Estimated money value of benefits-in-kind	123	161	92	130
Total Executive Directors' remuneration including benefits-in-kind (Note 50)	45,863	44,232	16,603	16,021
Non-Executive Directors' remuneration:				
Fees	855	893	855	893
Other emoluments	114	120	114	120
Total Non-Executive Directors' remuneration	969	1,013	969	1,013
Total Directors' remuneration including benefits-in-kind	46,832	45,245	17,572	17,034

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 11. Directors' remuneration (contd.)

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2019	2018
Executive Directors:		
RM500,000 - RM600,000	1	1
RM1,600,000 - RM2,100,000	1	1
RM6,800,000 - RM8,400,000	1	1
RM29,000,000 - RM35,000,000	1	1
Non-Executive Directors:		
Below RM400,000	5	6

### 12. Income tax expense

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
<b>Current income tax:</b>				
Malaysian income tax	75,430	105,804	2,024	-
Foreign income tax	2,937	5,756	-	-
	78,367	111,560	2,024	-
(Over)/Under provision in prior years:				
Malaysian income tax	(22,605)	(6,899)	-	172
Foreign income tax	(295)	100	-	-
	(22,900)	(6,799)	-	172
	55,467	104,761	2,024	172
<b>Deferred tax (Note 23):</b>				
Relating to origination and reversal of temporary differences	16,667	19,539	-	-
Under/(Over) provision in prior years	6,295	(2,859)	-	-
	22,962	16,680	-	-
<b>Total income tax expense</b>	<b>78,429</b>	<b>121,441</b>	<b>2,024</b>	<b>172</b>

(a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2018: 24%) of the estimated assessable profit for the year.

(b) Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 12. Income tax expense (contd.)

(c) 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	
	2019 RM'000	2018 RM'000 (Restated)
<b>Profit before tax</b>	<b>914,986</b>	836,856
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	219,597	200,845
Different tax rates in other countries	748	(1,824)
Deferred tax recognised at different tax rates	(5,327)	19,932
Income not subject to tax	(108,116)	(59,744)
Expenses not deductible for tax purposes	47,793	36,918
Perpetual sukuk distribution	(13,077)	(2,351)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances, unabsorbed tax allowances and other deductible temporary differences	(13,709)	(12,843)
Deferred tax assets not recognised in respect of unrecognised tax losses, unabsorbed capital allowances, unabsorbed tax allowances and other deductible temporary differences	40,100	8,643
Deferred tax assets recognised on previously unrecognised tax losses, unabsorbed capital allowances, unabsorbed tax allowances and other deductible temporary differences	(10,282)	(3,479)
Effect of share of profit of associates	(46,261)	(41,357)
Effect of share of profit of joint ventures	(16,432)	(13,641)
Overprovision of income tax in prior years	(22,900)	(6,799)
Under/(Over) provision of deferred tax in prior years	6,295	(2,859)
<b>Income tax expense for the year</b>	<b>78,429</b>	121,441

	Company	
	2019 RM'000	2018 RM'000 (Restated)
<b>Profit before tax</b>	<b>613,429</b>	1,125,384
Taxation at Malaysian statutory tax rate of 24% (2018: 24%)	147,223	270,092
Income not subject to tax	(132,998)	(269,299)
Expenses not deductible for tax purposes	808	804
Perpetual sukuk distribution	(13,077)	(2,351)
Deferred tax assets not recognised in respect of unrecognised tax losses, unabsorbed capital allowances and other deductible temporary differences	68	754
Underprovision of income tax in prior years	-	172
<b>Income tax expense for the year</b>	<b>2,024</b>	172



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 13. Earnings per share

#### (a) Basic

	Group 2019	2018 (Restated)
Profit attributable to owners of the parent (RM'000)	767,252	645,563
Distribution to holders of perpetual sukuk (RM'000)	(54,488)	(9,795)
Net profit attributable to owners of the parent (RM'000)	712,764	635,768
Weighted average number of ordinary shares in issue ('000)	4,873,747	4,869,950
Basic earnings per share (sen)	14.62	13.05

#### (b) Diluted

	Group 2019	2018 (Restated)
Net profit attributable to owners of the parent (RM'000)	712,764	635,768
Weighted average number of ordinary shares in issue ('000)	4,873,747	4,869,950
Effect of dilution of share options and warrants ('000)	-	5,054
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	4,873,747	4,875,004
Diluted earnings per share (sen)	14.62	13.04

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 14. Dividends paid and proposed

	Group/Company 2019 RM'000	2018 RM'000
<b>Dividends on ordinary shares declared and paid:</b>		
Second interim single tier dividend for 2017: 3 sen per ordinary share	-	146,367
First interim single tier dividend for 2018: 3.5 sen per ordinary share	-	170,126
Second interim single tier dividend for 2018: 2 sen per ordinary share	96,878	-
Share dividend distribution of 48,399,832 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company	91,912	-
First interim single tier dividend for 2019: 3 sen per ordinary share	145,980	-
Share dividend distribution of 48,651,765 treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company	86,989	-
	421,759	316,493

On 25 February 2020, the Board of Directors declared a second interim single tier dividend of 4.5 sen per ordinary share in the Company ("Sunway Shares") for the financial year ended 31 December 2019 ("Second Interim Dividend"). The Dividend Reinvestment Scheme ("DRS"), which was approved by the shareholders of the Company at the Extraordinary General Meeting held on 26 June 2014 and renewed at the Ninth Annual General Meeting held on 20 June 2019, will apply to the entire portion of the dividend whereby the shareholders will be given the option to elect to reinvest up to 100% of the dividend in the new ordinary shares of the Company.

The issue price of the new Sunway Shares to be issued pursuant to the DRS, which is applicable to the entire portion of the Second Interim Dividend (i.e. 4.5 sen per Sunway Share in respect of the financial year ended 31 December 2019), has been fixed on 11 March 2020 ("Price Fixing Date") at RM1.54 per new Sunway Share ("Issue Price"). The Issue Price was based on the five (5)-market day volume weighted average market price ("VWAMP") of RM1.7488 per Sunway Share up to and including 10 March 2020, being the last trading day prior to the Price Fixing Date for the issue price of new Sunway Shares after adjusting for the following:-

- (a) a dividend adjustment of 4.5 sen to the five (5)-market day VWAMP ("Ex-Dividend VWAMP"); and
- (b) a discount of RM0.1638 which is approximately 9.61% discount to the Ex-Dividend VWAMP of RM1.7038.

Under the DRS, shareholders will have the following options:-

- (a) To elect to participate in the reinvestment option by reinvesting up to the entire electable portion for new Sunway Shares;
- (b) To elect to participate in the reinvestment option by reinvesting part of the electable portion for new Sunway Shares and receive the remaining portion in cash; and
- (c) To elect not to participate in the reinvestment option and thereby receive the entire Second Interim Dividend entitlement in cash.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

14. Dividends paid and proposed (contd.)

Any amount of dividend payment that is insufficient for issuance of one (1) board lot will be received in cash by the shareholders of the Company.

Bursa Malaysia Security Berhad (“Bursa Securities”) had on 4 March 2020 approved the Company’s application for the listing of and quotation for up to 181,431,200 new Sunway Shares to be issued pursuant to the DRS in respect of the Second Interim Dividend on the Main Market of Bursa Securities.

The Board had decided on 18 March 2020, after careful deliberation, to exercise its right to cancel the application of the DRS on the electable portion of the Second Interim Dividend, as provided for in Section 2.6 of the circular to shareholders dated 11 June 2014 in relation to the DRS (“Circular”) and paragraph 13 of the terms and conditions of the DRS Statement which was appended as Appendix I in the Circular.

Accordingly, the entitled shareholders of the Company have received the entire Second Interim Dividend of 4.5 sen per Sunway Share in cash on 22 April 2020 amounted to approximately RM220,562,000. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2020.

The Board of Directors does not propose any final dividend for the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

15. Property, plant and equipment

[-----Right-of-use-----]													
	Freehold land RM'000	Buildings RM'000	Leasehold land* RM'000	Renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Quarry development expenditure RM'000	Capital work-in-progress RM'000	Subtotal RM'000	Land and buildings RM'000	Motor vehicles and equipment RM'000	Total RM'000
Group													
At 31 December 2019													
Cost													
At beginning of financial year (as previously reported)	109,223	895,331	146,892	103,228	969,754	72,373	483,774	30,109	284,051	3,094,735	-	-	3,094,735
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	-	-	-	-	-	1,176,419	6,429	1,182,848
At beginning of financial year (restated)	109,223	895,331	146,892	103,228	969,754	72,373	483,774	30,109	284,051	3,094,735	1,176,419	6,429	4,277,583
Additions	-	16,597	-	33,135	36,421	3,668	123,669	2,756	166,070	382,316	9,765	152	392,233
Disposals/write-offs	-	(23,595)	(1,585)	(4,726)	(76,066)	(5,162)	(13,459)	(76)	(1,250)	(125,919)	-	-	(125,919)
Revaluation of PPE	-	-	3,451	-	-	-	-	-	-	3,451	-	-	3,451
Reversals	-	-	-	-	-	-	-	-	-	-	(1,329)	-	(1,329)
Reclassifications	-	199,219	-	3,378	1,229	(589)	542	-	(203,779)	-	-	-	-
Transfers from/(to) investment properties (Note 17)	-	2,080	(3,771)	-	-	-	-	-	-	(1,691)	-	-	(1,691)
Transfers from/(to) investment properties under construction (Note 17)	-	-	-	-	-	-	66	-	-	66	-	-	66
Transfer from/(to) intangible assets (Note 16)	-	-	-	-	-	-	119	-	(338)	(219)	-	-	(219)
Transfer from property development costs (Note 18)	-	-	402	-	-	-	-	-	-	402	-	-	402
Acquisition of subsidiaries	1,800	743	28,361	-	59,565	2,628	3,559	-	-	96,656	4,780	-	101,436
Exchange differences	(231)	(1,849)	133	58	(1,284)	14	(291)	-	-	(3,450)	123	(2)	(3,329)
At end of financial year	110,792	1,088,526	173,883	135,073	989,619	72,932	597,979	32,789	244,754	3,446,347	1,189,758	6,579	4,642,684
Accumulated depreciation													
At beginning of financial year (as previously reported)	-	161,124	7,097	30,943	622,954	51,358	322,449	13,680	-	1,209,605	-	-	1,209,605
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	-	-	-	-	-	410,052	1,992	412,044
At beginning of financial year (restated)	-	161,124	7,097	30,943	622,954	51,358	322,449	13,680	-	1,209,605	410,052	1,992	1,621,649
Depreciation charge for the year	-	22,966	840	11,660	59,696	6,379	43,764	3,875	-	149,180	74,369	1,480	225,029
Disposals/write-offs	-	(3,699)	-	(4,030)	(62,128)	(3,912)	(12,093)	(76)	-	(85,938)	-	-	(85,938)
Reversals	-	-	-	-	-	-	-	-	-	-	(1,075)	-	(1,075)
Reclassifications	-	(154)	-	286	57	(124)	(65)	-	-	-	-	-	-
Transfers to intangible assets (Note 16)	-	-	-	-	-	-	(13)	-	-	(13)	-	-	(13)
Transfers from/(to) investment properties (Note 17)	-	1,789	(51)	-	-	-	-	-	-	1,738	-	-	1,738
Acquisition of subsidiaries	-	-	-	-	45,518	225	1,621	-	-	47,364	2,079	-	49,443
Exchange differences	-	(557)	(65)	51	(666)	20	(248)	-	-	(1,465)	86	-	(1,379)
At end of financial year	-	181,469	7,821	38,910	665,431	53,946	355,415	17,479	-	1,320,471	485,511	3,472	1,809,454
Accumulated impairment losses													
At beginning of financial year	-	24,732	-	-	3,538	-	-	-	-	28,270	-	-	28,270
Impairment loss for the year	-	22,579	-	-	32,833	35	382	-	87	55,916	-	-	55,916
At end of financial year	-	47,311	-	-	36,371	35	382	-	87	84,186	-	-	84,186
Net carrying amount	110,792	859,746	166,062	96,163	287,817	18,951	242,182	15,310	244,667	2,041,690	704,247	3,107	2,749,044

\* Leasehold land are in respect of right-of-use assets for which the Group has land titles.



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15. Property, plant and equipment (contd.)

Group	Right-of-use										
	Freehold land RM'000	Buildings RM'000	Leasehold land* RM'000	Renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Quarry development expenditure RM'000	Capital work-in-progress RM'000	Subtotal RM'000	Total RM'000
<b>At 31 December 2018 (Restated)</b>											
<b>Cost</b>											
At beginning of financial year (as previously reported)	85,586	826,469	34,672	74,842	906,864	65,031	451,120	42,176	176,177	2,662,937	2,662,937
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	-	-	-	-	-	-
At beginning of financial year (restated)	85,586	826,469	34,672	74,842	906,864	65,031	451,120	42,176	176,177	2,662,937	2,662,937
Additions	-	68,438	111,263	29,455	81,426	12,560	46,896	1,016	113,787	464,841	584,612
Disposals/write-offs	-	(162)	-	(1,037)	(19,325)	(5,767)	(12,823)	-	(3,055)	(42,169)	(42,169)
Reclassifications	13,545	138	-	-	1,011	1,074	97	(13,083)	(2,782)	-	-
Transfers from investment properties (Note 17)	10,800	669	-	-	-	-	-	-	-	11,469	11,469
Transfers from/to investment properties under construction (Note 17)	-	-	-	-	-	-	399	-	(74)	325	325
Transfer to intangible assets (Note 16)	-	-	-	-	-	-	(1,851)	-	-	(1,851)	(1,851)
Transfer to land held for property development (Note 18(a))	-	-	(451)	-	-	-	-	-	-	(451)	(451)
Acquisition of a subsidiary	-	1,694	-	-	2,522	(380)	2	-	-	4,218	4,218
Disposal of a subsidiary	-	(708)	(1,915)	(32)	(1,713)	(145)	(66)	-	(2)	(3,173)	(3,301)
Exchange differences	109,223	895,331	146,892	103,228	969,754	72,373	483,774	30,109	284,051	3,094,735	4,277,583
At end of financial year	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation</b>											
At beginning of financial year (as previously reported)	-	141,176	5,039	25,421	579,154	50,183	299,096	11,335	-	1,111,404	1,111,404
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	-	-	-	-	-	-
At beginning of financial year (restated)	-	141,176	5,039	25,421	579,154	50,183	299,096	11,335	-	1,111,404	1,111,404
Depreciation charge for the year	-	20,000	833	6,322	58,984	6,732	34,759	3,668	-	131,298	204,586
Disposals/write-offs	-	(110)	(82)	(991)	(16,200)	(5,361)	(11,123)	(1,323)	-	(33,867)	(33,867)
Reclassifications	-	(56)	1,366	221	(55)	81	(234)	(1,323)	-	-	-
Transfers to intangible assets (Note 16)	-	-	-	-	(1)	(1)	(71)	-	-	(72)	(72)
Acquisition of a subsidiary	-	195	-	-	2,517	-	1	-	-	2,713	2,713
Disposal of a subsidiary	-	-	-	-	(567)	(157)	-	-	-	(724)	(724)
Exchange differences	-	(81)	(59)	(30)	(878)	(120)	21	-	-	(1,147)	(1,226)
At end of financial year	-	161,124	7,097	30,943	622,954	51,358	322,449	13,680	-	1,209,605	1,621,649
<b>Accumulated impairment losses</b>											
At beginning of financial year	-	-	-	-	-	-	-	-	-	-	-
Disposals/write-offs	-	24,732	-	-	3,906	-	-	-	-	28,638	28,638
At end of financial year	-	24,732	-	-	3,538	-	-	-	-	(368)	(368)
<b>Net carrying amount</b>	109,223	709,475	139,795	72,285	343,262	21,015	161,325	16,429	284,051	1,856,860	2,627,664

\* Leasehold land are in respect of right-of-use assets for which the Group has land titles.

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15. Property, plant and equipment (contd.)

	Equipment, furniture and fittings RM'000	Motor vehicles RM'000	Subtotal RM'000	Right-of-use Land and buildings RM'000	Total RM'000
<b>Company</b>					
<b>At 31 December 2019</b>					
<b>Cost</b>					
At beginning of financial year (as previously reported)	2,042	2,566	4,608	-	4,608
Effects of adoption of MFRS 16 (Note 54)	-	-	-	26,673	26,673
At beginning of financial year (restated)	2,042	2,566	4,608	26,673	31,281
Additions	44	-	44	43	87
At end of financial year	<b>2,086</b>	<b>2,566</b>	<b>4,652</b>	<b>26,716</b>	<b>31,368</b>
<b>Accumulated depreciation</b>					
At beginning of financial year (as previously reported)	1,880	2,566	4,446	-	4,446
Effects of adoption of MFRS 16 (Note 54)	-	-	-	14,366	14,366
At beginning of financial year (restated)	1,880	2,566	4,446	14,366	18,812
Depreciation charge for the year	90	-	90	2,481	2,571
At end of financial year	<b>1,970</b>	<b>2,566</b>	<b>4,536</b>	<b>16,847</b>	<b>21,383</b>
<b>Net carrying amount</b>	<b>116</b>	<b>-</b>	<b>116</b>	<b>9,869</b>	<b>9,985</b>
<b>At 31 December 2018 (Restated)</b>					
<b>Cost</b>					
At beginning of financial year (as previously reported)	1,897	2,566	4,463	-	4,463
Effects of adoption of MFRS 16 (Note 54)	-	-	-	26,535	26,535
At beginning of financial year (restated)	1,897	2,566	4,463	26,535	30,998
Additions	150	-	150	138	288
Disposals	(3)	-	(3)	-	(3)
Write off	(2)	-	(2)	-	(2)
At end of financial year	2,042	2,566	4,608	26,673	31,281
<b>Accumulated depreciation</b>					
At beginning of financial year (as previously reported)	1,686	2,566	4,252	-	4,252
Effects of adoption of MFRS 16 (Note 54)	-	-	-	11,910	11,910
At beginning of financial year (restated)	1,686	2,566	4,252	11,910	16,162
Depreciation charge for the year	197	-	197	2,456	2,653
Disposals	(3)	-	(3)	-	(3)
At end of financial year	1,880	2,566	4,446	14,366	18,812
<b>Net carrying amount</b>	<b>162</b>	<b>-</b>	<b>162</b>	<b>12,307</b>	<b>12,469</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 15. Property, plant and equipment (contd.)

- (a) Leasehold land, right-of-use land and buildings, right-of-use motor vehicles and right-of-use equipment represent right-of-use assets arising from lease arrangements that do not meet the definition of investment property.
- (b) Impairment loss on property, plant and equipment of the Group amounting to RM55,916,000 had been recognised during the financial year due to the recoverable amounts of the property, plant and equipment, which were determined based on value-in-use, were lower than their carrying amounts. The value-in-use were determined using a pre tax discount rate of 8.5%.

The impairment loss recognised is in relation to property, plant and equipment under the "Property investment" and "Others" segments of the segment information in Note 3 to the financial statements amounting to RM19,471,000 and RM36,445,000 respectively.

- (c) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) 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:

Buildings	2%
Renovations	4% - 33%
Plant and machinery	5% - 20%
Motor vehicles	10% - 20%
Equipment, furniture and fittings	5% - 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.

Quarry development expenditure consists of expenditure incurred to construct infrastructure to facilitate the quarry operations. Quarry development expenditure is amortised over the extractable rock reserves period, ranging from 3 to 80 years.

The useful lives and residual values of property, plant and equipment (excluding right-of-use assets) are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates 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.

- (d) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, the right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the end of the lease term. The principal depreciation periods are as follows:

Leasehold land	over the lease period from 45 to 99 years
Land and buildings	over the lease period from 1 to 10 years
Motor vehicles and equipment	over the lease period from 1 to 10 years

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 15. Property, plant and equipment (contd.)

- (e) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Additions of property, plant and equipment	392,233	584,612	87	288
Additions via hire purchase and lease liabilities	(10,583)	(120,544)	(43)	(138)
Movement in property, plant and equipment creditor	(40,655)	-	-	-
Cash outflow for acquisition of property, plant and equipment	340,995	464,068	44	150

### 16. Intangible assets

	Software RM'000	Trademark RM'000	Operating right RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2019</b>				
<b>Cost</b>				
At beginning of financial year	66,845	50	28,463	95,358
Additions	9,965	54	5	10,024
Transfer from property, plant and equipment (Note 15)	219	-	-	219
Written off	(294)	-	-	(294)
Disposals	(175)	-	-	(175)
Exchange differences	17	-	-	17
At end of financial year	76,577	104	28,468	105,149
<b>Accumulated amortisation</b>				
At beginning of financial year	49,312	-	10,125	59,437
Amortisation charge for the year	8,045	-	22	8,067
Transfer from property, plant and equipment (Note 15)	13	-	-	13
Written off	(232)	-	-	(232)
Disposals	(156)	-	-	(156)
Exchange differences	14	-	-	14
At end of financial year	56,996	-	10,147	67,143



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 16. Intangible assets (contd.)

	Software RM'000	Trademark RM'000	Operating right RM'000	Total RM'000
<b>Group (contd.)</b>				
<b>Accumulated impairment loss</b>				
At beginning of financial year	-	-	18,173	18,173
At end of financial year	-	-	18,173	18,173
<b>Net carrying amount</b>	<b>19,581</b>	<b>104</b>	<b>148</b>	<b>19,833</b>

#### At 31 December 2018

#### Cost

At beginning of financial year	54,809	180	28,463	83,452
Additions	10,654	1	-	10,655
Transfer from property, plant and equipment (Note 15)	1,851	-	-	1,851
Written off	(463)	(1)	-	(464)
Disposals	(22)	(130)	-	(152)
Exchange differences	16	-	-	16
At end of financial year	66,845	50	28,463	95,358

#### Accumulated amortisation

At beginning of financial year	39,712	131	2,447	42,290
Amortisation charge for the year	9,962	-	7,678	17,640
Transfer from property, plant and equipment (Note 15)	72	-	-	72
Written off	(429)	-	-	(429)
Disposals	(14)	(131)	-	(145)
Exchange differences	9	-	-	9
At end of financial year	49,312	-	10,125	59,437

#### Accumulated impairment loss

At beginning of financial year	-	-	25,829	25,829
Reversal of impairment	-	-	(7,656)	(7,656)
At end of financial year	-	-	18,173	18,173
<b>Net carrying amount</b>	<b>17,533</b>	<b>50</b>	<b>165</b>	<b>17,748</b>

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives.

#### 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 to 5 years.

#### Operating right

Operating right relates to the exclusive right granted by a third party to operate and manage the park and ride facilities in Sunway. Operating right has finite useful life and is amortised over its estimated useful life of 30 years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 17. Investment properties

	Group 2019 RM'000	2018 RM'000
Investment properties	2,004,191	1,833,637
Investment properties under construction	323,426	109,107
	<b>2,327,617</b>	<b>1,942,744</b>

Investment properties	Group 2019 RM'000	2018 RM'000
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#### At valuation

At beginning of financial year	1,833,637	2,017,982
Additions	218,089	93,841
Transfers (to)/from:		
- property, plant and equipment (Note 15)	3,429	(11,469)
- property development costs (Note 18(b))	-	175,000
- properties held for sale	-	13,700
- land held for development (Note 18(a))	(4,706)	7,187
- investment properties under construction	(86,930)	538
- non-current asset classified as held for sale (Note 35)	-	(486,128)
Fair value adjustments:		
- gains*	48,462	43,432
- losses	(11,323)	(20,383)
Exchange differences	3,533	(63)
At end of financial year	<b>2,004,191</b>	<b>1,833,637</b>

\* Pursuant to this, the fair value gains on investment properties are derived from gross fair value gains amounting to RM49,934,000 (2018: RM46,362,000) and an adjustment of RM1,472,000 (2018: RM2,930,000).

The investment properties consist of the following:

	Group 2019 RM'000	2018 RM'000
Long term leasehold land	295,780	372,916
Freehold land	124,105	121,695
Buildings	1,584,306	1,339,026
	<b>2,004,191</b>	<b>1,833,637</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 17. Investment properties (contd.)

The carrying amounts of the properties as at 31 December 2019 and 31 December 2018 were based on valuations carried out by C H Williams Talhar & Wong Sdn. Bhd. and Knight Frank Malaysia Sdn. Bhd.. Fair value is determined primarily based on investment and comparison approaches. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use.

Investment properties under construction	Group	
	2019 RM'000	2018 RM'000
<b>At cost</b>		
At beginning of financial year	109,107	48,778
Additions	127,432	60,896
Transfers (to)/from:		
- property, plant and equipment (Note 15)	(66)	(325)
- property development costs (Note 18(b))	25	296
- investment properties	86,930	(538)
Exchange differences	(2)	-
At end of financial year	323,426	109,107

The investment properties under construction consist of the following:

	Group	
	2019 RM'000	2018 RM'000
Long term leasehold land	162,454	14,043
Buildings	160,972	95,064
	323,426	109,107

- (a) Long term leasehold land represent right-of-use assets arising from lease arrangements that meet the definition of investment property.
- (b) Investment properties (excluding right-of-use assets) are initially measured at cost, including transaction costs. Investment properties under right-of-use assets are initially measured at costs, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases. Subsequent to initial recognition, investment properties are measured at fair value, which reflects market conditions at the end of the reporting period and changes in fair value are included in profit or loss. Fair value gain would be adjusted after taking into consideration of the difference in recognising the rental income on a straight-line basis over the lease term and rental income billed to the tenant in the current financial year, where applicable.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

External valuers are involved for valuation of significant assets. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers of the Group, which valuation techniques and inputs to use for each case and compares changes in fair value with relevant external sources to determine whether the change is reasonable. Management also verifies major inputs by agreeing information in the valuation to contracts and other relevant documents.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 17. Investment properties (contd.)

- (c) The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment properties:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2019</b>				
Investment properties:				
Commercial properties	-	195,402	610,086	805,488
Education properties	-	123,847	205,438	329,285
Leisure properties	-	2,518	12,400	14,918
Residential properties	-	677,238	-	677,238
Other properties	-	177,262	-	177,262
	-	1,176,267	827,924	2,004,191

#### At 31 December 2018

Investment properties:				
Commercial properties	-	192,481	581,786	774,267
Education properties	-	96,327	209,473	305,800
Leisure properties	-	1,357	12,400	13,757
Residential properties	-	456,860	-	456,860
Other properties	-	282,953	-	282,953
	-	1,029,978	803,659	1,833,637

#### Fair value reconciliation of investment properties measured at Level 3

	Commercial RM'000	Education RM'000	Leisure RM'000	Total RM'000
<b>At 1 January 2019</b>	581,786	209,473	12,400	803,659
Re-measurement recognised in				
profit or loss	27,230	(4,035)	-	23,195
Additions	1,070	-	-	1,070
<b>At 31 December 2019</b>	610,086	205,438	12,400	827,924



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**17. Investment properties (contd.)**

- (c) The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment properties: (contd.)

**Fair value reconciliation of investment properties measured at Level 3 (contd.)**

	Commercial RM'000	Education RM'000	Leisure RM'000	Total RM'000
<b>At 1 January 2018</b>	498,772	699,590	12,400	1,210,762
Re-measurement recognised in profit or loss	5,019	(4,527)	-	492
Additions	64,295	-	-	64,295
Transfers from/(to):				
- investment property under construction	-	538	-	538
- non-current asset held for sale (Note 35)	-	(486,128)	-	(486,128)
- properties held for sale	13,700	-	-	13,700
<b>At 31 December 2018</b>	581,786	209,473	12,400	803,659

- (d) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
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**At 31 December 2019**

<b>Commercial</b>	Investment method	Estimated rental value per square feet per month	RM0.50 - RM47.92	Higher estimated rental, higher fair value.
		Estimated rental value per parking bay per month	RM129.00 - RM168.40	
		Estimated outgoings per square feet per month	RM1.25 - RM6.78	Higher estimated outgoings, lower fair value.
		Estimated outgoings per parking bay per month	RM Nil - RM37.10	
		Void allowance	5.00% - 10.00%	Higher range of inputs, lower fair value.
		Market yield rate	6.25% - 8.00%	
		Discount rate	6.50% - 7.50%	

**NOTES TO THE FINANCIAL STATEMENTS  
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**17. Investment properties (contd.)**

- (d) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: (contd.)

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
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**At 31 December 2019 (contd.)**

<b>Commercial (contd.)</b>	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-10.00% to 20.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM80.00 - RM110.00	Higher estimated replacement cost, lower fair value.
		Depreciation rate	25.00%	Higher depreciation rate, lower fair value.
<b>Education</b>	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-30.00% to 15.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM230.00 to RM250.00	Higher estimated replacement cost, lower fair value.
		Depreciation rate	10.00% to 22.00%	Higher depreciation rate, lower fair value.
<b>Leisure</b>	Investment method	Estimate rental value per square feet per month	RM1.75	Higher estimated rental, higher fair value.
		Estimated outgoings per square feet per month	RM0.07	Higher estimated outgoings, lower fair value.
		Void allowance	5.00%	Higher range of inputs, lower fair value.
	Cost method	Market yield rate	3.50% to 6.75%	
		Discount rate	6.75%	Higher differential rate, lower fair value.
		Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-30.00% to 30.00%	
		Estimated replacement cost per square feet	RM90 to RM200	Higher estimated replacement cost, lower fair value.
		Depreciation rate	15.00% to 50.00%	Higher depreciation rate, lower fair value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

17. Investment properties (contd.)

(d) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: (contd.)

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
At 31 December 2018				
Commercial	Investment method	Estimated rental value per square feet per month	RM0.50 - RM45.14	Higher estimated rental, higher fair value.
		Estimated rental value per parking bay per month	RM122.50 - RM135.19	
		Estimated outgoings per square feet per month	RM1.35 - RM6.57	Higher estimated outgoings, lower fair value.
		Estimated outgoings per parking bay per month	RM Nil - RM35.39	
	Cost method	Void allowance	5.00% - 10.00%	Higher range of inputs, lower fair value.
		Market yield rate	6.25% - 7.50%	
		Discount rate	6.50% - 7.50%	
		Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-10.00% to 20.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM80.00 - RM100.00	
		Depreciation rate	20.00%	Higher depreciation rate, lower fair value.
Education	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-25.00% to 20.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM230.00 to RM250.00	Higher estimated replacement cost, lower fair value.
		Depreciation rate	8.00% to 20.00%	Higher depreciation rate, lower fair value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

17. Investment properties (contd.)

(d) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: (contd.)

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
At 31 December 2018 (contd.)				
Leisure	Investment method	Estimate rental value per square feet per month	RM1.75	Higher estimated rental, higher fair value.
		Estimated outgoings per square feet per month	RM0.06	Higher estimated outgoings, lower fair value.
		Void allowance	5.00%	Higher range of inputs, lower fair value.
		Market yield rate	6.50%	
	Cost method	Discount rate	6.50%	Higher differential rate, lower fair value.
		Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-10.00% to 10.00%	
		Estimated replacement cost per square feet	RM90 to RM160	Higher estimated replacement cost, lower fair value.
		Depreciation rate	13.00% to 40.00%	Higher depreciation rate, lower fair value.

(e) Methods of valuation

Comparison method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

Buildings under construction are valued by reference to the total development costs incurred to date plus profits expected from its designated usage, discounted to their present value at a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

All investment properties valued using the comparison method are categorised as Level 2 in the fair value hierarchy.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 17. Investment properties (contd.)

#### (e) Methods of valuation (contd.)

##### Investment method

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and outgoings per annum in isolation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield and discount rate in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

### 18. Inventories

	Note	Group 2019 RM'000	2018 RM'000
<b>Non-current</b>			
Land held for property development			
- At cost		1,673,268	1,670,003
- At net realisable value		1,308	1,308
	(a)	1,674,576	1,671,311
<b>Current</b>			
At cost:			
Properties held for sale		182,796	173,659
Trading inventories		391,300	389,228
Food and beverages		1,646	1,936
Consumables		2,796	3,562
Raw materials		42,998	25,076
Work in progress		2,295	4,316
Finished goods		96,935	122,105
		720,766	719,882

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 18. Inventories (contd.)

	Note	Group 2019 RM'000	2018 RM'000
Property development costs	(b)	1,353,564	1,109,511
At net realisable value:			
Properties held for sale		1,700	2,875
Trading inventories		26,026	25,667
		27,726	28,542
		2,102,056	1,857,935
Non-current		1,674,576	1,671,311
Current		2,102,056	1,857,935
		3,776,632	3,529,246

#### (a) Land held for property development

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2019</b>				
At beginning of financial year	818,498	345,183	507,630	1,671,311
Additions	11,505	23,105	51,326	85,936
Net transfers from/(to):				
- Property development costs (Note 18(b))	(112,064)	-	24,687	(87,377)
- Investment properties (Note 17)	-	4,706	-	4,706
Reclassifications	(76,609)	122,945	(46,336)	-
At end of financial year	641,330	495,939	537,307	1,674,576

#### At 31 December 2018

At beginning of financial year	1,187,015	174,184	320,928	1,682,127
Additions	74,848	12,386	53,194	140,428
Reversal of over-accrued cost	(68,078)	-	-	(68,078)
Net transfers from/(to):				
- Property, plant and equipment (Note 15)	-	451	-	451
- Property development costs (Note 18(b))	(5,140)	-	(2,480)	(7,620)
- Investment properties (Note 17)	-	(7,187)	-	(7,187)
Write down of land held for development	-	(146)	-	(146)
Reclassifications	(301,483)	165,495	135,988	-
Loss of control of a subsidiary	(68,664)	-	-	(68,664)
At end of financial year	818,498	345,183	507,630	1,671,311

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 18. Inventories (contd.)

(b) Property development costs

Group	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Cumulative costs recognised in profit or loss RM'000	Total RM'000
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#### At 31 December 2019

At beginning of financial year	555,785	352,982	3,485,471	(3,284,727)	1,109,511
Costs incurred during the year	56,611	103,975	314,385	-	474,971
Recognised during the year (Note 6)	-	-	-	(242,785)	(242,785)
Acquisition of a subsidiary	-	-	2,343	-	2,343
Exchange differences	-	(1,606)	(7,863)	8,680	(789)
Reclassifications	5,180	10,279	(15,459)	-	-
Net transfers from/(to):					
- Land held for property development (Note 18(a))	112,064	-	(24,687)	-	87,377
- Investment properties under construction (Note 17)	-	-	(25)	-	(25)
- Property, plant and equipment (Note 15)	-	(402)	-	-	(402)
- Inventories - Properties held for resale	(6,302)	-	(70,335)	-	(76,637)
Reversal of completed projects	(15,436)	(22,044)	(458,414)	495,894	-
<b>Property development costs at end of financial year</b>	<b>707,902</b>	<b>443,184</b>	<b>3,225,416</b>	<b>(3,022,938)</b>	<b>1,353,564</b>

#### At 31 December 2018

At beginning of financial year	511,184	341,138	3,324,086	(3,069,202)	1,107,206
Costs incurred during the year	40,407	31,111	466,045	-	537,563
Recognised during the year (Note 6)	-	-	-	(362,142)	(362,142)
Reversal of over-accrued costs	-	-	(2,448)	-	(2,448)
Exchange differences	-	(812)	(6,080)	6,322	(570)
Reclassifications	(946)	946	-	-	-
Net transfers from/(to):					
- Land held for property development (Note 18(a))	5,140	-	2,480	-	7,620
- Investment properties (Note 17)	-	-	(175,000)	-	(175,000)
- Investment properties under construction (Note 17)	-	-	(296)	-	(296)
Reversal of completed projects	-	(18,822)	(121,473)	140,295	-
Loss of control of a subsidiary	-	(579)	(1,843)	-	(2,422)
<b>Property development costs at end of financial year</b>	<b>555,785</b>	<b>352,982</b>	<b>3,485,471</b>	<b>(3,284,727)</b>	<b>1,109,511</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 18. Inventories (contd.)

- (i) Long term leasehold land represents costs incurred as a consequence of having used the right-of-use assets to produce inventories during the financial year in accordance with MFRS 102 *Inventories*.
- (ii) Land held for property development is classified within non-current assets and is stated at lower of cost and net realisable value.
- (iii) Property development costs not recognised as an expense are recognised as an asset measured at lower of cost and net realisable value. The asset is subsequently credited over to profit or loss and recognised as an expense when the control of the asset is transferred to the customer.

The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred.

Substantial changes in cost estimates can have a significant effect on the profitability of the Group in future periods. In making the above judgement, the Group relies on past experience and work of specialists. Transaction price are determined based on estimated profit margins prior to its allocation to the identified performance obligations.

- (iv) Completed properties held for sale are stated at the lower of cost and net realisable value. Cost consists of cost associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable for developing the properties until completion.
- (v) Costs of trading inventories, food and beverages and consumables are determined on a weighted average basis, while cost of raw material, work in progress and finished goods is determined on a weighted average and first in, first out basis.
- (vi) The amount of inventories recognised as an expense during the financial year are included in the cost of sales of the Group as disclosed in Note 6 to the financial statements.
- (vii) A write down of inventories to net realisable value and write off of inventories of RM3,417,000 (2018: RM2,280,000) and RM2,149,000 (2018: RM1,343,000) respectively were made during the year.
- (viii) The Group reversed RM4,780,000 (2018: RM877,000) in respect of inventories written down in the previous financial years that were subsequently not required as the Group was able to sell those inventories above their carrying amounts.
- (ix) Interest expense capitalised under property development costs and land held for development costs of the Group amounted to RM38,659,000 (2018: RM29,072,000) and RM65,240,000 (2018: RM60,351,000) at interest rates ranging from 3.70% to 5.98% (2018: 4.23% to 5.72%) respectively.



NOTES TO THE FINANCIAL STATEMENTS  
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19. Investments in subsidiaries

	Company	
	2019 RM'000	2018 RM'000
<b>At cost</b>		
Unquoted ordinary shares	209,625	368,868
Unquoted preference shares	4,943,057	4,473,811
	<b>5,152,682</b>	4,842,679

- (a) Investment in subsidiary is stated in the separate financial statements at cost. Written put options 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.
- (b) All 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 a 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.
- (c) The Company and/or its subsidiaries review the investments in subsidiaries for impairment when there is an indication of impairment.

The recoverable amounts of the investments in subsidiaries are assessed by reference to the fair value less cost to sell of the underlying assets or the value-in-use of the respective subsidiaries.

The value-in-use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate pre-tax discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to support their income and cash flows. Judgement had also been used to determine the pre-tax discount rate for the cash flows and the future growth rate of the business of the entities.

- (d) During the financial year, the Group completed the following acquisitions and disposals of shares, incorporation of companies, and deregistration and strike off of subsidiaries:
- (i) On 11 January 2019, Sunway Geotechnics (M) Sdn. Bhd., a wholly-owned subsidiary of Sunway Construction Sdn. Bhd. ("SunCon"), which in turn is a subsidiary of the Company, had incorporated a new subsidiary known as Sunway CT Geotechnics Pte. Ltd. ("Sunway CT") with paid-up share capital of SGD10,000 comprising 10,000 ordinary shares. Sunway Geotechnics (M) Sdn. Bhd. had subscribed for 5,500 ordinary shares in Sunway CT at an issue price of SGD1 each, representing 55% equity interest in the share capital of Sunway CT;
- (ii) On 16 January 2019, Sunway Cavity Wall Panel (S) Pte. Ltd., a wholly-owned subsidiary of Sunway Holdings Sdn. Bhd. ("SHSB"), which in turn is wholly-owned by the Company, had been struck off pursuant to Section 344A of the Singapore Companies Act, Cap. 50;
- (iii) On 18 January 2019, Sunway Medical Centre Sdn. Bhd., a subsidiary of Sunway City Sdn. Bhd. ("SunCity"), which in turn is wholly-owned by the Company, had incorporated 2 new subsidiaries known as Sunway Medical Centre Kota Bharu Sdn. Bhd. and Sunway Medical Centre Ipoh Sdn. Bhd. with paid-up share capital of RM2 comprising 2 ordinary shares each;
- (iv) On 29 January 2019, SHSB had disposed of 400,000 ordinary shares, representing 15.38% equity interest in the share capital of Monumental Productions Sdn. Bhd. for cash consideration of RM20 pursuant to the call option agreement relating to ordinary shares of Monumental Productions Sdn. Bhd. dated 7 November 2016;
- (v) On 27 February 2019, SHSB had incorporated a new subsidiary known as Sunway iLabs Accelerator Sdn. Bhd. (formerly known as Sunway Factoring Sdn. Bhd.) with paid-up share capital of RM1 comprising 1 ordinary share;
- (vi) On 7 March 2019, SunCity had incorporated a new subsidiary known as Sunway Property Management Sdn. Bhd. with paid-up share capital of RM2 comprising 2 ordinary shares;

NOTES TO THE FINANCIAL STATEMENTS  
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19. Investments in subsidiaries (contd.)

- (d) During the financial year, the Group completed the following acquisitions and disposals of shares, incorporation of companies, and deregistration and strike off of subsidiaries: (contd.)
- (vii) On 29 March 2019, SHSB had entered into a Share Sale Agreement ("SSA") to acquire the entire equity interest in Blacktop Industries Sdn. Bhd. at a total indicative purchase consideration of RM70,091,545.77, which are payable in 2 tranches. On 25 July 2019, the SSA became unconditional upon fulfilment of the conditions stipulated in the SSA. The first tranche of the purchase consideration was completed on the same date for a cash consideration of RM42,054,927.46 and consequently Blacktop Group became subsidiaries of the Group;
- (viii) On 29 March 2019, Sunway Construction (Caribbean) Limited ("SCCL"), a wholly-owned subsidiary of SunCon, had applied to the Registrar General of Companies of the Republic of Trinidad and Tobago for the deregistration pursuant to the Companies Act of the Republic of Trinidad and Tobago;
- (ix) On 12 April 2019, Sunway City (S'pore) Pte. Ltd., a wholly-owned subsidiary of SunCity, had incorporated a new subsidiary known as Sunway Property (Australia) Pty. Ltd. with paid-up share capital of AUD2 comprising 2 ordinary shares;
- (x) On 18 April 2019, Sunway Pyramid Sdn. Bhd., a wholly-owned subsidiary of SunCity, had been dissolved by way of member's voluntary winding up;
- (xi) On 6 May 2019, Sunway Crest Sdn. Bhd., a wholly-owned subsidiary of SunCity, had been dissolved by way of member's voluntary winding up;
- (xii) On 16 May 2019, Sunway City (S'pore) Pte. Ltd., had incorporated a new subsidiary known as Sunway Property Development (Zhuhai) Co. Ltd. with a total registered capital of RMB10,000,000;
- (xiii) On 20 June 2019, Sunway Geotechnics (M) Sdn. Bhd. had further subscribed for 8,250 ordinary shares in Sunway CT, representing a total of 55% equity interest in the share capital of Sunway CT for cash consideration of SGD8,250;
- (xiv) On 27 June 2019, Sunway Engineering Sdn. Bhd., a wholly-owned subsidiary of SunCon, had incorporated a new subsidiary known as Sunway Pekat Solar Sdn. Bhd. with paid-up share capital of RM10 comprising 10 ordinary shares. Sunway Engineering Sdn. Bhd. had subscribed for 6 ordinary shares in Sunway Pekat Solar Sdn. Bhd. for cash consideration of RM6, representing 60% equity interest in Sunway Pekat Solar Sdn. Bhd.;
- (xv) On 1 July 2019, Sunway Marketing Sdn. Bhd., a wholly-owned subsidiary of SHSB, had acquired the remaining 15% equity interest comprising 15,000 ordinary shares in the share capital of Sunway Hose Centre Sdn. Bhd. for cash consideration of RM132,971;
- (xvi) On 1 July 2019, Sunway Marketing Sdn. Bhd. had acquired the remaining 15% equity interest comprising 150,000 ordinary shares in the share capital of Sunway Marketing (East Malaysia) Sdn. Bhd. for cash consideration of RM1,287,346;
- (xvii) On 8 July 2019, SHSB had acquired 243,472 ordinary shares, representing 3.41% in Sunway Winstar Sdn. Bhd. ("Sunway Winstar"), a subsidiary of SHSB for cash consideration of RM5,092,014;
- (xviii) On 19 July 2019, PT Sunway Trek Masindo, a subsidiary of Sunway Marketing (S) Pte. Ltd., which in turn is wholly-owned by SHSB, had incorporated a new subsidiary known as PT Sunway Distribusi Indonesia ("PTSDI") with paid-up share capital of IDR2,500,000,000 comprising 25,000 ordinary shares of IDR100,000 each. PT Sunway Trek Masindo had subscribed for 16,750 ordinary shares in PTSDI, representing 67% equity interest in PTSDI for cash consideration of IDR1,675,000,000;
- (xix) On 14 October 2019, Sunway Winstar had acquired 2 ordinary shares in Sunway United Star Sdn. Bhd. for cash consideration of RM2;
- (xx) On 16 October 2019, Sunway RE Capital Pte. Ltd., which is wholly-owned by SunCity, had established a private trust known as Sunway Residence Trust ("the Trust") in Singapore;
- (xxi) On 22 October 2019, the Trust had incorporated a new subsidiary known as Sunway Residence (Guernsey) Limited with paid-up share capital of £1 comprising 1 ordinary share;

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 19. Investments in subsidiaries (contd.)

- (d) During the financial year, the Group completed the following acquisitions and disposals of shares, incorporation of companies, and deregistration and strike off of subsidiaries: (contd.)
- (xxii) On 24 October 2019, Sunway RE Capital Advisors (SG) Pte. Ltd. ("SG Fund Manager"), had incorporated a new subsidiary known as Sunway RE Capital Advisors (UK) Limited ("UK Fund Manager") with issued share capital of £100,000 comprising 100,000 ordinary shares of £1 each. The SG Fund Manager will own 85% equity interest in the UK Fund Manager;
- (xxiii) On 25 November 2019, SunCity had acquired 2 ordinary shares, representing 100% equity interest in Sterling Paradise Sdn. Bhd. for cash consideration of RM15 million;
- (xxiv) On 13 December 2019, Sunway Hsing Yeat Sdn. Bhd., a wholly-owned subsidiary of Sunway Winstar, had disposed of 500,002 ordinary shares, representing its entire interest in North Star Marketing Sdn. Bhd. to SunCity for cash consideration of RM527,086;
- (xxv) On 26 December 2019, Sunway Engineering Sdn. Bhd. had further subscribed for 6,000 ordinary shares, representing 60% equity interest in Sunway Pekat Solar Sdn. Bhd. for cash consideration of RM6,000; and
- (xxvi) On 31 December 2019, Sun SEA Capital Management Ltd., a wholly-owned subsidiary of SHSB, had been struck off pursuant to Section 156 of the Companies Law of the Cayman Islands (Revised).
- (e) On 23 October 2019, Monumental Productions Sdn. Bhd. had an injection of capital from non-controlling interest which reduces the equity interest from 46.16% to 44.44%.
- (f) On 4 March 2019, the Company disposed of its entire ordinary shares in Sunway Treasury Sdn. Bhd. ("STSB"), Sunway REIT Holdings Sdn. Bhd. ("SRH"), Sunway Medical Centre Sdn. Bhd. ("SMC") and Sunway Lagoon Club Berhad ("SLCB"), to SunCity for a total consideration of RM469,246,319, which is satisfied by the issuance and allotment of preference shares in SunCity to the Company ("Internal Reorganisation"). Upon completion of the Internal Reorganisation, STSB, SRH, SMC and SLCB became direct subsidiaries of SunCity. The Company has recognised a gain on disposal of subsidiaries amounting to RM310,003,000 during the financial year in relation to the Internal Reorganisation.

The Internal Reorganisation did not have any effect on the issued and paid-up share capital of the Company or its major shareholders' shareholdings or any material effect on the earnings, net assets or gearing of the Group on a consolidated basis.

- (g) Acquisition of Sterling Paradise Sdn. Bhd.

On 25 November 2019, SunCity had acquired 2 ordinary shares, representing 100% equity interest in Sterling Paradise Sdn. Bhd. for cash consideration of RM15 million.

The fair value and the carrying amounts of the identifiable assets and liabilities of Sterling Paradise Sdn. Bhd. as at the date of acquisition were as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Inventories	2,343	2,343
Receivables	45,000	45,000
Cash and bank balances *	-	-
	<b>47,343</b>	<b>47,343</b>
Payables	32,346	32,346
Total identifiable net asset	14,997	
Goodwill on acquisition	3	
Total cost of acquisition	<b>15,000</b>	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 19. Investments in subsidiaries (contd.)

- (g) Acquisition of Sterling Paradise Sdn. Bhd. (contd.)

The effects of the acquisition on cash flows of the Group are as follows:

	RM'000
Total consideration for equity interest acquired	15,000
Less: Cash and cash equivalents of subsidiary acquired *	-
Net cash outflow of the Group on acquisition	<b>15,000</b>

\* Represents cash and bank balances of RM2.

- (h) Acquisition of Blacktop Industries Sdn. Bhd. and its subsidiaries ("Blacktop Group")

On 29 March 2019, SHSB had entered into a Share Sale Agreement ("SSA") to acquire the entire equity interest in Blacktop Industries Sdn. Bhd. at a total indicative purchase consideration of RM70,091,545.77, which are payable in 2 tranches. On 25 July 2019, the SSA became unconditional upon fulfilment of the conditions stipulated in the SSA. The first tranche of the purchase consideration was completed on the same date for a cash consideration of RM42,054,927.46 and consequently Blacktop Group became subsidiaries of the Group.

The fair value and the carrying amounts of the identifiable assets and liabilities of Blacktop Group as at the date of acquisition were as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Property, plant and equipment	51,993	47,574
Goodwill	4	4
Inventories	9,034	9,034
Tax recoverable	6,137	6,137
Receivables	53,820	53,820
Cash and bank balances	60,352	60,352
	<b>181,340</b>	<b>176,921</b>
Payables	82,935	82,935
Deferred tax liabilities	2,620	2,399
Hire purchase and lease liabilities	5,191	5,191
Borrowings	6,399	6,399
	<b>97,145</b>	<b>96,924</b>
Total identifiable net assets	84,195	
Less: Non-controlling interest	(14,241)	
Share of net assets of the Group	69,954	
Goodwill on acquisition	138	
Total cost of acquisition	<b>70,092</b>	



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 19. Investments in subsidiaries (contd.)

- (h) Acquisition of Blacktop Industries Sdn. Bhd. and its subsidiaries ("Blacktop Group") (contd.)

The consideration transferred for the acquisition of Blacktop Group are as follows:

	RM'000
Cash paid (first tranche)	42,055
Contingent considerations recognised as at acquisition date (second tranche)	28,037
Total considerations	70,092

The second tranche contingent consideration, which have been agreed upon as part of the SSA with the previous owners of Blacktop Group will be the aggregate net asset value per share of the company as at 25 July 2020 multiplied by the total number of second tranche sale shares.

The fair value of the contingent considerations were estimated at RM28,036,618.31 at the acquisition date.

The effects of the acquisition on cash flows of the Group are as follows:

	RM'000
Total consideration for equity interest acquired	42,055
Less: Cash and cash equivalents of subsidiary acquired	(60,352)
Net cash inflow of the Group on acquisition	(18,297)

- (i) The other acquisitions, winding up and strike off of subsidiaries did not have any material effect on the financial results and position of the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 19. Investments in subsidiaries (contd.)

- (j) 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 non-controlling interests of the other companies are not material to the Group.

- (i) Summarised statements of financial position

	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Total RM'000
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#### At 31 December 2019

Non-current assets	194,380	121,333	211,931	527,644
Current assets	318,655	9,378	1,699,891	2,027,924
Total assets	513,035	130,711	1,911,822	2,555,568

Non-current liabilities	24,276	-	159,658	183,934
Current liabilities	124,697	297	1,122,629	1,247,623
Total liabilities	148,973	297	1,282,287	1,431,557

<b>Net assets</b>	<b>364,062</b>	<b>130,414</b>	<b>629,535</b>	<b>1,124,011</b>
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Equity attributable to owners of the parent	212,391	92,684	309,650	614,725
Non-controlling interests	151,671	37,730	319,885	509,286

<b>Total equity</b>	<b>364,062</b>	<b>130,414</b>	<b>629,535</b>	<b>1,124,011</b>
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#### At 31 December 2018

Non-current assets	173,221	121,333	234,207	528,761
Current assets	247,134	8,415	1,527,163	1,782,712
Total assets	420,355	129,748	1,761,370	2,311,473

Non-current liabilities	29,200	-	100,098	129,298
Current liabilities	46,456	206	1,064,392	1,111,054
Total liabilities	75,656	206	1,164,490	1,240,352

<b>Net assets</b>	<b>344,699</b>	<b>129,542</b>	<b>596,880</b>	<b>1,071,121</b>
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Equity attributable to owners of the parent	200,659	92,222	290,761	583,642
Non-controlling interests	144,040	37,320	306,119	487,479

<b>Total equity</b>	<b>344,699</b>	<b>129,542</b>	<b>596,880</b>	<b>1,071,121</b>
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 19. Investments in subsidiaries (contd.)

(j) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Total RM'000
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#### At 31 December 2019

Revenue	13,098	-	1,768,727	1,781,825
Profit for the year	20,880	1,367	130,330	152,577
Other comprehensive loss	-	-	(551)	(551)
Total comprehensive income	20,880	1,367	129,779	152,026

Profit attributable to:

- owners of the parent	15,036	957	70,559	86,552
- non-controlling interests	5,844	410	59,771	66,025

Total comprehensive income attributable to:

- owners of the parent	15,036	957	70,008	86,001
- non-controlling interests	5,844	410	59,771	66,025

#### At 31 December 2018

Revenue	13,001	-	2,256,835	2,269,836
(Loss)/Profit for the year	(2,488)	1,781	145,020	144,313
Other comprehensive income	-	-	416	416
Total comprehensive (loss)/income	(2,488)	1,781	145,436	144,729

(Loss)/Profit attributable to:

- owners of the parent	(1,847)	1,247	78,764	78,164
- non-controlling interests	(641)	534	66,256	66,149

Total comprehensive

(loss)/income attributable to:

- owners of the parent	(1,847)	1,247	79,180	78,580
- non-controlling interests	(641)	534	66,256	66,149

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 19. Investments in subsidiaries (contd.)

(j) (contd.)

(iii) Summarised statements of cash flows

	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Total RM'000
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#### At 31 December 2019

Net cash generated from/(used in):

- operating activities	35,747	1,610	188,069	225,426
- investing activities	(121,010)	(7,000)	(51,350)	(179,360)
- financing activities	(24,034)	-	71,576	47,542

Net (decrease)/increase in cash and cash equivalents

	(109,297)	(5,390)	208,295	93,608
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Effects of foreign exchange rates changes

	-	-	(525)	(525)
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Cash and cash equivalents at beginning of the year

	113,697	7,040	484,666	605,403
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Cash and cash equivalents at end of the year

	4,400	1,650	692,436	698,486
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#### At 31 December 2018

Net cash generated from/(used in):

- operating activities	7,010	1,463	188,750	197,223
- investing activities	(1,226)	-	(74,235)	(75,461)
- financing activities	(5,156)	(1)	(118,032)	(123,189)

Net increase/(decrease) in cash and cash equivalents

	628	1,462	(3,517)	(1,427)
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Effects of foreign exchange rates changes

	-	-	943	943
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Cash and cash equivalents at beginning of the year

	113,069	5,578	487,240	605,887
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Cash and cash equivalents at end of the year

	113,697	7,040	484,666	605,403
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## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 20. Investments in associates

	Group	
	2019 RM'000	2018 RM'000
Unquoted shares at cost	120,645	120,445
Quoted shares at cost	1,846,632	1,846,632
Share of post-acquisition distributable reserves	348,941	284,482
Share of non-distributable reserves	28,110	26,239
Unrealised profit arising from sale of assets to associate	(68,782)	(42,057)
	2,275,546	2,235,741
Less: Accumulated impairment losses	(151,706)	(151,712)
	2,123,840	2,084,029
Dividend received	117,012	112,073
Market value of quoted shares	2,215,686	2,105,586

- (a) Investment in associate is stated at cost less accumulated impairment losses in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.
- (b) The financial year end of the associates are coterminous with those of the Group, except for Pyramid Bowl Sdn. Bhd., which has a financial year end of 31 March and Sunway REIT, which has a financial year end of 30 June. Management accounts of these associates for the financial year ended 31 December 2019 have been used for the purpose of applying the equity method of accounting.
- (c) During the previous financial year, an impairment loss of RM16,000 on investment in an associate has been recognised due to declining business operation.
- (d) During the financial year, a reversal of impairment loss of RM6,000 on investment in an associate has been recognised due to improving business operation.
- (e) Details of the associates are as follows:

Name of companies	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
<b>(i) Associate of Sunway City (S'pore) Pte. Ltd.</b>				
Sunway MAK International Private Limited #	India	Property development	26.35	26.35
<b>(ii) Associate of Sunway Leisure Sdn. Bhd.</b>				
Pyramid Bowl Sdn. Bhd. #	Malaysia	Bowling alley	40	40

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 20. Investments in associates (contd.)

- (e) Details of the associates are as follows: (contd.)

Name of companies	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
<b>(iii) Associate of Sunway Holdings Sdn. Bhd.</b>				
Sungei Way-Saigon-Pilecon Engineering Company #	Vietnam	Dormant	42.3	42.3
<b>(iv) Associate of Fortuna Gembira Enterpris Sdn. Bhd.</b>				
Gopeng Berhad #	Malaysia	Cultivation of oil palm, investment holding and property development	19.33	19.33
<b>(v) Associate of Sunway Marketing Sdn. Bhd.</b>				
Buildtrend B.S.G. (M) Sdn. Bhd. #	Malaysia	Distribution of architectural building products and sanitary wares	30	30
<b>(vi) Associate of Sunway Builders Sdn. Bhd.</b>				
ISZL Consortium #	Unincorporated Abu Dhabi	Construction	13.64	13.61
<b>(vii) Associate of Sunway REIT Holdings Sdn. Bhd.</b>				
Sunway Real Estate Investment Trust ("Sunway REIT")	Malaysia	Investment in real estate	40.88	40.88

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 20. Investments in associates (contd.)

(e) Details of the associates are as follows: (contd.)

			Effective interest in equity	
Name of companies	Country of incorporation	Principal activities	2019 %	2018 %
(viii) Associate of Monumental Productions Sdn. Bhd.				
Her Network Sdn. Bhd. # ("Her Network")	Malaysia	Online digital video production	9.33	12.92
GH Productions Sdn. Bhd. # ("GH Productions")	Malaysia	Online digital video production	11.11	15.39
TMT Entertainment Sdn. Bhd. # ("TMT")	Malaysia	Online digital video production	4.44	6.15
Vitdaily Media Sdn. Bhd. # ("Vitdaily")	Malaysia	Online digital video production	11.11	15.39
Foodiver Media Sdn. Bhd. # ("Foodiver")	Malaysia	Online digital video production	15.55	-
(ix) Associate of Sunway Developments Pte. Ltd.				
Elite Commercial REIT # (formerly known as Elite UK Commercial Fund)	Singapore	Investment in real estate	21.05	21.05

# Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

(f) Significant influence is presumed to not exist when an entity hold less than 20% of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group holds a nineteen point three three percent (19.33%) interest in Gopeng Berhad ("Gopeng") for which the Group has determined that it holds significant influence as the Group has two representatives on the Board of Directors of Gopeng, who are able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

The Group holds a nine point three three percent (9.33%) (2018: twelve point nine two percent (12.92%)) interest in Her Network for which the Group has determined that it holds significant influence as the Group has a representative on the Board of Directors of Her Network, who is able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

The Group holds a eleven point eleven percent (11.11%) (2018: fifteen point three nine percent (15.39%)) interest in GH Productions for which the Group has determined that it holds significant influence as the Group has a representative on the Board of Directors of GH Productions, who is able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 20. Investments in associates (contd.)

(f) (contd.)

The Group holds a four point four four percent (4.44%) (2018: six point one five percent (6.15%)) interest in TMT for which the Group has determined that it holds significant influence as the Group has a representative on the Board of Directors of TMT, who is able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

The Group holds a eleven point eleven percent (11.11%) (2018: fifteen point three nine percent (15.39%)) interest in Vitdaily for which the Group has determined that it holds significant influence as the Group has a representative on the Board of Directors of Vitdaily, who is able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

The Group holds a fifteen point five five percent (15.55%) interest in Foodiver for which the Group has determined that it holds significant influence as the Group has a representative on the Board of Directors of Foodiver, who is able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

Based on these, the Group considers that it has the power to exercise significant influence and has treated its interests in Gopeng, Her Network, GH Productions, TMT, Vitdaily and Foodiver as associates.

(g) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market prices at the close of the business on the reporting period.

(h) During the financial year, the Group completed the following subscription of shares:

- On 5 April 2019, Monumental Productions Sdn. Bhd., a subsidiary of Sunway Holdings Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, had subscribed for 100,000 preference shares of TMT for cash consideration of RM100,000.
- On 17 September 2019, Monumental Productions Sdn. Bhd., a subsidiary of Sunway Holdings Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, had subscribed for 70,000 ordinary shares, representing 35% of the enlarged share capital of Foodiver Media Sdn. Bhd. for cash consideration of RM100,000.

(i) On 6 February 2020, Elite Commercial REIT has been successfully listed on the Main Board of Singapore Exchange Securities Trading Limited.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 20. Investments in associates (contd.)

(j) Summarised financial information in respect of each of the material associates of the Group is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not share of the Group of those amounts.

(i) Summarised statements of financial position

	Sunway REIT		Elite		Gopeng		Total
	2019	2018	2019	2018	2019	2018	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Non-current assets	<b>8,096,793</b>	7,359,068	<b>1,595,386</b>	1,487,664	<b>220,436</b>	214,557	<b>9,912,615</b>
Current assets	<b>216,697</b>	156,192	<b>145,567</b>	136,123	<b>100,855</b>	111,071	<b>403,386</b>
Total assets	<b>8,313,490</b>	7,515,260	<b>1,740,953</b>	1,623,787	<b>321,291</b>	325,628	<b>10,375,734</b>
							<b>9,464,675</b>
Non-current liabilities	<b>95,467</b>	74,547	<b>1,044,557</b>	1,062,624	<b>29,782</b>	29,630	<b>1,169,806</b>
Current liabilities	<b>3,416,749</b>	3,084,042	<b>134,900</b>	60,266	<b>3,056</b>	2,690	<b>3,554,705</b>
Total liabilities	<b>3,512,216</b>	3,158,589	<b>1,179,457</b>	1,122,890	<b>32,838</b>	32,320	<b>4,724,511</b>
							<b>4,313,799</b>
Net assets	<b>4,801,274</b>	4,356,671	<b>561,496</b>	500,897	<b>288,453</b>	293,308	<b>5,651,223</b>
							<b>5,150,876</b>

(ii) Summarised statements of profit or loss and other comprehensive income

	Sunway REIT		Elite		Gopeng		Total
	2019	2018	2019	2018	2019	2018	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<b>608,208</b>	561,008	<b>138,821</b>	-	<b>6,891</b>	2,042	<b>753,920</b>
							<b>563,050</b>
Profit before tax	<b>410,890</b>	417,919	<b>79,385</b>	-	<b>6,382</b>	1,783	<b>496,657</b>
							<b>419,702</b>
Profit for the year	<b>402,945</b>	416,919	<b>49,407</b>	-	<b>1,870</b>	1,779	<b>454,222</b>
							<b>418,698</b>
Comprehensive income/(loss)	<b>402,076</b>	416,762	<b>60,599</b>	(19,090)	<b>1,870</b>	1,779	<b>464,545</b>
							<b>399,451</b>

### 20. Investments in associates (contd.)

(j) (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the interest in associates of the Group

	Sunway REIT		Elite		Gopeng		Total
	2019	2018	2019	2018	2019	2018	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Net assets at 1 January	<b>4,356,671</b>	4,216,157	<b>500,897</b>	-	<b>293,308</b>	298,702	<b>4,514,859</b>
Capital injection	-	-	-	519,987	-	-	<b>519,987</b>
Comprehensive income/(loss) for the year	<b>402,076</b>	416,762	<b>60,599</b>	(19,090)	<b>1,870</b>	1,779	<b>464,545</b>
Dividend paid during the year	<b>(283,022)</b>	(276,248)	-	-	<b>(6,725)</b>	(7,173)	<b>(283,421)</b>
Perpetual note financing	<b>339,717</b>	-	-	-	-	-	<b>339,717</b>
Distribution to perpetual note holders	<b>(14,168)</b>	-	-	-	-	-	<b>(14,168)</b>
Net assets at 31 December	<b>4,801,274</b>	4,356,671	<b>561,496</b>	500,897	<b>288,453</b>	293,308	<b>5,651,223</b>
							<b>5,150,876</b>
Remeasurement gain*	<b>352,960</b>	352,960	-	-	-	-	<b>352,960</b>
Net assets after remeasurement gain at 31 December	<b>5,154,234</b>	4,709,631	<b>561,496</b>	500,897	<b>288,453</b>	293,308	<b>6,004,183</b>
							<b>5,503,836</b>
Interest in associates as at year end	<b>40.88%</b>	40.88%	<b>21.05%</b>	21.05%	<b>19.33%</b>	19.33%	
Elimination of gain on disposal of assets to an associate	<b>2,107,051</b>	1,925,297	<b>118,195</b>	105,439	<b>55,758</b>	56,696	<b>2,281,004</b>
Goodwill	<b>(61,405)</b>	(35,353)	-	-	-	-	<b>(61,405)</b>
Effects arising from perpetual note financing and related distribution	<b>524</b>	524	-	-	-	-	<b>524</b>
Effect arising from change of shareholding	<b>(133,084)</b>	-	-	-	-	-	<b>(133,084)</b>
Carrying value of Group's interest in associates	<b>27,087</b>	27,087	-	-	-	-	<b>27,087</b>
	<b>1,940,173</b>	1,917,555	<b>118,195</b>	105,439	<b>55,758</b>	56,696	<b>2,114,126</b>
							<b>2,079,690</b>

\* Effects of remeasurement gain on the retained interest of the Group in the associate as at the date of the former subsidiary becoming an associate.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 21. Investments in joint ventures

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unquoted shares at cost	892,699	888,467	800	800
Premium on acquisition	10,748	10,748	-	-
Equity contribution				
- in respect of land held for property development	5,898	5,898	-	-
Quasi-equity loan	615,524	330,056	-	-
Less: Impairment loss	(921)	-	-	-
	614,603	330,056	-	-
Share of post-acquisition reserves	81,993	49,559	-	-
Share of non-distributable reserves	51,319	51,218	-	-
Unrealised profit arising from construction project in joint ventures	(9,054)	(8,134)	-	-
	1,648,206	1,327,812	800	800
Less: Accumulated impairment losses	(21,180)	(21,180)	-	-
	1,627,026	1,306,632	800	800
Dividend received	30,895	63,591	19,600	19,200

- (a) Investment in joint ventures is stated at cost in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) 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, except as disclosed in Note 52 to the financial statements.
- (c) Quasi-equity loan are unsecured, interest-free and the settlements are neither planned nor likely to occur in the foreseeable future.
- (d) Impairment for quasi-equity loan are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 25(d) to the financial statements.

The reconciliation of movements in allowance for impairment accounts of quasi-equity loan is as follows:

	Group 12 months ECL allowance 2019 RM'000
At beginning of financial year (as previously reported)	-
Effects of adoption of Amendments to MFRS 128 (Note 54)	(132)
At beginning of financial year (restated)	(132)
Charge for the year	(789)
At end of financial year	(921)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 21. Investments in joint ventures (contd.)

- (e) Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
Joint venture with Sunway Berhad				
Sunway REIT Management Sdn. Bhd. ^	Malaysia	Managing and administering real estate investment trust	80	80
Joint ventures with Sunway City Sdn. Bhd. Group				
Sunway SPK Homes Sdn. Bhd.	Malaysia	Property development	50	50
Sunway Opus International Private Limited #	India	Property development	50	50
SunCity Medallion J.V.	Unincorporated Malaysia	Property development	50	50
Eastern Creek Stage 3 #	Unincorporated Australia	Property development	50	50
Tianjin Eco-City Sunway Property Development Co. Ltd. ("Tianjin Eco-City") ^	China	Property development	60	60
Sunway Iskandar Sdn. Bhd. ^	Malaysia	Property development	60	60
Sunway Iskandar Development Sdn. Bhd. ^	Malaysia	Property development	60	60
Sunway Avila Sdn. Bhd. ^	Malaysia	Property development	55	55
Sunway Velocity Two Sdn. Bhd.	Malaysia	Property development	50	50



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Investments in joint ventures (contd.)

(e) Details of the joint ventures are as follows: (contd.)

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
Joint ventures with Sunway City Sdn. Bhd. Group (contd.)				
Sunway Velocity Mall Sdn. Bhd. ^	Malaysia	Letting, management of shopping complex and car park operator	59	59
Sunway Velocity Hotel Sdn. Bhd. ^	Malaysia	Hotel operations	59	59
Joint ventures with Sunway Holdings Sdn. Bhd. Group				
Hoi Hup Sunway Development Pte. Ltd. #@	Singapore	Real estate development	30	30
Hoi Hup Sunway J.V. Pte. Ltd. #@	Singapore	Real estate development	30	30
Hoi Hup Sunway Property Pte. Ltd. #@	Singapore	Real estate activities with own or leased property	30	30
Sunway Daechang Forging Investment Limited # (deregistered pursuant to Section 751(6) of the Companies Ordinance of Hong Kong)	Hong Kong	Investment holding	-	50
Hoi Hup Sunway Miltonia Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Pasir Ris Pte. Ltd. #@	Singapore	Real estate developer	30	30

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Investments in joint ventures (contd.)

(e) Details of the joint ventures are as follows: (contd.)

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
Joint ventures with Sunway Holdings Sdn. Bhd. Group (contd.)				
Hoi Hup Sunway Tampines Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Yuan Ching Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Mount Sophia Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Sengkang Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Clementi Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Canberra Pte. Ltd. #@	Singapore	Real estate developer	35	35
Hoi Hup Sunway Tampines J.V. Pte. Ltd. #@	Singapore	Real estate developer	35	-
Daksina Harta Sdn. Bhd. ^	Malaysia	Property development and property investment	60	60

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Investments in joint ventures (contd.)

(e) Details of the joint ventures are as follows: (contd.)

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
Joint ventures of Sunway Construction Sdn. Bhd.				
IJM Sunway Sdn. Bhd. #^	Malaysia	Investment holding	27.28	27.22
Silver Coast-Sunway Innopave J.V. ^a	Unincorporated Abu Dhabi	Construction works	32.74	32.66
HL - Sunway JV Pte. Ltd. #^	Singapore	Manufacturing and sale of precast concrete components	26.73	26.68
GME - SE Joint Venture (STW) ^a	Unincorporated Malaysia	Provision of mechanical and engineering works	27.28	-
Subsidiaries of Sunway Iskandar Sdn. Bhd.				
Sunway Marketplace Sdn. Bhd. ^	Malaysia	Property development	60	60
Sunway Parkview Sdn. Bhd. ^	Malaysia	Property development	60	60
Sunway Seafront Sdn. Bhd. ^	Malaysia	Property development	60	60
Sunway Nursery and Landscape Sdn. Bhd. ^	Malaysia	Nursery and landscaping	30	30
Sunway Big Box Sdn. Bhd. ^ (formerly known as Sunway Mall Parking Sdn. Bhd.)	Malaysia	Property investment	60	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Investments in joint ventures (contd.)

(e) Details of the joint ventures are as follows: (contd.)

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2019 %	2018 %
Associate of Sunway Iskandar Sdn. Bhd.				
Daiwa Sunway Development Sdn. Bhd. #^	Malaysia	Property development	18	18

# Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

@ These group of entities are collectively known as Hoi Hup Group and are considered joint ventures as the Group and the venturers have joint control and have rights to the net assets of the arrangements.

^ These entities are considered joint ventures as the Group and the venturers have joint control and have rights to the net assets of the arrangements.

a Statutory audit not required as at 31 December 2019.





## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 21. Investments in joint ventures (contd.)

(f) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and not share of the Group of those amounts. The other joint ventures are not material to the Group.

(i) Summarised statements of financial position

At 31 December 2019	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
Non-current assets	19,178	1,112,718	354	602,770	377	1,735,397
Cash and cash equivalents	136,506	55,807	192,682	47	843	385,885
Other current assets	4,871,985	686,727	772,002	3,888	6,638	6,341,240
Current assets	5,008,491	742,534	964,684	3,935	7,481	6,727,125
Total assets	5,027,669	1,855,252	965,038	606,705	7,858	8,462,522
Current liabilities (excluding trade and other payables and provisions)	7,613	119,394	-	336	2,046	129,389
Trade and other payables and provisions	60,791	196,498	543,885	4,523	3,343	809,040
Total current liabilities	68,404	315,892	543,885	4,859	5,389	938,429
Non-current liabilities	4,884,247	916,570	-	416,107	-	6,216,924
Total liabilities	4,952,651	1,232,462	543,885	420,966	5,389	7,155,353
Non-controlling interests	-	1,103	-	-	-	1,103
Net assets	75,018	621,687	421,153	185,739	2,469	1,306,066

### 21. Investments in joint ventures (contd.)

(f) (contd.)

(i) Summarised statements of financial position (contd.)

At 31 December 2018	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
Non-current assets	7,664	442,184	675	577,082	333	1,027,938
Cash and cash equivalents	422,454	45,440	455,173	8	919	923,994
Other current assets	1,637,285	1,166,936	388,397	11,923	6,653	3,211,194
Current assets	2,059,739	1,212,376	843,570	11,931	7,572	4,135,188
Total assets	2,067,403	1,654,560	844,245	589,013	7,905	5,163,126
Current liabilities (excluding trade and other payables and provisions)	335,041	105,530	-	859	3,263	444,693
Trade and other payables and provisions	24,545	146,368	481,967	13,875	2,013	668,768
Total current liabilities	359,586	251,898	481,967	14,734	5,276	1,113,461
Non-current liabilities	1,618,691	793,239	-	387,209	-	2,799,139
Total liabilities	1,978,277	1,045,137	481,967	401,943	5,276	3,912,600
Non-controlling interests	-	-	-	-	-	-
Net assets	89,126	609,423	362,278	187,070	2,629	1,250,526



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Investments in joint ventures (contd.)

(f) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

At 31 December 2019	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
Revenue	-	212,570	266,360	-	43,523	522,453
Depreciation and amortisation	-	(735)	(328)	-	(245)	(1,308)
Interest income	436	974	11,143	-	412	12,965
Interest expense	-	(615)	-	(3)	(17)	(635)
Profit/(Loss) before tax	8,513	16,058	73,916	(1,371)	32,083	129,199
Income tax expense	29	(3,961)	(5,504)	40	(7,743)	(17,139)
Profit/(Loss) after tax	8,542	12,097	68,412	(1,331)	24,340	112,060
Other comprehensive income/(loss)	162	-	(9,537)	-	-	(9,375)
Total comprehensive income/(loss)	8,704	12,097	58,875	(1,331)	24,340	102,685
Dividend received from joint venture during the year	10,505	-	-	-	19,600	30,105
Profit/(Loss) after tax attributable to:						
Joint venturers	8,542	12,264	68,412	(1,331)	24,340	112,227
Non-controlling interests	-	(167)	-	-	-	(167)
	8,542	12,097	68,412	(1,331)	24,340	112,060
Total comprehensive income/(loss) attributable to:						
Joint venturers	8,704	12,264	58,875	(1,331)	24,340	102,852
Non-controlling interests	-	(167)	-	-	-	(167)
	8,704	12,097	58,875	(1,331)	24,340	102,685

21. Investments in joint ventures (contd.)

(f) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income (contd.)

At 31 December 2018	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
Revenue	404,660	129,532	64,002	-	38,442	636,636
Depreciation and amortisation	-	(552)	-	-	(95)	(647)
Interest income	5,095	745	4,477	158	272	10,747
Interest expense	(2,254)	(356)	-	-	-	(2,610)
Profit/(Loss) before tax	40,046	18,713	16,105	(964)	27,926	101,826
Income tax expense	(1,676)	9,005	(4,067)	-	(6,716)	(3,454)
Profit/(Loss) after tax	38,370	27,718	12,038	(964)	21,210	98,372
Other comprehensive loss	(1,523)	-	(10,786)	-	-	(12,309)
Total comprehensive income/(loss)	36,847	27,718	1,252	(964)	21,210	86,063
Dividend received from joint venture during the year	43,660	-	-	-	19,200	62,860
Profit/(Loss) after tax attributable to:						
Joint venturers	38,370	27,721	12,038	(964)	21,210	98,375
Non-controlling interests	-	(3)	-	-	-	(3)
	38,370	27,718	12,038	(964)	21,210	98,372
Total comprehensive income/(loss) attributable to:						
Joint venturers	36,847	27,721	1,252	(964)	21,210	86,066
Non-controlling interests	-	(3)	-	-	-	(3)
	36,847	27,718	1,252	(964)	21,210	86,063





NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

21. Investments in joint ventures (contd.)

(f) (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of interest in joint ventures of the Group

At 31 December 2019	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
Net assets at 1 January	89,126	609,423	362,278	187,070	2,629	1,250,526
Capital injection	12,204	-	-	-	-	12,204
Total comprehensive income/(loss) attributable to joint ventures	8,704	12,264	58,875	(1,331)	24,340	102,852
Dividend paid during the year	(35,016)	-	-	-	(24,500)	(59,516)
Net assets at 31 December	75,018	621,687	421,153	185,739	2,469	1,306,066
Interest in joint ventures as at year end	30% - 35%	60%	60%	60%	80%	
	23,685	373,012	252,692	111,443	1,975	762,807
Effect arising from change of shareholding	-	1,628	(483)	-	-	1,145
Unrealised profit arising from construction project to a joint venture	-	(8,380)	-	(273)	-	(8,653)
Goodwill	-	8,556	-	-	-	8,556
Remeasurement gain	-	-	-	-	108,370	108,370
Quasi-equity loan	615,524	-	-	-	-	615,524
Impairment loss	(921)	-	-	-	-	(921)
Carrying value of Group's interest in joint ventures	638,288	374,816	252,209	111,170	110,345	1,486,828

21. Investments in joint ventures (contd.)

(f) (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of interest in joint ventures of the Group (contd.)

At 31 December 2018	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
Net assets at 1 January	589,975	581,702	361,026	188,034	5,419	1,726,156
Capital injection	24,348	-	-	-	-	24,348
Total comprehensive income/(loss) attributable to joint ventures	36,847	27,721	1,252	(964)	21,210	86,066
Disposals during the year	(416,509)	-	-	-	-	(416,509)
Dividend paid during the year	(145,535)	-	-	-	(24,000)	(169,535)
Net assets at 31 December	89,126	609,423	362,278	187,070	2,629	1,250,526
Interest in joint ventures as at year end	30%	60%	60%	60%	80%	
	26,738	365,654	217,367	112,242	2,103	724,104
Effect arising from change of shareholding	-	1,628	(483)	-	-	1,145
Unrealised profit arising from construction project to a joint venture	-	(7,999)	-	(135)	-	(8,134)
Goodwill	-	8,556	-	-	-	8,556
Remeasurement gain	-	-	-	-	108,370	108,370
Quasi-equity loan	330,056	-	-	-	-	330,056
Carrying value of Group's interest in joint ventures	356,794	367,839	216,884	112,107	110,473	1,164,097

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 21. Investments in joint ventures (contd.)

- (g) The details of goodwill included within the Group's carrying amount of investments in joint ventures are as follows:

	2019 RM'000	2018 RM'000
<b>Cost</b>		
Arising from investment in a joint venture and as at 31 December	10,748	10,748

- (h) On 25 January 2019, Sunway Developments Pte. Ltd., a wholly-owned subsidiary of Sunway Holdings Sdn. Bhd. ("SHSB"), which in turn is a wholly-owned subsidiary of the Company, had subscribed for 1,400,000 ordinary shares, representing 35% equity interest in Hoi Hup Sunway Tampines J.V. Pte. Ltd. for cash consideration of SGD1,400,000 (representing RM4,226,000).
- (i) On 29 March 2019, Sunway Daechang Forging Investment Limited, a joint venture with Sunway Marketing Sdn. Bhd., a wholly-owned subsidiary of SHSB, had been deregistered pursuant to Section 751(6) of the Companies Ordinance of Hong Kong.
- (j) On 22 August 2019, Sunway City Sdn. Bhd. disposed of 2 ordinary shares, representing its entire equity interest in Sunway Big Box Sdn. Bhd. (formerly known as Sunway Mall Parking Sdn. Bhd.) to Sunway Iskandar Sdn. Bhd., a joint venture of the Group for a cash consideration of RM7,000.
- (k) On 1 November 2019, Sunway Engineering Sdn. Bhd., a wholly-owned subsidiary of the Sunway Construction Sdn. Bhd., which in turn is a subsidiary of the Company, has entered into an agreement with Gamuda M&E Sdn. Bhd. to form a joint venture knowns as GME-SE Joint Venture (STW) on a 50:50 basis to undertake the construction works for the project known as "Construction, Completion, Tesing, Commissioning, Care and Maintenance of Sentul West Station and Escape Shaft 1 (Sub-Contect No.: SSP-UGJV-UNGW-OVPR-TEN-000555)".

### 22. Goodwill

	2019 RM'000	2018 RM'000
<b>Cost</b>		
At beginning of financial year	343,964	341,885
Acquisition of subsidiaries	145	2,079
Liquidation of a subsidiary	(9,125)	-
At end of financial year	334,984	343,964
<b>Accumulated impairment losses</b>		
At beginning of financial year	(30,071)	(30,071)
Impairment loss for the year	(2,230)	-
Liquidation of a subsidiary	9,125	-
At end of financial year	(23,176)	(30,071)
Net carrying amount	311,808	313,893

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 22. Goodwill (contd.)

#### Allocation of goodwill

Goodwill has been allocated to the cash-generating units ('CGU') of the Group, according to business segments as follows:

	2019 RM'000	2018 RM'000
Property investment *	185,301	185,301
Construction	74,080	74,080
Quarry	40,291	40,149
Property development	250	247
Others	11,886	14,116
	311,808	313,893

\* The property investment segment includes property investment, leisure and hospitality.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

During the financial year, an impairment loss on goodwill amounting to RM2,230,000 has been recognised due to declining business operations of the subsidiary under the "Others" segment of the segment information in Note 3 to the financial statements.

#### Key assumptions used in value-in-use calculations

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 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 three-year period. The key assumptions used for value-in-use calculations for the major business segments are:

	Quarry %	Construction %	Property investment %
<b>At 31 December 2019</b>			
Gross margin	9.3	6.2	47.8
Growth rate	8.1	-	6.7
Discount rate	8.5	8.5	8.5
<b>At 31 December 2018</b>			
Gross margin	9.7	6.5	37.4
Growth rate	13.3	-	3.6
Discount rate	10.0	10.0	10.0



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 22. Goodwill (contd.)

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 adjusted for expected efficiency improvements or deficiency.

(ii) Growth rate

The growth rate used is determined using a simple average of the annual EBITDA growth rate obtained from financial budgets approved by management. The financial budgets cover a period of three years and the growth rate after the third year is assumed to be zero. The effect of changes to the parameters is not material to the growth rate used.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

#### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of each of the major business segments, 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 their recoverable amounts.

### 23. Deferred tax

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
At beginning of financial year (as previously reported)	38,011	20,503	-	-
Effects of adoption of MFRS 16 (Note 54)	(1,446)	(1,238)	-	-
At beginning of financial year (restated)	36,565	19,265	-	-
Recognised in profit or loss (Note 12)	22,962	16,680	-	-
Disposal of a subsidiary	-	172	-	-
Acquisition of subsidiaries	2,620	-	-	-
Exchange differences	1,435	448	-	-
At end of financial year	63,582	36,565	-	-

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax assets, net*	(66,722)	(110,342)	-	-
Deferred tax liabilities, net*	130,304	146,907	-	-
	63,582	36,565	-	-

\* The amount of set-off between deferred tax assets and deferred tax liabilities was RM119,237,000 (2018: RM136,290,000) for the Group.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

(a) The components and movements of deferred tax assets and liabilities during the financial year are as follows:

#### Deferred tax assets of the Group:

	Unused tax losses and unabsorbed capital allowances RM'000	Land held for development RM'000	Provisions for liabilities RM'000	Other payables RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
<b>At 1 January 2018</b>							
At 1 January 2018 (as previously reported)	(94,188)	(3,723)	(43,626)	(20,822)	(1,241)	(54,743)	(218,343)
Effects of adoption of MFRS 16 (Note 54)	-	-	-	-	-	(1,238)	(1,238)
At 1 January 2018 (restated)	(94,188)	(3,723)	(43,626)	(20,822)	(1,241)	(55,981)	(219,581)
Recognised in profit or loss	(7,888)	(9,570)	6,891	6,650	(136)	(23,505)	(27,558)
Disposal of a subsidiary	134	-	-	-	-	38	172
Exchange differences	(245)	-	272	-	1	307	335
At 31 December 2018 (restated)	(102,187)	(13,293)	(36,463)	(14,172)	(1,376)	(79,141)	(246,632)
Recognised in profit or loss	18,749	(23,334)	17,890	(6,918)	118	55,823	62,328
Acquisition of subsidiaries	-	-	(1,654)	-	-	(1)	(1,655)
<b>At 31 December 2019</b>	<b>(83,438)</b>	<b>(36,627)</b>	<b>(20,227)</b>	<b>(21,090)</b>	<b>(1,258)</b>	<b>(23,319)</b>	<b>(185,959)</b>

#### Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Investment properties RM'000	Others RM'000	Total RM'000
<b>At 1 January 2018</b>				
At 1 January 2018	97,042	134,980	6,824	238,846
Recognised in profit or loss	21,125	22,129	984	44,238
Exchange differences	-	-	113	113
At 31 December 2018	118,167	157,109	7,921	283,197
Recognised in profit or loss	783	(41,079)	930	(39,366)
Acquisition of subsidiaries	4,275	-	-	4,275
Exchange differences	(35)	-	1,470	1,435
<b>At 31 December 2019</b>	<b>123,190</b>	<b>116,030</b>	<b>10,321</b>	<b>249,541</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 23. Deferred tax (contd.)

- (b) Deferred tax asset have not been recognised in respect of the following items:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Unused tax losses				
- Expired by 31 December 2025	188,450	190,284	2,902	2,902
- Expired by 31 December 2026	63,812	-	-	-
Unabsorbed capital allowances	117,416	45,012	1,502	1,333
Unused investment tax allowances	521,659	607,628	-	-
Other deductible temporary differences	185,688	166,980	3,186	3,072
	1,077,025	1,009,904	7,590	7,307

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.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

### 24. Trade receivables

	Group	
	2019 RM'000	2018 RM'000
<b>Non-current</b>		
Finance lease receivables	10	27
Hire purchase receivables	1,484	2,317
Loans and advances	139,059	62,073
	140,553	64,417
Less: Allowance for impairment	(482)	(579)
	140,071	63,838
<b>Current</b>		
Third parties	1,382,491	1,329,746
Retention sums	216,084	233,300
Finance lease receivables	1,092	1,557
Hire purchase receivables	1,589	2,458
Loans and advances	123,806	35,508
	1,725,062	1,602,569
Less: Allowance for impairment	(86,639)	(88,045)
	1,638,423	1,514,524
<b>Total trade receivables</b>	<b>1,778,494</b>	<b>1,578,362</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 24. Trade receivables (contd.)

- (a) Included in trade receivables is the following amount due from a related party:

	Group	
	2019 RM'000	2018 RM'000
Sunway Technology Sdn. Bhd. Group	1,053	1,559

The amount due from a related party is unsecured, non-interest bearing and the credit period is generally for a period of 30 days to 90 days (2018: 14 days to 120 days). The relationship with the related party is as disclosed in Note 50 to the financial statements.

- (b) Total trade receivables are classified as financial assets measured at amortised cost.
- (c) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 120 days (2018: 14 days to 120 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing except as stated in Note 24(k) to the financial statements.
- (d) The repayment terms of finance lease receivables, hire purchase receivables and loan and advances are as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Finance lease receivables:</b>		
Less than one (1) year	1,104	1,571
One (1) to two (2) years	11	18
Two (2) to three (3) years	-	11
	1,115	1,600
Less: Unearned interest	(13)	(16)
	1,102	1,584
<b>Representing finance lease receivables:</b>		
Less than one (1) year	1,092	1,557
One (1) to two (2) years	10	17
Two (2) to three (3) years	-	10
	1,102	1,584
<b>Hire purchase receivables:</b>		
Less than one (1) year	1,742	2,713
One (1) to two (2) years	912	1,151
Two (2) to three (3) years	581	804
Three (3) to four (4) years	92	517
Four (4) to five (5) years	6	63
	3,333	5,248
Less: Unearned interest	(260)	(473)
	3,073	4,775



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 24. Trade receivables (contd.)

- (d) The repayment terms of finance lease receivables, hire purchase receivables and loan and advances are as follows: (contd.)

	Group	
	2019 RM'000	2018 RM'000
<b>Hire purchase receivables (contd.)</b>		
Representing hire purchase receivables:		
Less than one (1) year	1,589	2,458
One (1) to two (2) years	835	1,025
Two (2) to three (3) years	554	736
Three (3) to four (4) years	89	494
Four (4) to five (5) years	6	62
	<b>3,073</b>	<b>4,775</b>
<b>Loans and advances:</b>		
Less than one (1) year	123,806	35,508
One (1) to two (2) years	15,181	9,232
Two (2) to three (3) years	21,007	9,449
Three (3) to four (4) years	21,066	8,607
Four (4) to five (5) years	16,532	12,614
More than five (5) years	65,273	22,171
	<b>262,865</b>	<b>97,581</b>

- (e) The reconciliation of movements in the carrying amounts of finance lease receivables and hire purchase receivables are as follows:

	Group	
	2019 RM'000	2018 RM'000
<b>Finance lease receivables:</b>		
At beginning of financial year	1,584	2,037
Interest income	3	4
Lease payments received	(485)	(479)
Others	-	22
At end of financial year	<b>1,102</b>	<b>1,584</b>
<b>Hire purchase receivables:</b>		
At beginning of financial year	4,775	5,869
Additions	403	1,181
Interest income	264	374
Lease payments received	(2,580)	(2,641)
Others	211	(8)
At end of financial year	<b>3,073</b>	<b>4,775</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 24. Trade receivables (contd.)

- (f) The finance lease receivables and hire purchase receivables are mainly in relation to equipment and machinery that are leased to third parties. There are no variable lease income that are not included in the measurement of the finance lease receivables and hire purchase receivables.

- (g) Impairment for trade receivables and contract assets are recognised based on the simplified approach using the lifetime expected credit losses.

The Group considers credit loss experience and observable data such as current changes and future forecasts in economic conditions by market segment of the Group as identified in Note 3 to the financial statements to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the Gross Domestic Product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

The reconciliation of movements in allowance for impairment accounts in trade receivables is as follows:

	Group		
	Lifetime ECL allowance RM'000	Credit impaired RM'000	Total allowance RM'000
<b>At 31 December 2019</b>			
<b>At beginning of financial year</b>	10,252	78,372	88,624
Charge for the year	530	4,761	5,291
Reversal of impairment losses	(3,556)	(8,099)	(11,655)
Written off	(17)	(2,386)	(2,403)
Exchange differences	1	64	65
Acquisition of subsidiaries	561	6,638	7,199
<b>At end of financial year</b>	<b>7,771</b>	<b>79,350</b>	<b>87,121</b>

#### At 31 December 2018

<b>At beginning of financial year</b>	11,880	91,886	103,766
Charge for the year	2,331	13,298	15,629
Reversal of impairment losses	(3,963)	(20,545)	(24,508)
Written off	-	(6,223)	(6,223)
Exchange differences	4	(44)	(40)
<b>At end of financial year</b>	<b>10,252</b>	<b>78,372</b>	<b>88,624</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 24. Trade receivables (contd.)

(g) (contd.)

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the end of the reporting period.

As at the end of each reporting period, the credit risks exposures relating to trade receivables of the Group are summarised in the table below:

	Group	
	2019 RM'000	2018 RM'000
Maximum exposure	1,778,494	1,578,362
Collateral obtained	(606,677)	(238,710)
Net exposure to credit risk	1,171,817	1,339,652

The above collaterals are letters of undertaking from financial institutions for properties sold, deposits received from customers and other collaterals for finance lease receivables.

(h) Aging analysis of the trade receivables is as follows:

Group	2019		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	1,353,880	5,639	1,348,241
1 to 30 days past due	168,764	703	168,061
31 to 60 days past due	105,117	438	104,679
61 to 90 days past due	54,290	226	54,064
91 to 120 days past due	36,513	152	36,361
More than 120 days past due	147,051	79,963	67,088
	511,735	81,482	430,253
	1,865,615	87,121	1,778,494

Group	2018		
	Gross RM'000	Impaired RM'000	Total RM'000
Current	1,092,389	4,418	1,087,971
1 to 30 days past due	153,139	722	152,417
31 to 60 days past due	104,044	620	103,424
61 to 90 days past due	84,770	651	84,119
91 to 120 days past due	48,634	459	48,175
More than 120 days past due	184,010	81,754	102,256
	574,597	84,206	490,391
	1,666,986	88,624	1,578,362

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 24. Trade receivables (contd.)

(i) 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 total trade receivables at the end of the reporting period is as follows:

Group	2019		2018	
	RM'000	% of Total	RM'000	% of Total
<b>By country:</b>				
Malaysia	1,585,020	89.13%	1,411,114	89.40%
Singapore	105,956	5.96%	90,899	5.76%
China	62,689	3.52%	48,806	3.09%
Australia	4,332	0.24%	3,890	0.25%
Thailand	6,748	0.38%	7,045	0.45%
Vietnam	874	0.05%	793	0.05%
Others	12,875	0.72%	15,815	1.00%
	1,778,494	100.00%	1,578,362	100.00%

<b>By segment:</b>				
Property development	259,891	14.60%	151,022	9.58%
Property investment	22,950	1.29%	25,589	1.62%
Construction	720,658	40.52%	810,847	51.37%
Trading and manufacturing	241,099	13.56%	276,905	17.54%
Quarry	129,220	7.27%	66,316	4.20%
Healthcare	78,703	4.43%	66,760	4.23%
Others	325,973	18.33%	180,923	11.46%
	1,778,494	100.00%	1,578,362	100.00%

(j) 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.

(k) At the end of the reporting period, the interest rate profile of the interest-bearing trade receivables was:

	Group	
	2019 RM'000	2018 RM'000
Fixed rate	267,040	103,940

Sensitivity analysis for fixed rate trade receivables at the end of the reporting period is not presented as it is not affected by changes in interest rates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 24. Trade receivables (contd.)

- (l) The carrying amounts of trade receivables of the Group as at the end of the reporting period that do not approximate their fair values are:

	Group	
	Carrying amount RM'000	Fair value RM'000

#### At 31 December 2019

Finance lease receivables (Non-current)	10	10
Hire purchase receivables (Non-current)	1,002	931
Loans and advances (Non-current)	139,059	112,255

#### At 31 December 2018

Finance lease receivables (Non-current)	27	25
Hire purchase receivables (Non-current)	1,738	1,444
Loans and advances (Non-current)	62,073	50,731

- (m) The fair values of finance lease receivables, hire purchase receivables and loans and advances are categorised as Level 2 in the fair value hierarchy, which are estimated based on expected future cash flows discounted at the market rate of interest as at the end of the reporting period. There is no transfer between levels in the hierarchy during the financial year.

### 25. Other receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>				
Receivables	6,099	24,956	-	-
<b>Current</b>				
Deposits	88,798	41,813	105	94
Prepayments	105,629	55,221	1,335	3,451
Receivables	187,162	222,265	24,736	11,871
	381,589	319,299	26,176	15,416
Less: Allowance for impairment	(32,822)	(32,307)	-	-
	348,767	286,992	26,176	15,416
<b>Total other receivables</b>	<b>354,866</b>	<b>311,948</b>	<b>26,176</b>	<b>15,416</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 25. Other receivables (contd.)

- (a) Included in other receivables is the following amount due from a related party:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sunway Technology Sdn. Bhd. Group	114	219	61	65

The amount due from a related party is unsecured, non-interest bearing and the credit period is generally for a period of 30 days to 90 days (2018: 30 days to 90 days). The relationship with the related party is as disclosed in Note 50 to the financial statements.

- (b) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (c) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.
- (d) Impairment for quasi-equity loan, other receivables, amounts due from subsidiaries, associates and joint ventures are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment quasi-equity loan, other receivables, amounts due from subsidiaries, associates and joint ventures is adjusted by forward looking information and multiplied by the amount of the expected loss arising from default to determine the twelve month or lifetime expected credit loss for the quasi-equity loan, other receivables, amounts due from subsidiaries, associates and joint ventures. The Group has identified the Gross Domestic Product, unemployment rate, inflation rate, labour force participation rate and consumer price index as the key macroeconomic factors of the forward looking information.

It requires management to exercise significant judgement in determining the probability of default by quasi-equity loan, other receivables, amounts due from subsidiaries, associates and joint ventures, appropriate forward looking information and significant increase in credit risk.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 25. Other receivables (contd.)

(d) (contd.)

The reconciliation of movements in allowance for impairment accounts in other receivables is as follows:

	12 months ECL allowance RM'000	Group Credit impaired RM'000	Total allowance RM'000
<b>At 31 December 2019</b>			
<b>At beginning of financial year</b>	<b>400</b>	<b>31,907</b>	<b>32,307</b>
Charge for the year	117	940	1,057
Reversal of impairment losses	(70)	(472)	(542)
<b>At end of financial year</b>	<b>447</b>	<b>32,375</b>	<b>32,822</b>
<b>At 31 December 2018</b>			
<b>At beginning of financial year</b>	334	31,611	31,945
Charge for the year	66	420	486
Reversal of impairment losses	-	(59)	(59)
Written off	-	(65)	(65)
<b>At end of financial year</b>	<b>400</b>	<b>31,907</b>	<b>32,307</b>

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 26. Derivatives

Group	Note	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
<b>As at 31 December 2019</b>				
<b>Non-current</b>				
Interest rate swap	(b)(i)	61,016	-	(187)
<b>Current</b>				
Forward currency contracts	(b)(ii)	29,732	-	(801)
Cross currency swap	(b)(iii)	1,210,532	1,925	(16,929)
		1,240,264	1,925	(17,730)
Total derivatives		1,301,280	1,925	(17,917)
<b>As at 31 December 2018</b>				
<b>Non-current</b>				
Forward currency contracts	(b)(ii)	18,259	-	(36)
<b>Current</b>				
Forward currency contracts	(b)(ii)	19,675	15	(1,189)
Cross currency swap	(b)(iii)	1,765,790	64,614	(16,038)
		1,785,465	64,629	(17,227)
Total derivatives		1,803,724	64,629	(17,263)

(a) Derivatives are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) The Group entered into derivatives as follows:

(i) Interest rate swap

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. During the financial year, the Group had entered into interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. This interest rate swap received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(ii) Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as derivatives to hedge future changes in currency exposure of cash flows from foreign operations. The effective portions of the change in fair value of the derivatives are recognised in the foreign currency translation reserve. Any ineffective portions of net investment hedges are recognised immediately in the profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 26. Derivatives (contd.)

(ii) (contd.)

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

(iii) Cross currency swap contracts

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(c) The maturity profile of the Group's derivative liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	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>As at 31 December 2019</b>				
Derivatives - settled net	17,730	187	-	17,917
<b>As at 31 December 2018</b>				
Derivatives - settled net	17,227	36	-	17,263

(d) Derivatives are categorised as Level 2 in the fair value hierarchy.

### 27. Rock reserves

	Group 2019 RM'000	2018 RM'000
At beginning of financial year	5,868	6,131
Amortisation during the financial year	(263)	(263)
At end of financial year	5,605	5,868

Rock reserves are stated at cost less amortisation and any accumulated impairment losses. Rock reserves are amortised based on annual extraction rates over the estimated life of the reserves, with the maximum period of amortisation capped at 80 years.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 28. Other investments

	Note	Group 2019 RM'000	2018 RM'000	Company 2019 RM'000	2018 RM'000
<b>Non-current</b>					
Equity securities:					
- Quoted ordinary shares	(b)	-	121,147	-	-
- Unquoted ordinary shares	(c)	4,372	599	-	-
Corporate memberships	(d)	651	651	78	78
		5,023	122,397	78	78

(a) The equity securities were classified as financial assets at fair value through other comprehensive income pursuant to MFRS 9 *Financial Instruments*.

Equity securities, which are not held for trading for which the Group has irrevocably elected at initial recognition to recognise at fair value through other comprehensive income. These are strategic investments for which the Group considers this classification to be appropriate and relevant.

(b) Fair value of quoted ordinary shares in Malaysia was determined by reference to the exchange quoted market prices at the close of the business on the reporting date. The fair value of quoted ordinary shares of the Group was categorised as Level 1 in the fair value hierarchy.

(c) Unquoted ordinary shares of the Group are categorised as Level 3 in the fair value hierarchy. Fair value of unquoted ordinary shares of the Group are estimated based on adjusted net asset method.

(d) The corporate memberships were classified as financial assets at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*. The fair value of corporate memberships of the Group and of the Company is categorised as Level 2 in the fair value hierarchy.

(e) **Sensitivity analysis of quoted ordinary shares**

As the Group neither has the intention, nor historical trend of active trading in these financial instruments, the Directors were of the opinion that the Group was not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of the previous financial year.

(f) There is no transfer between levels in the hierarchy during the financial year.

### 29. Biological assets

All items of biological assets are initially recorded at cost. Subsequent to recognition, biological assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of biological assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated biological life, at an annual rate of 20%.

Biological assets consist of animals in petting zoos operated by subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 30. Contract assets/liabilities

	Group	
	2019 RM'000	2018 RM'000
Aggregate pre-contract costs incurred to date	492,780	1,439,021
Less: Impairment loss	(11)	(182)
Add: Attributable profits	156,177	638,765
	648,946	2,077,604
Less: Progress billings	(616,245)	(2,010,611)
	32,701	66,993
Represented by:		
Property development contracts:		
Contract assets	76,230	100,765
Contract liabilities	(43,529)	(33,772)
	32,701	66,993

#### (a) Property development contracts

Property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

There were no significant changes in the contract assets and liabilities during the financial year.

#### (b) The amount of RM33,772,000 (2018: RM21,909,000) recognised in contract liabilities at the beginning of the financial year has been recognised as revenue for the financial year ended 31 December 2019.

#### (c) Contract value yet to be recognised as revenue

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

	Group	
	2019 RM'000	2018 RM'000
Within 1 year	170,378	332,708
Between 1 and 4 years	218,441	359,875
	388,819	692,583

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 30. Contract assets/liabilities (contd.)

- (d) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 24(g) to the financial statements.

The reconciliation of movements in allowance for impairment accounts in contract assets is as follows:

	Group Lifetime ECL allowance	
	2019 RM'000	2018 RM'000
At beginning of financial year	182	18
Charge for the year	-	164
Reversal of impairment losses	(171)	-
At the end of financial year	11	182

### 31. Cash and bank balances and placement in funds

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Cash and bank balances</b>				
Cash at banks and on hand	645,798	416,014	8,852	18,947
Deposits with:				
Licensed banks	70,758	51,940	20	20
Other financial institutions	1,544,983	2,141,599	33,804	214,206
Total cash and bank balances	2,261,539	2,609,553	42,676	233,173
<b>Placement in funds</b>	3,627,369	2,526,479	1,041,000	885,000

- (a) Included in cash at banks of the Group are amounts of RM71,858,000 (2018: RM102,544,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

- (b) The weighted average effective interest rates are as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Deposits with licensed banks	1.88	2.09	2.85	3.10
Deposits with other financial institutions	5.33	4.53	4.53	4.23



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 31. Cash and bank balances and placement in funds (contd.)

- (c) The weighted average effective average maturity days are as follows:

	Group		Company	
	2019	2018	2019	2018
Deposits with licensed banks	80	99	184	184
Deposits with other financial institutions	16	16	24	23

- (d) 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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	2,261,539	2,609,553	42,676	233,173
Bank overdrafts (Note 36)	(191,340)	(101,446)	-	-
Deposits with licensed banks and other financial institutions with maturity of over 3 months	(4,394)	(225)	(20)	(20)
Total cash and cash equivalents	2,065,805	2,507,882	42,656	233,153

- (e) At the end of the reporting period, the interest rate profile of the cash and bank balances was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate	19,492	61,768	20	20
Variable rate	1,596,249	2,131,771	33,804	214,206

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting period is not presented as it is not affected by changes in interest rates.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group and of the Company to be higher/(lower) by RM3,033,000 (2018: RM4,050,000) and RM64,000 (2018: RM407,000) respectively.

- (f) Cash and bank balances are classified as financial assets measured at amortised cost.
- (g) Placement in funds are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy.
- (h) No expected credit losses were recognised arising from cash at banks, deposits with licensed banks and other financial institutions because the probability of default by these financial institutions were negligible.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 32. Amounts due from/(to) subsidiaries

	Company	
	2019 RM'000	2018 RM'000
<b>Current assets</b>		
Interest bearing amounts	2,037,878	2,426,714
Non-interest bearing amounts	50,495	15,241
Total amounts due from subsidiaries	2,088,373	2,441,955
Less: Accumulated impairment loss	(383)	(1,343)
Total amounts due from subsidiaries	2,087,990	2,440,612
<b>Current liabilities</b>		
Non-interest bearing amounts	(14,138)	(3,220)
Total amounts due to subsidiaries	(14,138)	(3,220)

- (a) The amounts due from subsidiaries are unsecured, payable within next twelve months in cash and cash equivalents and non-interest bearing except for interest bearing amounts, which bear interest at rates ranging from 3.00% to 7.55% (2018: 3.15% to 7.55%) per annum.

- (b) The amounts due to subsidiaries are unsecured, interest free and payable within next twelve months in cash and cash equivalents.

- (c) At the end of the reporting period, the interest rate profile of the interest-bearing amounts due from subsidiaries was:

	Company	
	2019 RM'000	2018 RM'000
Variable rate	2,037,878	2,426,714

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax to be higher/(lower) by RM3,872,000 (2018: RM4,611,000).

- (d) Impairment for receivables from subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 25(d) to the financial statements.

The reconciliation of movements in allowance for impairment accounts of amounts due from subsidiaries is as follows:

	Company	
	12 months ECL allowance	
	2019 RM'000	2018 RM'000
<b>At beginning of financial year</b>	1,343	956
Charge for the year	-	387
Reversal of impairment losses	(960)	-
<b>At end of financial year</b>	383	1,343

- (e) Amounts due from subsidiaries are classified as financial assets measured at amortised cost.

- (f) The maturity profile of amounts due to subsidiaries of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within the next twelve months.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 33. Amounts due from/(to) associates

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Current</b>				
Amounts due from associates	35,346	45,892	179	1,745
Less: Allowance for impairment	(201)	(315)	-	(1)
Total amounts due from associates	35,145	45,577	179	1,744

<b>Current</b>				
Amounts due to associates	(11,950)	(11,286)	(41)	-

- (a) The amounts due from/(to) associates of the Group and of the Company are unsecured, non-interest bearing and payable within next twelve months in cash and cash equivalents.
- (b) The maturity profile of amounts due to associates of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable within the next twelve months.
- (c) Impairment for receivables from amounts due from associates are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 25(d) to the financial statements.
- (d) The reconciliation of movements in allowance for impairment accounts of amounts due from associates is as follows:

	12 months ECL allowance	
	2019 RM'000	2018 RM'000
<b>Group</b>		
At beginning of financial year	315	458
Charge for the year	1	15
Reversal of impairment losses	(112)	(158)
Exchange differences	(3)	-
At end of financial year	201	315
<b>Company</b>		
At beginning of financial year	1	-
Charge for the year	-	1
Reversal of impairment losses	(1)	-
At end of financial year	-	1

- (e) Amounts due from associates are classified as financial assets measured at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 34. Amounts due from/(to) joint ventures

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Non-current</b>				
Amounts due from joint ventures	1,332,753	1,828,171	-	-
Less: Allowance for impairment	(130)	(250)	-	-
	1,332,623	1,827,921	-	-

<b>Current</b>				
Amounts due from joint ventures	1,038,810	140,987	2,152	2,384
Less: Allowance for impairment	(46,381)	(41,621)	(1)	(1)
	992,429	99,366	2,151	2,383
Total amounts due from joint ventures	2,325,052	1,927,287	2,151	2,383

<b>Non-current</b>				
Amounts due to joint venture	(4,131)	(4,358)	-	-

<b>Current</b>				
Amounts due to joint ventures	(72,774)	(64,118)	(255)	-
Total amounts due to joint ventures	(76,905)	(68,476)	(255)	-

- (a) Included in amounts due from joint ventures is an amount of RM2,275,696,000 (2018: RM1,867,344), which bears interest at rates ranging from 4.09% to 6.50% (2018: 4.36% to 6.50%) per annum. Of this amount, RM1,003,203,000 (2018: RM772,936,000) is secured by fixed and floating charges over all the assets of the joint ventures.

Included in amounts due to joint ventures is an amount of RM36,187,000 (2018: RM35,092,000), which bears interest at rates ranging from 3.10% to 4.35% (2018: 4.35% to 5.15%) per annum.

- (b) At the end of the reporting period, the interest rate profile of the interest-bearing amounts due from/(to) joint ventures was:

	Group	
	2019 RM'000	2018 RM'000
Amounts due from joint ventures		
- Fixed rate	2,275,696	1,867,344
Amounts due to joint ventures		
- Fixed rate	(36,187)	(35,092)

Sensitivity analysis for fixed rate amounts due from joint ventures at the end of the reporting period is not presented as it is not affected by changes in interest rates.

- (c) Impairment for receivables from amounts due from joint ventures are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 25(d) to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 34. Amounts due from/(to) joint ventures (contd.)

- (d) The reconciliation of movements in allowance for impairment accounts of amounts due from joint ventures is as follows:

	12 months ECL allowance RM'000	Credit impaired RM'000	Total allowance RM'000
<b>Group</b>			
<b>At 31 December 2019</b>			
At beginning of financial year	264	41,607	41,871
Charge for the year	223	4,682	4,905
Reversal of impairment losses	(265)	-	(265)
At end of financial year	222	46,289	46,511

#### At 31 December 2018

At beginning of financial year	81	37,481	37,562
Charge for the year	183	4,192	4,375
Reversal of impairment losses	-	(66)	(66)
At end of financial year	264	41,607	41,871

#### Company

#### At 31 December 2019

At beginning of financial year	1	-	1
Charge for the year	-	-	-
At end of financial year	1	-	1

#### At 31 December 2018

At beginning of financial year	-	-	-
Charge for the year	1	-	1
At end of financial year	1	-	1

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

- (e) The maturity profile of amounts due to joint ventures of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within the next twelve months.
- (f) Amounts due from joint ventures are classified as financial assets measured at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 35. Assets of disposal group classified as held for sale

On 24 December 2018, Sunway Destiny Sdn. Bhd., a wholly-owned subsidiary of Sunway City Sdn. Bhd., which is in turn a wholly-owned subsidiary of Sunway, entered into a conditional sales and purchase agreement with RHB Trustees Berhad ("Trustee"), being the Trustee of Sunway REIT, for its proposed disposal of the lands and buildings for a total disposal consideration of RM550,000,000 to be entirely satisfied in cash. Accordingly, management had classified the said property as held for sale in accordance with the requirements of MFRS 5.

	Group 2018 RM'000
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Investment properties (Note 17)	486,128
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The disposal had been completed during the financial year ended 31 December 2019.

### 36. Borrowings

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000

#### Short term borrowings

##### Secured:

Bank overdrafts	191,340	101,446	-	-
Bankers' acceptances	15,957	2,330	-	-
Term loans	1,188,340	1,601,571	-	-
Revolving credits	1,093,321	869,215	-	-
Medium term notes	1,420,000	560,000	-	-
	3,908,958	3,134,562	-	-
Less: Unamortised transaction costs	(46)	(35)	-	-
	3,908,912	3,134,527	-	-

##### Unsecured:

Bankers' acceptances	226,208	179,683	-	-
Term loans	514,128	155,568	-	-
Revolving credits	739,772	422,269	-	80,000
Commercial papers	1,851,000	2,326,000	186,000	1,166,000
Medium term notes	620,000	-	610,000	-
Bills discounting	157,124	107,544	-	-
Bills payable	7,763	11,512	-	-
	4,115,995	3,202,576	796,000	1,246,000
	8,024,907	6,337,103	796,000	1,246,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 36. Borrowings (contd.)

		Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Long term borrowings</b>					
<u>Secured:</u>					
Term loans		174,344	445,257	-	-
Medium term notes		700,000	800,000	-	-
		874,344	1,245,257	-	-
Less: Unamortised transaction costs		(1,781)	(31)	-	-
		872,563	1,245,226	-	-
<u>Unsecured:</u>					
Medium term notes		670,000	1,290,000	-	610,000
		1,542,563	2,535,226	-	610,000
<b>Total borrowings</b>					
Bank overdrafts	31	191,340	101,446	-	-
Term loans	(h)(i)	1,876,812	2,202,396	-	-
Revolving credits	(h)(ii)	1,833,093	1,291,484	-	80,000
Medium term notes	(h)(iii)	3,410,000	2,650,000	610,000	610,000
Commercial papers		1,851,000	2,326,000	186,000	1,166,000
Bankers' acceptances		242,165	182,013	-	-
Bills discounting		157,124	107,544	-	-
Bills payable		7,763	11,512	-	-
		9,569,297	8,872,395	796,000	1,856,000
Less: Unamortised transaction costs		(1,827)	(66)	-	-
		9,567,470	8,872,329	796,000	1,856,000

(a) Borrowings of the Group amounting to RM5,189,925,000 (2018: RM4,296,995,000) were Islamic financing facilities.

(b) The Company provides financial guarantees to financial institutions for borrowings amounting to RM8,340,478,000 (2018: RM6,921,622,000) obtained by its subsidiaries.

The fair value of the financial guarantees is immaterial and is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 36. Borrowings (contd.)

(c) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	Group		Company	
	2019 %	2018 %	2019 %	2018 %
Bank overdrafts	6.00	6.00	-	-
Term loans	3.60	4.00	-	-
Revolving credits	3.75	3.98	-	4.06
Medium term notes	4.19	4.25	5.08	5.08
Commercial papers	3.98	3.96	3.80	3.93
Bankers' acceptances	4.04	4.00	-	-
Bills discounting	4.00	4.00	-	-
Bills payable	9.17	8.36	-	-

(d) The Group has entered into interest rate swap contracts to hedge the floating rate interest payable on some of its borrowings. The contracts entitle the Group to pay interest at fixed rates on notional principal amounts and oblige it to receive interest at floating rates on the same amounts. Under the swaps, the Group agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

(e) The Group and the Company also entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which were entered into to minimise the interest cost.

(f) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM	2018 RM
Fixed rate	7,659,059	7,462,753	796,000	1,856,000
Variable rate	1,908,411	1,409,576	-	-

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be lower/(higher) by RM3,626,000 (2018: RM2,678,000).

(g) The impact of cross currency swap contracts to the Group's and the Company's borrowings are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Total borrowings	9,567,470	8,872,329	796,000	1,856,000
Add/(Less): Cross currency swap	15,004	(48,576)	-	-
Net borrowings after cross currency swap	9,582,474	8,823,753	796,000	1,856,000



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 36. Borrowings (contd.)

- (g) The impact of cross currency swap contracts to the Group's and the Company's borrowings are as follows: (contd.)

At the end of the reporting period, the interest rate profile of the net borrowings after cross currency swap was:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Fixed rate	7,674,063	7,443,902	796,000	1,856,000
Variable rate	1,908,411	1,379,851	-	-

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by changes in interest rates.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be lower/(higher) by RM3,626,000 (2018: RM2,622,000).

- (h) The maturity profile of the Group's and the Company's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
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#### Group

As at 31 December 2019	8,185,966	1,508,639	144,421	9,839,026
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As at 31 December 2018	6,439,281	2,679,042	271	9,118,594
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#### Company

As at 31 December 2019	807,812	-	-	807,812
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As at 31 December 2018	1,279,730	621,460	-	1,901,190
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- (i) The maturity of the term loans is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Less than one (1) year	1,702,468	1,757,139	-	-
One (1) to two (2) years	-	445,043	-	-
Two (2) to three (3) years	52,656	13	-	-
Three (3) to four (4) years	-	13	-	-
Four (4) to five (5) years	-	14	-	-
More than five (5) years	121,688	174	-	-
	1,876,812	2,202,396	-	-

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 36. Borrowings (contd.)

- (h) The maturity profile of the Group's and the Company's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below: (contd.)

- (ii) The maturity of the revolving credits is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Less than one (1) year	1,833,093	1,291,484	-	80,000

- (iii) The maturity of the medium term notes is as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Less than one (1) year	2,040,000	560,000	610,000	-
One (1) to two (2) years	400,000	1,020,000	-	610,000
Two (2) to three (3) years	970,000	400,000	-	-
Three (3) to four (4) years	-	670,000	-	-
	3,410,000	2,650,000	610,000	610,000

- (i) The secured borrowings of the Group are secured by legal charges as follows:

	2019 RM'000	2018 RM'000
Property, plant and equipment	289,331	229,219
Investment properties	1,561,726	1,151,247
Investment properties under construction	155,173	88,610
Property development costs	1,601,733	1,478,994
	3,607,963	2,948,070

	Number of shares/units		At market value	
	2019 '000	2018 '000	2019 RM'000	2018 RM'000
Shares in Sunway Construction				
Group Berhad	596,900	442,215	1,140,079	588,146
Units in Sunway REIT	806,345	885,100	1,467,548	1,531,223

- (j) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group and the Company's statements of cash flows as cash flows from financing activities.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 36. Borrowings (contd.)

- (j) Reconciliation of liabilities arising from financing activities (contd.)

Group	I----Non-cash changes----I					
	1.1.2019 RM'000	Cash flows RM'000	Acquisition of subsidiaries RM'000	Foreign exchange movement RM'000	Hedging RM'000	31.12.2019 RM'000
Term loans	2,202,396	(260,486)	-	1,439	(66,537)	1,876,812
Revolving credits	1,291,484	541,609	-	-	-	1,833,093
Commercial papers	2,326,000	(475,000)	-	-	-	1,851,000
Medium term notes	2,650,000	760,000	-	-	-	3,410,000
Other bank borrowings #	301,069	99,584	6,399	-	-	407,052
Total borrowings #	8,770,949	665,707	6,399	1,439	(66,537)	9,377,957

	I----Non-cash changes----I					
	1.1.2018 RM'000	Cash flows RM'000	Acquisition of subsidiaries RM'000	Foreign exchange movement RM'000	Hedging RM'000	31.12.2018 RM'000
Term loans	2,999,566	(791,732)	-	(2,057)	(3,381)	2,202,396
Revolving credits	797,475	494,009	-	-	-	1,291,484
Commercial papers	1,880,000	446,000	-	-	-	2,326,000
Medium term notes	1,691,278	958,722	-	-	-	2,650,000
Other bank borrowings #	276,798	24,271	-	-	-	301,069
Total borrowings #	7,645,117	1,131,270	-	(2,057)	(3,381)	8,770,949

# Other bank borrowings and total borrowings exclude bank overdrafts and unamortised transaction costs.

Company				
	1.1.2019 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2019 RM'000
Revolving credits	80,000	(80,000)	-	-
Commercial papers	1,166,000	(980,000)	-	186,000
Medium term notes	610,000	-	-	610,000
Total borrowings	1,856,000	(1,060,000)	-	796,000

	1.1.2018 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2018 RM'000
Revolving credits	80,000	-	-	80,000
Commercial papers	980,000	186,000	-	1,166,000
Medium term notes	610,000	-	-	610,000
Total borrowings	1,670,000	186,000	-	1,856,000

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 36. Borrowings (contd.)

- (k) The carrying amounts of borrowings of the Group as at the end of the reporting period that do not approximate their fair values are:

	Group		Company	
	Carrying amount RM'000	Fair value RM'000	Carrying amount RM'000	Fair value RM'000

#### At 31 December 2019

Medium term notes	3,410,000	3,495,552	610,000	621,429
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#### At 31 December 2018

Medium term notes	2,650,000	2,713,970	610,000	622,404
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The fair value of borrowings obligations is categorised as Level 2 in the fair value hierarchy, which is estimated based on expected future cash flows discounted at the market rate of interest as at the end of the reporting period. There is no transfer between levels in the hierarchy during the financial year.

Fair values of the borrowings are estimated by discounting future contracted cash flows at the current market interest rate available to the Group for similar financial instruments.

### 37. Trade payables

	Group	
	2019 RM'000	2018 RM'000
Third parties	1,304,370	1,298,988
Amounts due to contractors and consultants	39,899	37,201
Total trade payables	1,344,269	1,336,189

- (a) Included in trade payables is the following amount due to a related party:

	Group	
	2019 RM'000	2018 RM'000
Sunway Technology Sdn. Bhd. Group	551	1,556

The amount due to a related party is unsecured, non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 90 days (2018: 30 days to 60 days). The relationship with the above related party is as disclosed in Note 50 to the financial statements.

- (b) The normal trade credit terms granted to the Group range from 30 days to 90 days (2018: 1 day to 90 days).
- (c) The maturity profile of the Group's trade payables at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within the next twelve months.
- (d) Trade payables are classified as financial liabilities measured at amortised cost.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 38. Other payables

Note	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000
<b>Non-current</b>				
Payables (b)	50,933	120,093	-	-
Refundable deposits	1,427	1,583	-	-
	52,360	121,676	-	-
<b>Current</b>				
Payables (a), (c)	505,969	517,444	847	26,368
Amounts due to contractors and consultants	100,955	114,401	-	-
Accruals	622,558	570,906	64,565	41,150
Refundable deposits	49,519	52,238	-	-
Deferred income (d), 40	8,819	5,272	-	-
	1,287,820	1,260,261	65,412	67,518
<b>Total other payables</b>	<b>1,340,180</b>	<b>1,381,937</b>	<b>65,412</b>	<b>67,518</b>

(a) Included in other payables is the following amount due to a related party:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sunway Technology Sdn. Bhd. Group	1,278	754	-	-

The amount due to a related party is unsecured, non-interest bearing and payable based on credit terms granted to the Group. The relationship with the above related party is as disclosed in Note 50 to the financial statements.

- (b) Included in payables of the Group is an amount of RM48,759,958 (2018: RM49,849,881) arising from Sunway City (JB) Sdn. Bhd., being the amount owing to Bukit Lenang Development Sdn. Bhd. pertaining to land entitlement payment, which will be paid upon completion of project.
- (c) Included in payables of the Group is an amount of RM147,431,000 (2018: RM148,285,000) arising from Fawanis Sdn. Bhd., which is unsecured, non-interest bearing and term of repayment is in accordance to the progress billing of the launched project developments.
- (d) Deferred income of the Group represents deferred timeshare membership fees and rental received in advance.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 38. Other payables (contd.)

- (e) The maturity profile of the Group's other payables (excluding deferred income) at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	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>As at 31 December 2019</b>				
Other payables	1,279,001	52,360	-	1,331,361
<b>As at 31 December 2018</b>				
Other payables	1,254,989	121,676	-	1,376,665
<b>Company</b>				
<b>As at 31 December 2019</b>				
Other payables	65,412	-	-	65,412
<b>As at 31 December 2018</b>				
Other payables	67,518	-	-	67,518

- (f) Other payables are classified as financial liabilities measured at amortised cost.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 39. Hire purchase and lease liabilities

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>Non-current liabilities</b>				
Hire purchase with financial institutions	1,176	528	-	-
Lease liabilities	767,028	809,861	9,473	12,028
	768,204	810,389	9,473	12,028
<b>Current liabilities</b>				
Hire purchase with financial institutions	1,914	357	-	-
Lease liabilities	67,836	80,932	2,583	2,468
	69,750	81,289	2,583	2,468
Total hire purchase and lease liabilities	837,954	891,678	12,056	14,496

- (a) The hire purchase and lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date.

After initial recognition, hire purchase and lease liabilities are measured by increasing the carrying amounts to reflect interest on the hire purchase and lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

The corresponding right-of-use assets of the hire purchase and lease liabilities are presented as property, plant and equipment as disclosed in Note 15 to the financial statements.

The Group recognises variable lease payments when the condition that triggers those payments occur while lease payments associated with short term leases (leases with lease term of 12 months or less) and low value assets (leases for which the underlying asset is RM20,000 and below) are recognised on a straight-line basis over the lease terms. The variable lease payments and lease payments associated with short term leases and low value assets are recognised in profit or loss as rental expenses as disclosed in Note 9 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 39. Hire purchase and lease liabilities (contd.)

- (b) The maturity profile of the Group's and the Company's hire purchase and lease liabilities at the end of the reporting period is summarised in the table below:

	Group		Company	
	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
Less than one (1) year	113,820	113,883	3,198	3,211
One (1) to two (2) years	104,022	108,476	2,890	3,174
Two (2) to three (3) years	99,238	99,245	2,615	2,884
Three (3) to four (4) years	96,517	97,185	2,605	2,615
Four (4) to five (5) years	96,882	94,786	2,572	2,605
More than five (5) years	643,967	740,054	-	2,573
Total undiscounted lease payments	1,154,446	1,253,629	13,880	17,062
Less: Future finance charges	(316,492)	(361,951)	(1,824)	(2,566)
Present value of lease liabilities	837,954	891,678	12,056	14,496

#### Analysis of present value of hire purchase and lease liabilities:

Less than one (1) year	69,750	81,289	2,583	2,468
One (1) to two (2) years	65,655	65,490	2,412	2,561
Two (2) to three (3) years	64,143	59,673	2,254	2,406
Three (3) to four (4) years	64,542	60,808	2,359	2,254
Four (4) to five (5) years	68,026	61,671	2,448	2,359
More than five (5) years	505,838	562,747	-	2,448
	837,954	891,678	12,056	14,496
Less: Amount due within 12 months	(69,750)	(81,289)	(2,583)	(2,468)
Amount due after 12 months	768,204	810,389	9,473	12,028

- (c) The hire purchase liabilities of the Group and of the Company attract interest at rates ranging from 2.37% to 4.70% (2018: 2.30% to 3.30%) per annum. Lease payments relating to other lease liabilities are discounted using the Group's and the Company's annual incremental borrowing rates of 5.12% to 5.98% (2018: 5.12% to 5.42%).
- (d) Hire purchase and lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 39. Hire purchase and lease liabilities (contd.)

#### (e) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<b>Hire purchase and lease liabilities</b>				
At beginning of financial year (as previously reported)	885	786	-	-
Effects of adoption of MFRS 16 (Note 54)	890,793	831,030	14,496	16,497
At beginning of financial year (restated)	891,678	831,816	14,496	16,497
Cash flows				
- Payments of lease liabilities	(69,138)	(60,633)	(2,483)	(2,139)
- Payments of lease interests	(47,138)	(48,776)	(745)	(850)
Non-cash flows changes				
- Additions	15,414	120,495	43	138
- Interest expenses	47,138	48,776	745	850
At end of financial year	837,954	891,678	12,056	14,496

### 40. Long term liabilities

	Group	
	2019 RM'000	2018 RM'000
Deferred income at end of financial year	11,742	8,231
To be recognised within 1 year (Note 38)	(8,819)	(5,272)
To be recognised after 1 year	2,923	2,959

Deferred income of the Group represents deferred timeshare membership fees, which are to be recognised over the membership period, and rental received in advance.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 41. Share capital

	Note	Group/Company			
		Number of ordinary shares		Amount	
		2019 '000	2018 '000	2019 RM'000	2018 RM'000
<b>Ordinary shares</b>					
<b>Issued and fully paid</b>					
At beginning of financial year		4,924,402	4,918,491	5,379,437	5,370,606
Issued during the financial year:					
- pursuant to exercise of warrants	(a), (b)	11	^ -	18	^ -
- pursuant to ESOS	(a), (c)	9,518	5,911	14,211	8,831
At end of financial year		4,933,931	4,924,402	5,393,666	5,379,437

^ Represents 202 warrants amounting to RM376.

The holders 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.

- (a) During the financial year, the Company increased its issued and paid-up ordinary share capital from RM5,379,437,000 to RM5,393,666,000 by way of issuance of:
- (i) 4,418,167 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.07 per ordinary share for cash;
  - (ii) 1,435,156 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.23 per ordinary share for cash;
  - (iii) 1,738,852 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.40 per ordinary share for cash;
  - (iv) 1,926,290 ordinary shares pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM1.26 per ordinary share for cash; and
  - (v) 10,709 ordinary shares pursuant to the exercise of Warrants 2017/2024 at an exercise price of RM1.72 per ordinary share for cash.

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 issues of shares during the financial year.

During the financial year, the Company repurchased 55,042,100 of its issued ordinary shares from the open market at prices ranging from RM1.47 to RM1.81 per share. The total consideration paid for the repurchases was RM91,926,283 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia.

During the financial year, the Company had made a total share dividend distribution of 97,051,597 treasury shares on the basis of 1 treasury share for every 100 ordinary shares held in the Company amounting to a total of RM178,900,636.

As at 31 December 2019, the Company held a total of 30,200,065 ordinary shares as treasury shares out of its total issued and paid up share capital of 4,933,931,363 ordinary shares. Such treasury shares are recorded at a carrying amount of RM53,324,297 (2018: RM140,298,650).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

41. Share capital (contd.)

- (b) On 4 October 2017, the Company issued 629,970,466 free warrants pursuant to the bonus issue of warrants undertaken by the Company on the basis of 3 free warrants for every 10 ordinary shares held in the Company.

The warrants entitle the registered holder, at any time within a period of 7 years commencing on and including the date of issuance of the warrants and expiring on the close of business at 5.00 p.m. in Malaysia on the date immediately preceding the 7th anniversary of the date of issuance of the warrants, and if such date is not a market day, then on the preceding market day. In relation to this, the warrants were issued at an exercise price of RM1.86 each.

The exercise price of the warrant is subject to a fixed annual step-down of RM0.07 per year on each of the anniversary dates of the date of first issuance of the warrants. The exercise price, at any time during the tenure of the warrants, is further subjected to adjustments in accordance with the provisions of the Deed Poll in the event of any alteration to the share capital of the Company.

During the financial year, 10,709 new ordinary shares of RM1.72 each were issued pursuant to the exercise of Warrants 2017/2024 for the equivalent numbers by the registered holders.

The number of Warrants 2017/2024 unexercised at the end of the reporting period comprises 629,958,449 warrants. The Warrants 2017/2024 will expire on 3 October 2024.

The Warrants were listed on Bursa Malaysia Securities Berhad on 6 October 2017.

- (c) The Company's ESOS ("the Scheme") came into effect on 3 September 2013 and is governed by the by-laws approved by the shareholders on 27 June 2013. The Scheme is for eligible employees (including Executive Directors) of the Company and its subsidiaries.

The main features of the Scheme are:

- (i) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer of options under the Scheme;
- (ii) Only eligible Executive Directors and employees of the Company and of the Group will be eligible to participate in the Scheme;
- (iii) The price payable upon exercise of an option granted under the Scheme shall be the higher of:
- the 5-day volume weighted average market price of the underlying shares as at the date of the offer, and at the discretion of the committee appointed by the Board to administer the Scheme ("Committee"), with either a:
    - premium; or
    - discount of not more than 10% (or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by Bursa Malaysia Securities Berhad or any other relevant authorities); or
  - the par value of the Company's shares;
- (iv) The duration of the Scheme is 6 years from the date of its commencement;
- (v) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on, inter alia, the eligible employee's position within the Group, fulfilment of the eligibility criteria, work performance and/or such other factors as the Committee deems fit and the offer shall be valid for acceptance by an employee for a period of 30 days from the date of offer; and
- (vi) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

Options exercisable in a particular year but not exercised shall be carried forward to subsequent years within the option period provided that no options shall be exercised beyond the date of expiry of the Scheme.

On 4 October 2017, the exercise price of an option granted under the Scheme had been adjusted again following the bonus issue of new ordinary shares in Sunway Berhad ("Bonus Shares") pursuant to the bonus issue exercise undertaken by the Company on the basis of 4 bonus shares for every 3 existing ordinary shares held by the shareholders of Sunway Berhad.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

41. Share capital (contd.)

- (c) (contd.)

The details of the adjusted exercise prices were shown in the table below:

Grant No.	Grant date	Original exercise price (RM)	First adjusted exercise price (RM)	Second adjusted exercise price (RM)	Third adjusted exercise price (RM)
First	3.9.2013	2.76	2.68	2.48	1.07
Second	1.8.2014	3.19	3.10	2.87	1.23
Third	3.8.2015	3.52	-	3.25	1.40
Fourth	3.8.2016	2.94	-	-	1.26

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

Details of share option granted, vested and exercised under the Scheme are as follows:-

Options granted

Grant No.	Grant date	Number of share options '000	Movements during the financial year					
			Balance as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000	Exercise price RM/option	Exercise period
First	3.9.2013	133,564	5,979	(4,418)	(1,561)	-	1.07	3.10.2013 - 1.9.2019
Second	1.8.2014	15,735	2,264	(1,435)	(829)	-	1.23	2.9.2014 - 1.9.2019
Third	3.8.2015	10,840	3,322	(1,739)	(1,583)	-	1.40	2.9.2015 - 1.9.2019
Fourth	3.8.2016	6,159	3,160	(1,926)	(1,234)	-	1.26	2.9.2016 - 1.9.2019

Options vested

- (i) First grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year					
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/ Expired '000	Balance as at 1.9.2019 '000	Exercise price RM/option	Exercise period
2.9.2016	22,471	5,979	(4,418)	(1,561)	-	1.07	2.9.2016 - 1.9.2019



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 41. Share capital (contd.)

(c) (contd.)

Details of share option granted, vested and exercised under the Scheme are as follows:- (contd.)

#### Options vested (contd.)

(ii) Second grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year			Balance as at 1.9.2019 '000	Exercise price RM/option	Exercise period
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/Expired '000			
2.9.2016	3,268	2,264	(1,435)	(829)	-	1.23	2.9.2016 - 1.9.2019

(iii) Third grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year			Balance as at 1.9.2019 '000	Exercise price RM/option	Exercise period
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/Expired '000			
2.9.2016	3,642	3,322	(1,739)	(1,583)	-	1.40	2.9.2016 - 1.9.2019

(iv) Fourth grant of options over ordinary shares

Vesting date	Vested '000	Movements during the financial year			Balance as at 1.9.2019 '000	Exercise price RM/option	Exercise period
		Exercisable as at 1.1.2019 '000	Exercised '000	Lapsed/Expired '000			
2.9.2016	4,936	3,160	(1,926)	(1,234)	-	1.26	2.9.2016 - 1.9.2019

Share options exercised during the financial year resulted in the issuance of:

- (i) 4,418,167 ordinary shares at an option price of RM1.07 each.
- (ii) 1,435,156 ordinary shares at an option price of RM1.23 each.
- (iii) 1,738,852 ordinary shares at an option price of RM1.40 each.
- (iv) 1,926,290 ordinary shares at an option price of RM1.26 each.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 41. Share capital (contd.)

(c) (contd.)

The fair values of share options measured using the Black Scholes Merton model at the date of the third and latest adjustment to the exercise prices and the assumptions used were as follows:

	First Grant Tranche 4	Second Grant Tranche 3	Third Grant Tranche 2	Fourth Grant Tranche 1
<b>Group/Company</b>				
Exercise price of option offered (RM)	1.07	1.23	1.40	1.26
Weighted average share price (RM)	1.07	1.23	1.40	1.26
Expected life (years)	3	3	3	3
Expected volatility (%)	17.13	17.13	17.13	17.13
Expected dividend yield (%)	2.83	2.83	2.83	2.83
Risk free interest rate (%)	3.91	3.91	3.91	3.91

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value.

The Scheme had expired on 1 September 2019. Accordingly, the Committee had dissolved on 1 September 2019.

### 42. Equity contribution from a joint venture

The equity contribution represents the Group's share of right to use the land granted by the joint venture of the Group, namely Sunway Velocity Mall Sdn. Bhd. ("SVMSB"), for a project development pursuant to an agreement entered into between the shareholders of SVMSB. Accordingly, this right has been classified and presented as equity.

### 43. Merger reserve

The negative merger reserve arose as a result of the excess of the consideration paid over the share capital and capital reserves of both Sunway City Sdn. Bhd. and Sunway Holdings Sdn. Bhd. as at the acquisition date. Further details on the merger exercise are disclosed in Note 46 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 44. Reserves

		Group		Company	
	Note	2019 RM'000	2018 RM'000 (Restated)	2019 RM'000	2018 RM'000 (Restated)
<b>Non-distributable reserves:</b>					
Capital reserve	(a)	134,236	134,508	-	-
Statutory reserve	(b)	2,000	1,179	-	-
Revaluation reserve	(c)	7,322	3,871	-	-
Share option reserve	(d)	-	7,632	-	4,462
Cash flow hedge reserve	(e)	(16,535)	(17,681)	-	-
Furniture, fittings and equipment reserve	(f)	20,569	16,233	-	-
Foreign currency translation reserve	(g)	131,185	130,421	-	-
Fair value reserve	(h)	-	(8,906)	-	-
Total non-distributable reserves		278,777	267,257	-	4,462
<b>Distributable reserve:</b>					
Retained earnings		3,914,135	3,598,851	985,242	850,084
		4,192,912	3,866,108	985,242	854,546

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 reserve

Capital reserve represents the Group's accretion in the value of investments in subsidiaries arising from internal restructuring, which includes the redemption of cumulative redeemable preference shares.

#### (b) Statutory reserve

Statutory reserve represents the 10% of accumulated gains recognised in the People's Republic of China subsidiaries' income statement, which is not distributable.

According to the Articles of Association of the subsidiaries, when distributing net profit of each financial year, the subsidiaries shall set aside 10% of its after tax profits for the statutory common reserve fund (except where the fund has reached 50% of the subsidiaries' registered capital) and 5% to 10% of after tax profits for the statutory common welfare fund. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

#### (c) Revaluation reserve

Revaluation reserve represents increase in the fair value of land.

#### (d) Share option reserve

The share option reserve represented the equity-settled share options granted to employees. This reserve was made up of the cumulative value of services received from employees recorded on grant of share options.

#### (e) Cash flow hedge reserve

Cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the profit or loss when the hedged transaction affects profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 44. Reserves (contd.)

#### (f) Furniture, fittings and equipment reserve

In accordance with the Hotel Master Lease Agreement, the Group must set aside in the furniture, fittings and equipment ("FF&E") reserve during each financial year, an amount equivalent to 2.5% of the anticipated revenue. The FF&E reserve must be used and disbursed only in accordance with the agreed FF&E Plan.

#### (g) Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

#### (h) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value through other comprehensive income investment held until the investment is derecognised.

### 45. Perpetual sukuk

	Group/Company	
	2019 RM'000	2018 RM'000
Perpetual sukuk	1,150,000	400,000

During the financial year, the Company issued RM750,000,000 (2018: RM400,000,000) Sukuk Wakalah pursuant to the RM5.0 billion unrated perpetual sukuk programme ("Perpetual Sukuk").

The sums raised from the Perpetual Sukuk, which are moneys borrowed from the subscribers are used as loans given to the subsidiaries in the course of the Company's business for the purpose of producing of gross income.

This Perpetual Sukuk is a financial instrument which has the following features:

- A perpetual non-call 5 years at profit rates of 5.50% to 5.80% (2018: 5.50%) per annum, payable semi-annually and are redeemable at the option of the Company subject to the terms of the Perpetual Sukuk;
- Direct, unsecured and subordinated obligations of the Company and shall rank pari passu without any preference amongst themselves and the Perpetual Sukuk will be issued with a perpetual tenure that does not have a fixed maturity date; and
- The Perpetual Sukuk is unrated and issued under the Shariah principle of Wakalah Bi Al-Istithmar and shall be transferable and tradable.

Solely to be in compliance with Paragraph 16 of MFRS 132 *Financial instruments: Presentation*, the Perpetual Sukuk is classified as equity. The classification of the Perpetual Sukuk as equity is for accounting purposes and this does not alter its substance, nature and characteristic as a borrowing. Hence, the distribution paid under the Perpetual Sukuk is for all intent and purposes akin to interest and would be treated as such for the purposes of income tax pursuant to Section 2(7) of the Income Tax Act 1967, despite the fact that it is recognised in equity in the period in which they are paid in this financial report.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 46. Merger exercise

On 18 August 2011, the Company acquired the entire businesses and undertakings, including all assets and liabilities of Sunway Holdings Sdn. Bhd. and Sunway City Sdn. Bhd. (collectively known as the "Merged Entities").

The consideration for the acquisition of the Merged Entities was satisfied via the payment of RM904.7 million cash and the issuance of 1,292.5 million new ordinary shares of RM1.00 each at an issue price of RM2.80 each together with 258.5 million free warrants.

The issuance of the new ordinary shares by the Company during the previous financial years to effect the above transaction has been reflected in the share capital of the Company as shown in Note 43 to the financial statements. As the Merged Entities were under common control before and after the merger, the Group and the Company applied the merger method of accounting. Accordingly, the consolidated financial statements have been accounted for as if the merger had occurred from the date when these entities were under common control.

### 47. Operating lease agreements

#### The Group as lessor

The following table sets out a maturity analysis for operating lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group	
	2019 RM'000	2018 RM'000 (Restated)
Less than one (1) year	54,911	52,937
One (1) to two (2) years	53,244	52,909
Two (2) to three (3) years	54,801	52,434
Three (3) to four (4) years	54,123	53,776
Four (4) to five (5) years	55,204	54,498
More than five (5) years	119,883	344,047
	<b>392,166</b>	610,601

The Group entered into various non-cancellable operating lease agreements on properties with third parties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases.

### 48. Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment and investment properties	191,650	73,288
Approved but not contracted for property, plant and equipment and investment properties	249,000	503,547
	<b>440,650</b>	576,835

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 48. Capital commitments (contd.)

The Group's share of capital commitments in associates are as follows:

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment and investment properties	121,972	128,067
Approved but not contracted for property, plant and equipment and investment properties	66,089	90,386
	<b>188,061</b>	218,453

The Group's share of capital commitments in joint ventures are as follows:

	Group	
	2019 RM'000	2018 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment and investment properties	1,938	95
Approved but not contracted for property, plant and equipment and investment properties	11,844	6,836
	<b>13,782</b>	6,931

### 49. Contingent liabilities

#### (a) Guarantees

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Unsecured:</u>				
Guarantees given to third parties in respect of trade and contracts	949,805	797,281	126,209	112,116
Guarantees given to financial institutions for borrowings obtained by subsidiaries	-	-	8,340,478	6,921,622
	<b>949,805</b>	797,281	<b>8,466,687</b>	7,033,738

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

49. Contingent liabilities (contd.)

(a) Guarantees (contd.)

The Group designates guarantees given to third parties in respect of trade and contracts as well as to financial institutions 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 end of the reporting period, 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.

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.

The Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote.

(b) Material outstanding litigations

- (i) 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 Rs89,14,55,047.83 (approximately equivalent to RM51 million) in addition to interest and cost.

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for Rs78,13,94,628.61 (approximately equivalent to RM45 million) 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. The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs12,84,41,929.37 (approximately equivalent to RM7.4 million).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

49. Contingent liabilities (contd.)

(b) Material outstanding litigations (contd.)

- (i) (contd.)

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. The hearing fixed on 31 October 2019 is postponed to 10 February 2020.

On 10 February 2020, the Honourable 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. SunCon has deposited Rs13,56,77,784.64 on 26 February 2020. Subject to compliance of the said direction, the Honourable Court has been pleased to stay 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 Honourable 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 estimation of the possibility of success.

- (ii) 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 Honourable 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 Honourable Court's order until the full settlement; and
- (d) Court's declarations, injunctions, orders and other reliefs that the Honourable Court deems fit and proper.

The Court has 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 has directed SunCon to file the application to strike out the case by 19 March 2020. The Court has scheduled a further case management on 19 March 2020 and will provide further directions. The scheduled case management was subsequently postponed until further notice due to the Movement Control Order ("MCO") issued by the Government of Malaysia.

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.

- (iii) All the above material litigations are subject to further delay due to the 21-day lockdown declared by the Government of India on 24 March 2020, which is subsequently extended to 3 May 2020 and the MCO as disclosed in Note 53(f) to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 50. Significant related party transactions

- (i) In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related parties during the financial year:

	Company	
	2019 RM'000	2018 RM'000
IT and related expenses payable to a subsidiary	(1,157)	(1,124)
Secretarial fees and share registration fees payable to a subsidiary	(381)	(331)
Accounting services fees payable to a subsidiary	(787)	(811)
Hotel and related expenses payable to a subsidiary	(841)	(788)
Parking and related services payable to subsidiaries	(22)	(12)
Air ticket and related services payable to a subsidiary	(447)	(150)
Medical services expenses payable to a subsidiary	(79)	(47)
Subscription and related expenses payable to a subsidiary	(28)	(27)
Human resources and other related services	(254)	(247)
Training, Learning and Development expenses payable to a subsidiary	(89)	(94)
Provision of parking tickets	(43)	(69)
Maintenance repairs and related expenses payable to a subsidiary	(185)	(204)

- (ii) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

		Group	
		2019 RM'000	2018 RM'000
Name of companies	Nature of transactions		
(a) Sunway Technology Sdn. Bhd. Group ("STSB Group")	Information systems products and consultancy fees	(12,469)	(20,343)
	Sales of financial and IT related services	973	822
	Rental of office equipment, motor vehicles and other related services	2,107	1,592
	Secretarial and management services	-	11
	Provision of ticketing and tour related services	218	76
	Insurance products	52	60
	Rendering of recreational club facilities, theme park, timesharing services and related services	61	11
	Provision of medical services	33	32
	Provision of hotel and related services	4	12
	Interior decorations and related services, and renovation works	25	2

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 50. Significant related party transactions (contd.)

- (ii) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year: (contd.)

		Group	
		2019 RM'000	2018 RM'000
Name of companies	Nature of transactions		
(b) Sunway Real Estate Investment Trust ("Sunway REIT") (RHB Trustees Bhd)	Lease of Sunway Resort Hotel & Spa	(46,812)	(45,583)
	Lease of Sunway Hotel Seberang Jaya	(2,879)	(3,101)
	Lease of Sunway Putra Hotel	(10,970)	(11,348)
	Lease of Sunway Hotel Georgetown	(4,433)	(5,531)
	Lease of Sunway Plaza's ice rink	(1,567)	(1,542)
	Leasing/rental of properties in respect of:		
	Sunway Medical Center building	(23,846)	(23,045)
	Menara Sunway and accommodation for security staff	(11,452)	(12,148)
	Rental and management of car parks and related services	(27,085)	(26,231)
	Rental of office space premises and related services	913	894
	Provision of property management & related services	233	1,742
	Provision of hotel and related services	538	1,319
	Management and related services	1,482	1,579
	Provision of ticketing and tour related services	538	342
	Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	15,611	52,071
	Provision of loyalty card points	1,485	988
	Management services	9,648	9,389
(c) Jef-San Enterprise Sdn. Bhd.	Provision of medical services	133	56
	Provision of property management services	17	8
(d) Sunway Iskandar Sdn. Bhd.	Construction, marketing, mechanical engineering, engineering related design and build, civil engineering, building works and related services	12,535	62,038
(e) Sunway Velocity Two Sdn. Bhd.	Provision of property management services	26,971	19,535

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 50. Significant related party transactions (contd.)

(iii) The above parties are deemed related to the Group as follows:

- (a) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Evan Cheah Yean Shin are Directors of Sunway Technology Sdn. Bhd. ("STSB"). Evan Cheah Yean Shin is also a Director in several subsidiaries of STSB. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is a major shareholder of STSB Group. Evan Cheah Yean Shin, Sarena Cheah Yean Tih and Adrian Cheah Yean Sun have deemed interests in STSB Group via a corporation where they have more than 20% equity interest and by virtue of their parent's interest in STSB. Evan Cheah Yean Shin, Sarena Cheah Yean Tih and Adrian Cheah Yean Sun are the children of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors and major shareholders of the Company as well as Directors in several subsidiaries of the Company. Evan Cheah Yean Shin and Adrian Cheah Yean Sun are Directors in several subsidiaries of the Company and major shareholders of the Company.

- (b) The wholly-owned subsidiary of the Company, Sunway REIT Holdings Sdn. Bhd., is a major unit holder of Sunway REIT. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Evan Cheah Yean Shin, Adrian Cheah Yean Sun, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd., being major shareholders of the Company, also have deemed interests in Sunway REIT via Sunway REIT Holdings Sdn. Bhd..

- (c) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are Directors and major shareholders of Jef-San Enterprise Sdn. Bhd.. Adrian Cheah Yean Sun is a major shareholder of Jef-San Enterprise Sdn. Bhd..

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors and major shareholders of the Company as well as Directors in several subsidiaries of the Company. Evan Cheah Yean Shin and Adrian Cheah Yean Sun are Directors in several subsidiaries of the Company and major shareholders of the Company.

- (d) Sunway Iskandar Sdn. Bhd. and Sunway Velocity Two Sdn. Bhd. are joint ventures of Sunway City Sdn. Bhd., a wholly-owned subsidiary of the Company.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2019 and 2018 are disclosed in Notes 24, 25, 37 and 38 to the financial statements.

- (iv) Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and the Company.

The remuneration of the Directors and other members of key management during the financial year are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	58,306	57,849	20,068	19,505
Post-employment benefits:				
- Defined contribution plan	10,067	10,019	3,766	3,661
	68,373	67,868	23,834	23,166

- (v) Included in the total key management personnel are:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Executive Directors' remuneration (Note 11)	45,863	44,232	16,603	16,021

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 51. Subsidiaries

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(a) Subsidiaries of Sunway Berhad</b>						
Sunway Holdings Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100	-	-
Sunway City Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Sunway Treasury Sdn. Bhd. (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Provision of financial services to the Group	-	100	-	-
Sunway Lagoon Club Berhad (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Recreational club facilities	-	84.08	-	15.92
Sunway REIT Holdings Sdn. Bhd. (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Investment holding	-	100	-	-
Sunway Real Estate (China) Ltd. # (60% held by Sunway City Sdn. Bhd. and 40% held by SunwayMas Sdn. Bhd.)	Hong Kong	Investment holding	100	100	-	-
Sunway Medical Centre Sdn. Bhd. (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Operation of a medical centre	-	99.16	-	0.84
Suncity Suncon Joint Venture (50% held by Sunway City Sdn. Bhd. and 50% held by Sunway Construction Sdn. Bhd.)	Unincorporated	Dormant	100	100	-	-



**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(b) Subsidiaries of Sunway Medical Centre Sdn. Bhd.						
SunMed@Home Sdn. Bhd.	Malaysia	Provision of home nursing services, operation of a retail pharmacy and traditional complementary medicine	99.16	99.16	0.84	0.84
SunMed Clinics Sdn. Bhd.	Malaysia	Provision of medical consultation services and facility services	99.16	99.16	0.84	0.84
Sunway Medical Centre (Singapore) Pte. Ltd. @ (Transfer to Sunway City Sdn. Bhd.)	Singapore	Provision of medical consultation services and facilities services	-	99.16	-	0.84
Paradigm Fairview Sdn. Bhd. (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Dormant	-	99.16	-	0.84
Sunway Specialist Centre Sdn. Bhd. (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Provision of outpatient care services including diagnosis, observation, consultant, treatment, surgery, intervention and rehabilitation services on a day care basis	-	99.16	-	0.84

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(c) Subsidiaries of Sunway Real Estate (China) Ltd.</b>						
Sunway Guanghao Real Estate (Jiangyin) Co. Ltd. #	China	Property development	100	100	-	-
Zhuhai Sunway Consultancy Co., Ltd.#	China	Dormant	100	100	-	-
<b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd.</b>						
Sunway Construction Group Berhad	Malaysia	Investment holding	54.56	54.44	45.44	45.56
Sunway Permai Sdn. Bhd.	Malaysia	Property development	80	80	20	20
Sunway Transit System Sdn. Bhd.	Malaysia	Car park management and rental of advertising space	100	100	-	-
Sunway Serene Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Developments Pte. Ltd. @	Singapore	Other investment holding companies and general contractors (building construction including major upgrading works)	100	100	-	-
SunwayMas Sdn. Bhd.	Malaysia	Property and housing development, and investment holding	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway VCP Sdn. Bhd.	Malaysia	Marketing, manufacturing and sale of glazed vitrified clay pipes and other similar related clay products	100	100	-	-
Sunway Marketing Sdn. Bhd.	Malaysia	Marketing, distribution and sale of construction related products and industrial products	100	100	-	-
Sunway Marketing (S) Pte. Ltd. @	Singapore	Trading in hose and fittings and hose assembly	100	100	-	-
Sunway Leasing Sdn. Bhd.	Malaysia	Provision of finance through leasing, hire purchase, money lending and share financing	100	100	-	-
Sunway Risk Management Sdn. Bhd.	Malaysia	General and life insurance agency providing insurance underwriting and consultancy services	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Pasir Mas Holdings Sdn. Bhd.	Malaysia	Trading in petroleum products and provision of related services	100	100	-	-
Sunway Management Sdn. Bhd.	Malaysia	Share registration and secretarial services	100	100	-	-
Sunway Holdings (Vietnam) Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Shahawan (M) Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway HR Shared Services Sdn. Bhd.	Malaysia	Provision of human resources services	100	100	-	-
Sunway Shared Services Sdn. Bhd.	Malaysia	Provision of information technology services	100	100	-	-
Sunway Ventures Sdn. Bhd.	Malaysia	Provision of management and advisory services	100	100	-	-
Sunway Quantum Sdn. Bhd.	Malaysia	Provision of information technology services	100	100	-	-
Sunway Juarasama Sdn. Bhd. #	Malaysia	Property investment and property dealing	100	100	-	-



**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Quarry Industries Sdn. Bhd.	Malaysia	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	100	100	-	-
Sunway iLabs Accelerator Sdn. Bhd. (formerly known as Sunway Factoring Sdn. Bhd.)	Malaysia	Investing holding and provision of training services	100	-	-	-
Sunway Spun Pile (M) Sdn. Bhd.	Malaysia	To carry on business of manufacturing and marketing of pretensioned high strength concrete piles, pretensioned concrete poles and other precast concrete products	100	100	-	-
Sunway Leadership Centre Sdn. Bhd.	Malaysia	Providing training services, training venue and other related activities to the Group	100	100	-	-
Sunway Paving Solutions Sdn. Bhd.	Malaysia	Manufacturing and marketing of concrete pavers, hollow concrete blocks and euro tiles, undertake contracts for paving works and the hiring of heavy machineries	100	100	-	-

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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)</b>						
Sunway Quarry (Kuala Kangsar) Sdn. Bhd.	Malaysia	To sell or otherwise deal in stones, aggregates, premix and other construction related products	100	100	-	-
Sunway Elite Sdn. Bhd.	Malaysia	To coordinate and provide administration of employees' health care benefits and insurance services	100	100	-	-
Sunway Credit Sdn. Bhd.	Malaysia	Provision of finance through hire purchase and factoring services	100	100	-	-
Fortuna Gembira Enterpris Sdn. Bhd. #	Malaysia	Investment holding	100	100	-	-
Twinnors (Malaysia) Sdn. Bhd. #	Malaysia	Quarry concession holder	60	60	40	40
Sun SEA Capital Sdn. Bhd.	Malaysia	Provision of fund management	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Cavity Wall Panel (S) Pte. Ltd. ^ (Struck off pursuant to Section 344A of the Singapore Companies Act, Cap. 50)	Singapore	Dormant	-	100	-	-
Sunway Quarry Industries (Melaka) Sdn. Bhd. #	Malaysia	Granite quarrying	100	100	-	-
Sunway Captive Insurance Ltd. #	Malaysia	To carry on business as a captive insurer	100	100	-	-
Sunway Quarry Industries (Caribbean) Limited #	Trinidad and Tobago	Dormant	100	100	-	-
Myanmar Sungei Way Holdings Limited ^ (In Liquidation)	Myanmar	Dormant	99.90	99.90	0.10	0.10
PT Sunway Quarry Indonesia ^ (In Liquidation)	Indonesia	Dormant	95	95	5	5
Sunway Global Limited @	Hong Kong	Investment holding and provision of management services	98.99	98.99	1.01	1.01
Sunway Winstar Sdn. Bhd.	Malaysia	Trading in hardware and engineering products	78.85	75.44	21.15	24.56

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway PopBox Sdn. Bhd.	Malaysia	To carry out the business of electronic parcel locker operator and service provider	60	60	40	40
Sun Sea Capital Management Ltd. (Struck off pursuant to Section 156 of the Companies Law of the Cayman Islands (Revised))	Cayman Islands	Dormant	-	100	-	-
Sunway Brands Sdn. Bhd.	Malaysia	To apply for, purchase, acquire, sell, manage or license intellectual property and intellectual property rights	100	100	-	-
Sunway Pharma Sdn. Bhd.	Malaysia	Retailing of pharmaceutical, healthcare and personal care products	100	100	-	-
Sunway Money Sdn. Bhd.	Malaysia	Provision of online remittance and money services	100	100	-	-
Bidara Cahaya Resources Sdn. Bhd.	Malaysia	Investment in properties	100	100	-	-



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(d) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Monumental Productions Sdn. Bhd.*	Malaysia	Investing and acquiring social media channels and providing advertising consultancy services and other advisory services on social media channels	44.44	61.54	55.56	38.46
Sunway Paving Solutions (Sabah) Sdn. Bhd.	Malaysia	Manufacturing and marketing of concrete pavers, hollow concrete blocks, cement bricks and euro tiles	100	100	-	-
Sun Sea Ltd. ^^	Cayman Islands	General partner for a venture capital fund	100	100	-	-
Blacktop Industries Sdn. Bhd.	Malaysia	Quarry and premix plant operators for the production and marketing of aggregates and bituminous premix, concrete plant operations for the production, marketing of ready-mixed concrete, roadwork contractors, property development, production of cement bricks and renting of mobile equipment	100	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(e) Subsidiaries of</b>						
<b>Blacktop Industries Sdn. Bhd.</b>						
Blacktop Lanchang Sdn. Bhd.*	Malaysia	Premix plant operator and marketing of bituminous premix	50	-	50	-
Can Technical Services Sdn. Bhd.*	Malaysia	Trading of spare parts for premix plant	50	-	50	-
TKM Sdn. Bhd.*	Malaysia	Providing management and administrative services	49	-	51	-
<b>(f) Subsidiary of</b>						
<b>Sunway Developments Pte. Ltd.</b>						
Sunway Land Pte. Ltd. @	Singapore	Real estate developers and building contractor	100	100	-	-
<b>(g) Subsidiary of</b>						
<b>Sunway Leasing Sdn. Bhd.</b>						
SWL Nominees (Tempatan) Sdn. Bhd.	Malaysia	Provision of shares nominee services	100	100	-	-
<b>(h) Subsidiary of</b>						
<b>Sunway Construction Group Berhad</b>						
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering, building works and transportation agents	54.56	54.44	45.44	45.56

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(i) Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunspan Sdn. Bhd. #	Malaysia	Dormant	54.56	54.44	45.44	45.56
Sunway Innopave Sdn. Bhd.	Malaysia	Dormant	54.56	54.44	45.44	45.56
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking sub-contract work	54.56	54.44	45.44	45.56
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering works	54.56	54.44	45.44	45.56
Sunway Builders Sdn. Bhd.	Malaysia	Construction of building and civil works	54.56	54.44	45.44	45.56
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	54.56	54.44	45.44	45.56
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	54.56	54.44	45.44	45.56
Sunway Machineries Services Sdn. Bhd.	Malaysia	Investment holding	54.56	54.44	45.44	45.56
Sunway Construction India Pte. Ltd. #	India	Construction of civil and building works	54.56	54.44	45.44	45.56
Sunway Creative Stones Sdn. Bhd.	Malaysia	Dormant	38.19	38.11	61.81	61.89

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(i) Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Construction Caribbean Limited # (In the midst of deregistration)	Trinidad and Tobago	Dormant	54.56	54.44	45.44	45.56
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing of precast concrete building components and undertaking of precast concrete building contracts and construction activities	54.56	54.44	45.44	45.56
Sunway Facade Network Sdn. Bhd.	Malaysia	Facade design, engineering, construction and consultancy services	32.73	32.66	67.27	67.34
Sunway Visioneering Sdn. Bhd.	Malaysia	Dormant	54.56	54.44	45.44	45.56
Sunway Concrete Products (M) Sdn. Bhd.	Malaysia	Manufacture of prefabricated structural and metal components for buildings or civil engineering of cement, concrete or artificial stones	54.56	54.44	45.44	45.56
Sunway Innopave (S) Pte. Ltd. @	Singapore	Investment holding	54.56	54.44	45.44	45.56
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	54.56	54.44	45.44	45.56



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(j) Subsidiary of Sunway Industrial Products Sdn. Bhd.						
Sunway Concrete Products (S) Pte. Ltd. @	Singapore	Manufacturing and sale of precast concrete building components	54.56	54.44	45.44	45.56
(k) Subsidiary of Sunway Innopave (S) Pte. Ltd.						
Sunway Builders (Myanmar) Company Limited #	Myanmar	Project management in construction services	54.56	54.44	45.44	45.56
(l) Subsidiary of Sunway Engineering Sdn. Bhd.						
Sunway Pekat Solar Sdn. Bhd.	Malaysia	Installation of non-electric solar energy collectors	32.73	-	67.27	-
(m) Subsidiaries of SunwayMas Sdn. Bhd.						
Sunway Bangi Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Mujurmas Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Pembangunan Risjaya Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Rawang Heights Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Kanching Heights Sdn. Bhd.	Malaysia	Property development	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(m) Subsidiaries of SunwayMas Sdn. Bhd. (contd.)</b>						
Eaglefield Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Rydgeway Sdn. Bhd.	Malaysia	Property and housing development	80	80	20	20
Sunway Termuning Sdn. Bhd.	Malaysia	Property and housing development	80	80	20	20
Virgo Rhythm Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Eastwood Sdn. Bhd.	Malaysia	Property and housing development	70	70	30	30
<b>(n) Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.</b>						
Sunway CT Geotechnics Pte. Ltd. @	Singapore	Dormant	30	-	70	-
<b>(o) Subsidiary of Sunway Quarry Industries Sdn. Bhd.</b>						
Sunway Quarry Industries (Taiping) Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
<b>(p) Subsidiaries of Sunway Marketing Sdn. Bhd.</b>						
Sunway Marketing (East Malaysia) Sdn. Bhd.	Malaysia	Trading in hoses and fittings and industrial products	100	85	-	15

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(p) Subsidiaries of Sunway Marketing Sdn. Bhd. (contd.)</b>						
Sunway Hose Centre Sdn. Bhd.	Malaysia	Trading in hoses and fittings and hose assembly	100	85	-	15
Sunway Architectural Products Sdn. Bhd.	Malaysia	Trading in architectural and finishing products	85	85	15	15
Sunway Opus International Trading Private Limited #	India	Dormant	60	60	40	40
Sunway Enterprise (1988) Sdn. Bhd.	Malaysia	Trading and hiring of heavy machinery and spares	100	100	-	-
Sunway Hydraulic Industries Sdn. Bhd.	Malaysia	Importation and trading of hydraulic fittings	100	100	-	-
<b>(q) Subsidiaries of Sunway Marketing (S) Pte. Ltd.</b>						
Sunway Marketing (Shanghai) Pte. Ltd. #	China	Dormant	100	100	-	-
PT Sunway Trek Masindo #	Indonesia	Trading in hoses and fittings, hose assembly and heavy equipment parts	100	100	-	-
Sunway Marketing (Thailand) Ltd. #	Thailand	Trading in hoses and fittings, hose assembly and heavy equipment parts	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(q) Subsidiaries of Sunway Marketing (S) Pte. Ltd. (contd.)</b>						
Sunway TotalRubber Ltd. #	Australia	Import and distribution of industrial rubber and plastics	100	100	-	-
Sunway Marketing (Vietnam) Co. Ltd. @	Vietnam	Trading in hoses and fittings and service and assembly of hoses and hose fittings	100	100	-	-
PT Sunway Flowtech #	Indonesia	Trading in hoses and fittings, and hose assembly	100	100	-	-
PT Sunway Pacific Flow #	Indonesia	Manufacturing of specialty hoses	100	100	-	-
<b>(r) Subsidiary of Sunway Holdings (Vietnam) Sdn. Bhd.</b>						
Realty Investments (HB) Inc. #	Panama	Investment holding	100	100	-	-
<b>(s) Subsidiary of Realty Investments (HB) Inc.</b>						
Hang Bai Office Complex JVC #	Vietnam	Dormant	74	74	26	26



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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(t) Subsidiary of PT Sunway Trek Masindo</b>						
PT Sunway Distribusi Indonesia #	Indonesia	Import and distribute construction equipment and related parts, industrial hardware and CBU mixer truck, truck mounted concrete pump, Inc parts and hardware, engine oils, lubricants and tyres	67	-	33	-
<b>(u) Subsidiary of Sunway Serene Sdn. Bhd.</b>						
Cleaver Fortune Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
<b>(v) Subsidiaries of Sunway Global Limited</b>						
Sunway Spun Pile (Zhuhai) Co. Ltd. #	China	Design, manufacture and sale of pretensioned spun concrete piles	94.73	94.73	5.27	5.27
Sunway Hydraulic Industries (Wuhu) Co. Ltd. #	China	Production and sale of automotive parts, hydraulic pipes, coupling and adapter, production, sale and marketing of building materials, import and export trading	98.99	98.99	1.01	1.01

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51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(v) Subsidiaries of Sunway Global Limited (contd.)</b>						
Sunway Trading (Shanghai) Pte. Ltd. #	China	Trading and distribution of hoses and couplings, machineries, spare parts and related items	98.99	98.99	1.01	1.01
Sunway Daechang Forging (Anhui) Co. Ltd. #	China	Manufacturing, repair and assembling of undercarriage components, trading, providing design, consultancy services, maintenance	59.39	59.39	40.61	40.61
<b>(w) Subsidiary of Sunway Enterprise (1988) Sdn. Bhd.</b>						
Heng Ngai Knitting Manufacturer Sdn. Bhd. ^ (In Liquidation)	Malaysia	Dormant	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(x) Subsidiary of Sunway TotalRubber Ltd.						
Sunway TotalRubber Services Franchising Pty. Ltd. #	Australia	Franchisor for TotalRubber franchising business	100	100	-	-
(y) Subsidiaries of Sunway City Sdn. Bhd.						
Sunway Integrated Properties Sdn. Bhd.	Malaysia	Property development and property investment	100	100	-	-
Sunway Kinrara Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Biz Hotel Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway City (Penang) Sdn. Bhd.	Malaysia	Property development, provision of property management services and investment holding	100	100	-	-
Konsep Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	70	70	30	30

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of						
Sunway City Sdn. Bhd.						
(contd.)						
Sunway Pyramid Sdn. Bhd. # (Dissolved by way of member's voluntary winding up)	Malaysia	Dormant	-	100	-	-
Sunway City Properties Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Lagoon Sdn. Bhd.	Malaysia	Theme park operator	100	100	-	-
Sunway Resort Hotel Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway Travel Sdn. Bhd.	Malaysia	Travel and tour businesses	100	100	-	-
Sunway Hospitality Holdings Ltd. #	British Virgin Islands	Investment holding	100	100	-	-
Emerald Tycoon Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Sunway Grand Sdn. Bhd.	Malaysia	Property development	100	100	-	-
SunMed Velocity Sdn. Bhd.	Malaysia	Operation of a medical centre	100	100	-	-
Sunway FSSC Sdn. Bhd.	Malaysia	Provision of financial and accounting services	100	100	-	-
Sunway City (Cambodia) Sdn. Bhd.	Malaysia	Investment holding	76	76	24	24



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51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway City (Ipoh) Sdn. Bhd.	Malaysia	Property development and investment holding	95.96	95.96	4.04	4.04
Sunway PKNS Sdn. Bhd.	Malaysia	Property development and investment holding	60	60	40	40
Sunway Leisure Sdn. Bhd.	Malaysia	Ice rink operator and car park management	100	100	-	-
Sunway Semenyih Sdn. Bhd.	Malaysia	Property development	70	70	30	30
Sunway Tunas Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Area Star Sdn. Bhd. #	Malaysia	Property investment and property dealing	100	100	-	-
Sunway City (S'pore) Pte. Ltd. @	Singapore	Promotion and marketing services and investment holding	100	100	-	-
Sunway Management Services Sdn. Bhd. #	Malaysia	Provision of share registration and secretarial services	100	100	-	-

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51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Destiny Sdn. Bhd.	Malaysia	Management and letting out of properties	100	100	-	-
Sunway Facility Management Sdn. Bhd.	Malaysia	Building facilities management and provision of management services	100	100	-	-
Sunway IFM Sdn. Bhd.	Malaysia	Building facilities management	100	100	-	-
Sunway City (JB) Sdn. Bhd.	Malaysia	Property development	80	80	20	20
Sunway Melawati Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Bukit Gambier Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway PFM Sdn. Bhd.	Malaysia	Property and facility management	100	100	-	-
Sunway Crest Sdn. Bhd. ^ (Dissolved by way of member's voluntary winding-up)	Malaysia	Dormant	-	100	-	-
Sunway Living Space Sdn. Bhd. (formerly known as Sunway International Vacation Club Sdn. Bhd.)	Malaysia	Property Investment, operation and management of short stay accommodation	100	100	-	-
Sunway MUSC Sdn. Bhd.	Malaysia	Property investment	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS  
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51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Iskandar Medical Centre Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Supply Chain Enterprise Sdn. Bhd. #	Malaysia	Property development and property investment	100	100	-	-
Sunway Healthy Lifestyle Sdn. Bhd.	Malaysia	Management of healthcare programmes	100	100	-	-
Sunway Residence Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Sunway Synergy Sdn. Bhd.	Malaysia	Provision of human resource services	100	100	-	-
Rich Worldclass Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway Tower 1 Sdn. Bhd. #	Malaysia	Property investment and car park management	100	100	-	-
Sunway Symphony Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway City India Private Limited #	India	Property development and investment holding	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS  
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51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway REM Sdn. Bhd.	Malaysia	Building facilities management services	100	100	-	-
Sunway Ambience Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway Rahman Putra Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Pals Loyalty Sdn. Bhd.	Malaysia	Customer loyalty schemes	100	100	-	-
Sunway Pinnacle Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
SunCity Vietnam Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Sunway Labuan Investment Ltd.	Malaysia	Investment holding	100	100	-	-
Sunway Forum Hotel Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Kiara Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Century Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway Pyramid Development Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Sunway Power Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Properties Services Sdn. Bhd.	Malaysia	Provision of financial and accounting services	100	100	-	-
Sunway Putra Hotel Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Pena Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Big Box Sdn. Bhd. (formerly known as Sunway Mall Parking Sdn. Bhd.) (Transfer to Sunway Iskandar Sdn. Bhd.)	Malaysia	Dormant	-	100	-	-
Sunway Parking Services Sdn. Bhd.	Malaysia	Car park management	100	100	-	-
Sunway Subang Sdn. Bhd.	Malaysia	Property development	80	80	20	20
Sunway D'Mont Kiara Sdn. Bhd. (70% held by Sunway City Sdn. Bhd. and 30% held by Sunway PKNS Sdn. Bhd.)	Malaysia	Property development	88	88	12	12
Sunway Southern Management Sdn. Bhd.	Malaysia	Management company	100	100	-	-
Deco Style Sdn. Bhd.	Malaysia	Specialist contractor in renovation of commercial/ residential projects	100	100	-	-

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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Pendas Management Sdn Bhd.	Malaysia	Management company	100	100	-	-
Paradigm Fairview Sdn. Bhd.	Malaysia	Dormant	100	-	-	-
Platinum Greenway Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway GD Piling Sdn. Bhd.	Malaysia	Property investment	70	70	30	30
Sunway Belfield Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway (Tianjin) Management Consultancy Co. Ltd. #	China	Provision of management consultancy and advisory services	100	100	-	-
Sunway Sustainability Solutions Sdn. Bhd.	Malaysia	Property and facility management	100	100	-	-
Galaxy Avenue Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Reptolink Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway International Hotels & Resorts Sdn. Bhd.	Malaysia	Hotel management	100	100	-	-
Commercial Parade Sdn. Bhd.	Malaysia	Provision of management services	100	100	-	-
Sunway Medical Centre (Singapore) Pte. Ltd.@	Singapore	Provision of medical consultation services and facilities services	100	-	-	-



**NOTES TO THE FINANCIAL STATEMENTS  
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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Specialist Centre Sdn. Bhd.	Malaysia	Provision of inpatient on a day care basis and outpatient medical consultation and surgical care related services	100	-	-	-
Sunway Medical Centre Ipoh Sdn. Bhd.	Malaysia	Dormant	100	-	-	-
Sunway Medical Centre Kota Bahru Sdn. Bhd.	Malaysia	Dormant	100	-	-	-
Sunway Treasury Sdn. Bhd.	Malaysia	Provision of financial services to the Group	100	-	-	-
Sunway Lagoon Club Berhad	Malaysia	Recreational club facilities	84.08	-	15.92	-
Sunway REIT Holdings Sdn. Bhd.	Malaysia	Investment holding	100	-	-	-
Sunway Medical Centre Sdn. Bhd.	Malaysia	Operation of a medical centre	99.16	-	0.84	-
North Star Marketing Sdn. Bhd.	Malaysia	Dormant	100	-	-	-
Sunway Property Management Sdn. Bhd.	Malaysia	Provision of accomodation management services	100	-	-	-
Sunway RE Capital Pte. Ltd.@	Singapore	Real estate investment	100	-	-	-

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**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)</b>						
Sunway Little Sunshine Child Care Centre Sdn. Bhd. (formerly known as Contemporary Deal Sdn. Bhd.)	Malaysia	Provision of child care services	100	-	-	-
Sterling Paradise Sdn. Bhd.	Malaysia	Property development	100	-	-	-
Allson International Hotels & Resorts (B.V.I.) Limited #	British Virgin Islands	Dormant	100	-	-	-
<b>(z) Subsidiaries of Sunway City (Penang) Sdn. Bhd.</b>						
Fame Parade Sdn. Bhd.	Malaysia	Provision of management services, property investment and shopping mall owner and operator	100	100	-	-
Sunway Hotel (Seberang Jaya) Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway Carnival Sdn. Bhd. (In member's voluntary winding up)	Malaysia	Dormant	100	100	-	-
Sunway Bintang Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Associated Circle Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Alliance Parade Sdn. Bhd.	Malaysia	Dormant	100	100	-	-

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51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(z) Subsidiaries of Sunway City (Penang) Sdn. Bhd. (contd.)						
Sunway Orient Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
(aa) Subsidiary of Sunway Treasury Sdn. Bhd.						
Sunway Treasury Sukuk Sdn. Bhd.	Malaysia	Provision of financial services to the Group	100	100	-	-
(ab) Subsidiary of Konsep Objektif (M) Sdn. Bhd.						
Sunway Hotel Phnom Penh Ltd. @	Cambodia	Hotel business	52.50	52.50	47.50	47.50
(ac) Subsidiaries of Sunway Lagoon Sdn. Bhd.						
Eastern Glory Enterprises Limited *	British Virgin Islands	Investment holding	45	45	55	55
Sunway Townhouse Sdn. Bhd. #	Malaysia	Property development and letting of property	100	100	-	-
Sunway South Quay Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Frontier Acres Sdn. Bhd.	Malaysia	Dormant	100	100	-	-

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(ad) Subsidiaries of Sunway South Quay Sdn. Bhd.</b>						
Sunway Integrated Parking Sdn. Bhd. (formerly known as Sunway Geo Parking Sdn. Bhd.)	Malaysia	Car park operator	100	100	-	-
Sunway Monash-U Residence Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Prosper Revenue Sdn. Bhd.	Malaysia	Property development	67	67	33	33
Sunway Geo Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
<b>(ae) Subsidiaries of Sunway Hospitality Holdings Ltd.</b>						
Allson International Hotels & Resorts (B.V.I.) Limited # (Transfer to Sunway City Sdn. Bhd.)	British Virgin Islands	Dormant	-	100	-	-
Allson International Management Limited #	British Virgin Islands	Dormant	100	100	-	-
<b>(af) Subsidiary of SunCity Vietnam Sdn. Bhd.</b>						
Hochimex Nominee Company Limited #	Hong Kong	Investment holding	100	100	-	-
<b>(ag) Subsidiary of Hochimex Nominee Company Limited</b>						
Sunway Hotel Hanoi Liability Limited Company with One Member @	Vietnam	Hotel business	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(ah) Subsidiary of Sunway City (Cambodia) Sdn. Bhd.</b>						
Sunway City Cambodia Limited #	Cambodia	Dormant	60.80	60.80	39.20	39.20
<b>(ai) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd.</b>						
Kinta Sunway Resort Sdn. Bhd.	Malaysia	Property investment, hotel owner and operator and property development	95.96	95.96	4.04	4.04
Objektif Ekuiti (M) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Peluang Klasik (M) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Sunway Lost World Water Park Sdn. Bhd.	Malaysia	Development and operation of a water theme park	95.96	95.96	4.04	4.04
Lagoon Fantasy Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Semangat Kancil (M) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Sunway Organic Garden Sdn. Bhd. (formerly known as Ganda Antik Sdn. Bhd.)	Malaysia	Organic farming business	95.96	95.96	4.04	4.04

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(ai) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd. (contd.)						
Sunway Hotel Services (Ipoh) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Sunway Lost World Hotel Sdn. Bhd.	Malaysia	Operation of a hotel	95.96	95.96	4.04	4.04
(aj) Subsidiary of Deco Style Sdn. Bhd.						
Sunway Design Sdn. Bhd.	Malaysia	Interiors decorator and contractors	80	80	20	20
(ak) Subsidiaries of Sunway PKNS Sdn. Bhd.						
Imbasan Intisari Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Tidal Elegance Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Park Symphony Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Sunway Nexis Parking Sdn. Bhd.	Malaysia	Car park operator	60	60	40	40
Winning Excellence Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Laudable Generations Sdn. Bhd.	Malaysia	Dormant	60	60	40	40



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

			% of effective interest held by			
Name of companies	Country of incorporation	Principal activities	Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
(ak) Subsidiaries of Sunway PKNS Sdn. Bhd. (contd.)						
Sunway Little Sunshine Child Care Centre Sdn. Bhd. (formerly known as Contemporary Deal Sdn. Bhd.) (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Dormant	-	60	-	40
Petikan Tropika Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Sunway Giza Mall Sdn. Bhd.	Malaysia	Letting and management of a shopping complex	60	60	40	40
Sunway Giza Parking Sdn. Bhd.	Malaysia	Property investment	60	60	40	40
Contemporary Factor Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Sumber Dorongan Sdn. Bhd.	Malaysia	Property investment	60	60	40	40
Anggaran Salju Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Bisikan Seni Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Emerald Freight Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Sunway Monterez Sdn. Bhd.	Malaysia	Property development	60	60	40	40
(al) Subsidiaries of Eastern Glory Enterprises Limited						
Hartford Lane Pty. Ltd. #	Australia	Trustee	45	45	55	55

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(al) Subsidiaries of Eastern Glory Enterprises Limited (contd.)</b>						
International Theme Park Pty. Ltd. #	Australia	Investment holding	45	45	55	55
<b>(am) Subsidiaries of International Theme Park Pty. Ltd.</b>						
Sunway Australia Unit Trust #	Australia	Unit trust	45	45	55	55
<b>(an) Subsidiaries of Sunway City (S'pore) Pte. Ltd.</b>						
Sunway Investment Management Consultancy (Shanghai) Co. Ltd. #	China	Provision of management consultancy advisory services	100	100	-	-
Sunway RE Capital Pte. Ltd. @ (Transfer to Sunway City Sdn. Bhd.)	Singapore	Real estate investment	-	100	-	-
Sunway RE Capital Advisors (SG) Pte. Ltd. @ (formerly known as Sunway Invoice Interchange Pte. Ltd.) (Transfer to Sunway RE Capital Pte. Ltd.)	Singapore	Fund management services	-	100	-	-
Primary Selection Pte. Ltd. #	Singapore	Dormant	100	100	-	-
Sunway Property (Australia) Pty. Ltd. #	Australia	Dormant	100	-	-	-
Sunway Property Development (Zhuhai) Co. Ltd. #	China	Dormant	100	-	-	-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by				
			Group		Non-controlling interest		
			2019 %	2018 %	2019 %	2018 %	
(ao) Subsidiaries of Sunway Winstar Sdn. Bhd.							
Winstar Enterprise Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56	
Rising Star Marketing Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56	
Sunway Saf-T-Quip Sdn. Bhd.	Malaysia	Sale of industrial safety products	78.85	75.44	21.15	24.56	
Sunway United Star Sdn. Bhd.	Malaysia	Trading of hardware and engineering products	65.45	62.62	34.55	37.38	
Sunway Hsing Yeat Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56	
I Star Electrical Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56	
Jaya DIY Mart Sdn. Bhd.	Malaysia	Operation of DIY stores selling hardware and household products	78.85	75.44	21.15	24.56	
(ap) Subsidiaries of Winstar Enterprise Sdn. Bhd.							
Multi Star Marketing Sdn. Bhd.	Malaysia	Dormant	51.25	49.04	48.75	50.96	
Power Star Hardware Sdn. Bhd.	Malaysia	Dormant	71.45	68.36	28.55	31.64	
(aq) Subsidiaries of Sunway Hsing Yeat Sdn. Bhd.							
Prestamin Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56	
Tactstar Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56	
Star Bridge Hardware Sdn. Bhd.	Malaysia	Dormant	59.14	56.58	40.86	43.42	

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)**

**51. Subsidiaries (contd.)**

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2019 %	2018 %	2019 %	2018 %
<b>(aq) Subsidiaries of Sunway Hsing Yeat Sdn. Bhd. (contd.)</b>						
Power Star Machinery Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56
Sunway Coating Solutions Sdn. Bhd.	Malaysia	Manufacturing and selling of paints, chemical and concrete	55.19	52.81	44.81	47.19
North Star Marketing Sdn. Bhd. (Transfer to Sunway City Sdn. Bhd.)	Malaysia	Dormant	-	75.44	-	24.56
Aptstar Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56
The Venue International Sdn. Bhd.	Malaysia	Dormant	47.31	45.26	52.69	54.74
<b>(ar) Subsidiary of Aptstar Sdn. Bhd.</b>						
Mcstar Sdn. Bhd.	Malaysia	Dormant	78.85	75.44	21.15	24.56
<b>(as) Subsidiaries of Sunway RE Capital Pte. Ltd.</b>						
Sunway RE Capital Advisors (SG) Pte. Ltd.@ (formerly known as Sunway Invoice Interchange Pte. Ltd.)	Singapore	Fund management services	100	-	-	-
Sunway Residence Trust ^^	Singapore	Generate returns to registered holders of units by investing principally in student accommodation located in United Kingdom	100	-	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

51. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group	Non-controlling interest		
			2019	2018	2019	2018
			%	%	%	%
<b>(at) Subsidiary of Sunway RE Capital Advisors (SG) Pte. Ltd. (formerly known as Sunway Invoice Interchange Pte. Ltd.)</b>						
Sunway RE Capital Advisors (UK) Limited. ^^	United Kingdom	Fund management services	85	-	15	-
<b>(au) Subsidiary of Sunway Residence Trust</b>						
Sunway Residence (Guernsey) Limited ^^	Guernsey	Real estate activities	100	-	-	-
<b>(av) Subsidiary of Sun Sea Ltd.</b>						
Sun Sea Capital L.P.	Cayman Islands	Investment holding	83.33	-	16.67	-

@ Audited by Member Firms of BDO International.

# Audited by firms of auditors other than BDO in Malaysia and Member Firms of BDO International.

\* The Group controls the composition of the Board of Directors of the companies and hence has the power to govern the relevant activities of the companies.

^^ Statutory audit not required as at 31 December 2019.

^ Subsidiaries are consolidated based on management accounts for the financial year ended 31 December 2019. The financial statements of these subsidiaries are not required to be audited as they had been placed under members' voluntary winding up or voluntary striking-off during the financial year.

52. Joint operation

Joint operation of Sunway Construction Sdn. Bhd.	Principal activities	Effective participating interest	
		2019	2018
		%	%
Taisei-Sunway Joint Venture	Construction works	27.28	27.22

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group recognises its direct right and share of any jointly held assets, liabilities, revenues and expenses of the joint operation in accordance with the MFRS applicable to the respective assets, liabilities, revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

53. Significant events during the financial year and subsequent to the end of the reporting period

- (a) **Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd. ("SSSB"), View2pick Sdn. Bhd. ("V2P") and Chen Yew Plastics Sdn. Bhd. ("CYP") and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.**

Sunway Subang Sdn. Bhd. ("JVCo"), a subsidiary of Sunway City Sdn. Bhd. ("SunCity"), which in turn is a wholly-owned subsidiary of the Company, had on 19 February 2016, entered into the following Sale and Purchase Agreements ("SPAs") for the acquisition of the undermentioned parcels of leasehold land (60 years tenure) free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax) ("Proposed Property Acquisition"):

Vendors	Details of the lands	Purchase Consideration RM'000
SSSB	Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres ("PT 7")	12,500
V2P	Hakmilik H.S.(D) 113417, PT 8 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 0.9105 hectares ("PT 8")	9,000
CYP	Hakmilik H.S.(M) 6476, PT 2049 in Mukim Sungai Buluh, Daerah Petaling, Negeri Selangor measuring approximately 2 acres together with buildings erected thereon ("PT 2049")	11,225
Total		32,725

PT 7, PT 8 and PT 2049 shall collectively be referred to as "the Lands".

SunCity had on even date, entered into a Shareholders Agreement ("SA") with V2P for the purpose of establishing a joint venture via the JVCo to develop industrial properties on the Lands ("Development") as well as to regulate the relationship between SunCity and V2P with respect to the joint venture ("Proposed Joint Venture").

Salient terms of the SPAs include, inter-alia, the following:

Pursuant to the SPAs, the JVCo would acquire the Lands from SSSB, V2P and CYP free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax).

The SPA for PT 2049 is conditional upon, amongst others, CYP having obtained the State Authority's approval whether unconditionally or subject to conditions acceptable to the JVCo and the discharge of the charge over PT 2049.

The SPAs for PT 7 and PT 8 shall become unconditional when the following conditions have been fulfilled:

- SSSB and CYP having obtained the State Authority's approval, whether unconditionally or subject to conditions acceptable to the JVCo;
- the execution and fulfilment of the conditions precedent set out for PT 7 and PT 8;
- SSSB and V2P having obtained the State Authority's approval in accordance with the relevant provisions of the National Land Code in respect of the application for (i) amalgamation or (ii) surrender and re-alienation of PT 7, PT 8 and PT 2049 into one single issue document of title with a leasehold period of 99 years commencing from the date of issuance of the relevant new issue document of title; and
- V2P having procured the registration of the discharge of the charge created over PT 8.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

53. Significant events during the financial year and subsequent to the end of the reporting period (contd.)

(a) Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. with Sunway Serene Sdn. Bhd. ("SSSB"), View2pick Sdn. Bhd. ("V2P") and Chen Yew Plastics Sdn. Bhd. ("CYP") and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)

The completion of the acquisition of PT 7 and PT 8 are inter-conditional with one another while PT 2049 would be acquired independent of the acquisition of PT 7 and PT 8.

Salient terms of the SA include, inter-alia, the following:

- (i) Under the Proposed Joint Venture, SunCity and V2P shall subscribe for the following ordinary shares of RM1 each for cash in the share capital of the JVCo:

Shareholders	Number of shares	Shareholding Ratio
SunCity	79,000	80% *
V2P	20,000	20%

\* Included 1,000 ordinary shares currently held by SunCity in the JVCo.

- (ii) SunCity and V2P shall be entitled to nominate and appoint 3 directors and 1 director respectively in the JVCo.;
- (iii) SunCity shall nominate the Chairman of the Board; and
- (iv) The JVCo to enter into a management agreement with Sunway Integrated Properties Sdn. Bhd., a wholly-owned subsidiary of SunCity to undertake the tasks stipulated in the SA at a management fee equivalent to 1% of gross development value of the Development.

The SA shall become unconditional when the following conditions have been fulfilled:

- (i) Execution of the SPAs and fulfilment of the conditions precedent of the SPAs in relation to PT 7, PT 8 and PT 2049; and
- (ii) Approval of the relevant authorities granted to the JVCo for the amalgamation or surrender and re-alienation of the Lands and the extension of the leasehold period of the Lands to 99 years.

The SPA of PT2049 and the Proposed Joint Venture were completed on 29 June 2016 and 24 May 2017 respectively. The remainder of the acquisition of PT 7 and PT 8 have been completed on 28 February 2020.

(b) Proposed acquisition of residential units by Sunway Avila Sdn. Bhd. ("Sunway Avila") (a joint venture of the Company) from Setapak Heights Development Sdn. Bhd.

On 25 May 2018, Sunway Avila, a joint venture of Sunway City Sdn. Bhd., which in turn is a wholly-owned subsidiary of the Company, entered into a Master Sale and Purchase Agreement ("SPA") with Setapak Heights Development Sdn. Bhd. ("Setapak Heights") for the acquisition of 47 completed individual residential units of Residensi Infiniti 3 ("Parcels") developed by Setapak Heights on a leasehold land of 99 years expiring on 24 February 2109 held under Pajakan Negeri 50980 Lot 200649 Mukim Setapak, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan ("Land") on an "as is where is" basis and free from encumbrances and with vacant possession ("Proposed Acquisition") for a total purchase consideration of RM45,795,860 ("Contract Price").

The Contract Price shall be satisfied by Sunway Avila in the following manner:

- (i) A sum of RM4,579,586 ("Initial Payment") paid to Setapak Heights upon execution of the SPA as part payment of the Contract Price;
- (ii) Payment of RM20,608,137 shall be paid to Setapak Heights within 12 months from the date of the SPA towards part payment of the Contract Price; and
- (iii) Payment of the remaining balance of the Contract Price of RM20,608,137 shall be paid to Setapak Heights within 18 months from the date the SPA.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

53. Significant events during the financial year and subsequent to the end of the reporting period (contd.)

(b) Proposed acquisition of residential units by Sunway Avila Sdn. Bhd. ("Sunway Avila") (a joint venture of the Company) from Setapak Heights Development Sdn. Bhd. (contd.)

The SPA is conditional upon the discharge of the assignment of the Parcels in favour of Al-Rajhi Banking & Investment Corporation (Malaysia) Berhad within one month from the date of the SPA or such further period as may be granted by Sunway Avila ("Cut-Off Period"). Setapak Heights and Sunway Avila shall treat the sale and purchase of the Parcels as being completed on the date this condition is fulfilled notwithstanding that the Contract Price has yet to be paid in full. If the condition is not fulfilled by the expiry of the Cut-Off Period, Setapak Heights is to refund the Initial Payment to Sunway Avila and Sunway Avila shall have the right to terminate the SPA.

The Proposed Acquisition has been completed as at the date of this report.

(c) Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Dolomite Industries Company Sdn. Bhd.

On 3 June 2019, Sunway Holdings Sdn. Bhd. ("SHSB"), a wholly-owned subsidiary of the Company, entered into a Share Sale Agreement ("SSA") with Dolomite Industries Company Sdn. Bhd. ("the Vendor"), a subsidiary of Dolomite Corporation Berhad, to acquire 100 ordinary shares in Dolomite Granite Quarry Sdn. Bhd. ("Dolomite Quarry") ("Sale Shares") representing 100% of the total issued and paid-up share capital of Dolomite Quarry together with 4 parcels of leasehold lands measuring approximately 784 acres ("Lands") and the plants and machinery located on the Lands but excluding premix plant and mobile machinery and equipment and stocks located on the Lands as listed in the SSA ("Plant and Machinery"), free from all charges and encumbrances in the following manner ("Proposed Acquisition"):

- (i) RM100 for the Sale Shares; and
- (ii) RM125,000,000 towards payment for the Lands and the Plant and Machinery.

The Lands are held under the following titles:

- (i) Pajakan Negeri 113181, Lot 53066 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- (ii) Pajakan Negeri 113182, Lot 53068 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor;
- (iii) Pajakan Negeri 113183, Lot 53065 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor; and
- (iv) Pajakan Negeri 113184, Lot 53069 Mukim Ulu Langat, Daerah Ulu Langat, Negeri Selangor.

Pursuant to the SSA, SHSB will acquire the Sale Shares, the Lands as well as Plant and Machinery from the Vendor free from all charges and encumbrances at the following consideration:

- (i) RM100 for the Sale Shares; and
- (ii) RM125,000,000 towards payment of the purchase price for the Lands together with the Plant and Machinery. SHSB or its related company will advance the sum of RM125,000,000 to Dolomite Quarry to enable Dolomite Quarry to pay the purchase price to the Vendor pursuant to a sale and purchase agreement dated 27 December 2018 made between the Vendor and Dolomite Quarry ("SPA").

The Proposed Acquisition is conditional upon the fulfilment of the conditions precedent set out in the SSA within 3 months from the date of the SSA or such other date as may be mutually agreed by SHSB and the Vendor. The conditions precedent include: -

- (i) The Vendor having procured the approval of the shareholders of Dolomite Corporation Berhad, its ultimate holding company and Dolomite Quarry, in a general meeting, for the sale of the Sale Shares;
- (ii) The Vendor having obtained and delivered the following documents to SunHoldings:
- (a) a written confirmation from Maybank International Labuan Branch ("Maybank Labuan") confirming the redemption sum payable to MayBank Labuan to fully redeem and discharge the Lands ("Redemption Sum"); and
- (b) a written undertaking from Maybank Labuan to release its security interest created over the Sale Shares, the Lands as well as the Plant and Machinery subject to payment to Maybank Labuan of the Redemption Sum.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

53. Significant events during the financial year and subsequent to the end of the reporting period (contd.)

(c) Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Dolomite Industries Company Sdn. Bhd. (contd.)

The Proposed Acquisition is conditional upon the fulfilment of the conditions precedent set out in the SSA within 3 months from the date of the SSA or such other date as may be mutually agreed by SHSB and the Vendor. The conditions precedent include: - (contd.)

- (iii) Dolomite Quarry having completed the SPA in accordance with its terms including the transfer and registration of the Lands as well as Plant and Machinery in favour of Dolomite Quarry; and
- (iv) The Vendor having procured the issuance of new issue documents of title for the Lands with a leasehold tenure of not less than 58 years.

The SSA shall become unconditional on the date when all the conditions precedent have been obtained/fulfilled or waived.

The Proposed Acquisition has not been completed as at the date of this report.

(d) Privatisation Agreement between Perbadanan Kemajuan Negeri Selangor (a related party) and Sunway PKNS Sdn. Bhd.

On 1 July 2019, Sunway PKNS Sdn. Bhd. (“Sunway PKNS”), a subsidiary of the Company, entered into a Privatisation Agreement (“PA”) with Perbadanan Kemajuan Negeri Selangor (“PKNS”) to accept the rights to develop the leasehold land held under master title identified as PN97868, Lot 50202, Pekan Baru Sungai Buloh, District of Petaling, Selangor Darul Ehsan measuring approximately 9.458 acres (“Land”).

Pursuant to the PA, in consideration of PKNS granting the development rights to the Land to Sunway PKNS, Sunway PKNS shall pay the following entitlements to PKNS (“Entitlements”):-

- (i) Rights value of RM36,600,000;
- (ii) Revenue share of RM50,000,000 or a sum equivalent to 8.88% of the gross sales value of the development of the Land (“Proposed Development”) (less bumiputera discount approved by the appropriate authorities and other sale discounts and cost of purchase incentives offered by Sunway PKNS to the purchasers of the properties to be developed on the Land (“Properties”), whichever is higher; and
- (iii) A portion of the profit before tax from the Proposed Development of a sum of RM38,000,000 as PKNS is a shareholder holding 40% in Sunway PKNS.

Barring any unforeseen circumstances and subject to the approvals of the relevant authorities required for the Proposed Development and fulfilment of all conditions precedent in the PA, the Proposed Development is expected to be completed in the year 2025.

(e) Establishment of a Private Trust in Singapore

(i) Shareholders’ Agreement between Sunway RE Capital Advisors (SG) Pte. Ltd., Mansion Property Management Limited and Sunway RE Capital Advisors (UK) Limited dated 30 October 2019

(ii) Acquisition of Purpose-Built Student Accommodations by Sunway Residence (Guernsey) Limited, a Special Purpose Vehicle of Sunway Residence Trust

On 16 October 2019, Sunway RE Capital Advisors (SG) Pte. Ltd., a subsidiary of the Company executed a trust deed with RBC Investor Services Trust Singapore Limited to establish a private trust in Singapore known as Sunway Residence Trust (“Trust”).

Sunway RE Capital Advisors (SG) Pte. Ltd. (“SG Fund Manager”) will act as a fund manager for the Trust in Singapore while RBC Investor Services Trust Singapore Limited (“Trustee”) will act as trustee for the Trust.

The Trust will acquire purpose-built student accommodation (“Properties”) in the United Kingdom (“UK”) via a special purpose vehicle to be set up in Guernsey. Upon acquisition of the Properties, the SG Fund Manager will establish a fund manager in UK to provide fund management services and appoint an operator to manage the Properties.

On 22 October 2019, the Trust incorporated a wholly-owned company known as Sunway Residence (Guernsey) Limited (“SRG”) in Guernsey to acquire purpose-built student accommodation in the UK, for and on its behalf.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

53. Significant events during the financial year and subsequent to the end of the reporting period (contd.)

(e) Establishment of a Private Trust in Singapore (contd.)

(i) Shareholders’ Agreement between Sunway RE Capital Advisors (SG) Pte. Ltd., Mansion Property Management Limited and Sunway RE Capital Advisors (UK) Limited dated 30 October 2019 (contd.)

(ii) Acquisition of Purpose-Built Student Accommodations by Sunway Residence (Guernsey) Limited, a Special Purpose Vehicle of Sunway Residence Trust (contd.)

On 24 October 2019, the SG Fund Manager, incorporated a company known as Sunway RE Capital Advisors (UK) Limited (“UK Fund Manager”) in the UK to provide fund management services in the UK. Its shareholders are the SG Fund Manager and Mansion Property Management Limited (“MPML”) with equity stake of 85% and 15% respectively.

SRG has on 30 October 2019 entered into 3 agreements (collectively, “SPAs”) with the following parties to acquire purpose-built student accommodations as stated below (“Proposed Acquisition”):-

- (a) Contract for Sale of Freehold Land with Colston Property Developments LLP (“Colston”) as vendor and MG Markey Group Limited as guarantor for the acquisition of a freehold property known as The Colston, 8 Colston Avenue, Bristol, BS1 4ST, UK (“Colston Property”) at a total purchase consideration of £9,122,300 which is equivalent to approximately RM49.2 million;
- (b) Contract for Sale of Freehold Land with Marboot Centregate Ltd. (“Marboot”) as vendor and Henry Boot Developments Limited as guarantor for the acquisition of a freehold property known as Centregate, Colston Avenue, Bristol, BS1 4TR, UK (“Centregate Property”) at a total consideration of £9,526,300 which is equivalent to approximately RM51.3 million; and
- (c) Agreement for Sale with Make Space Redvers Limited (“Make Space”) as vendor, Redvers Development Limited as developer as well as Mr. Anthony Leonard Harris, Mr. Andrew Simon Clarfield, Baby Chicken Limited, Mr. Ivor Spiro, Mr. Max David Miller, Mr. Mark Howard Gershinson, Mr. Max William Simon Ashton, Mr. Peter David Needleman and Mr. Robin Julian Alvarez as guarantors to acquire a freehold property at Redvers House, Union Street, Sheffield S1 2JQ, UK (“Redvers Property”) at a total consideration of £18,976,300 which is equivalent to approximately RM102.3 million.

Colston, Marboot and Make Space shall collectively be referred to as “the Vendors” while the Colston Property, Centregate Property and Redvers Property shall collectively be referred to as “the Properties”.

The SG Fund Manager and the UK Fund Manager have on 30 October 2019, entered into a Shareholders’ Agreement (“SHA”) with MPML to regulate the rights of the SG Fund Manager and MPML in relation to the UK Fund Manager which is established solely for the purpose of providing investment advisory and management services to SRG pertaining to investments in purpose-built student accommodation.

The Proposed Acquisition has been completed as at the date of this report.

(f) The Coronavirus disease 2019 “COVID-19” pandemic

The Coronavirus disease 2019 “COVID-19” pandemic has interrupted the movement of people and goods throughout the world, and many levels of government are instituting restrictions on individuals and businesses, including Malaysia, where majority of the Group’s operations are located. In relation to this, the Government of Malaysia issued a Federal Government Gazette on 18 March 2020 imposing a Movement Control Order (“MCO”) effective from 18 March 2020 to 31 March 2020 arising from the COVID-19 pandemic. The MCO was extended for 2 weeks consecutively on 25 March 2020 and 10 April 2020 until 14 April 2020 and 28 April 2020 respectively, followed by another announcement on 23 April 2020 on the further extension of the MCO for another 2 weeks until 12 May 2020.

Since these developments occurred subsequent to the end of the reporting period, the COVID-19 pandemic is treated as a non-adjusting event in accordance with MFRS 110 *Events after the Reporting Period* and therefore, judgements and assumptions used in the preparation of the financial statements of the Group for the financial year ended 31 December 2019 do not reflect the effects arising from this non-adjusting event.

Notwithstanding that, the Group anticipates that the effects of COVID-19 would be recognised in the financial statements for the financial year ending 31 December 2020. The effects of COVID-19 would potentially impact the judgements and assumptions used in the preparation of the financial statements for the financial year ending 31 December 2020, such as expected credit losses of financial assets, fair value measurements of investment properties and financial instruments, write down of inventories to net realisable values and impairment assessments of assets (property, plant and equipment, goodwill, and investments in subsidiaries, associates and joint ventures).

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 53. Significant events during the financial year and subsequent to the end of the reporting period (contd.)

#### (f) The Coronavirus disease 2019 “COVID-19” pandemic (contd.)

As at the date of the authorisation of the financial statements, the COVID-19 pandemic and the MCO since 18 March 2020 have significant financial impact to the Group, particularly on the leisure and hospitality businesses under Property Investment segment of the Group. Some businesses of the Group have resumed operations with the approvals obtained from the relevant authorities during the MCO. Nevertheless, the Group is focusing on its efforts in the best possible way to mitigate its impact while protecting the business potential and branding from the medium to long term perspective.

In view of the lack of visibility on the end date of the COVID-19 pandemic and the MCO, the Group is not able to estimate the full potential financial impact as at the date of the authorisation of the financial statements. The Group will provide further updates on the financial impact and mitigating actions relating to the COVID-19 pandemic in its forthcoming quarterly financial reports and will recognise the financial impact in the financial statements for the financial year ending 31 December 2020.

### 54. Adoption of MFRSs and Amendments to MFRSs

#### (a) New MFRSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2019, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2019.

Title	Effective Date
MFRS 16 <i>Leases</i>	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Benchmark Reform</i>	1 January 2020

Although the Amendments to MFRS 9, MFRS 139 and MFRS 7 *Interest Rate Benchmark Reform* are mandatory for the financial periods beginning on or after 1 January 2020, the Group early adopted these Amendments with effect from 1 January 2019.

These Amendments provide relief in applying the requirements of MFRS 9 to certain hedges, including allowing the Group to assume that interest rate benchmarks on which hedged cash flows are based would not be altered as a result of interest rate benchmark reform.

Consequently, hedging relationships that may have otherwise been impacted by interest rate benchmark reform remain in place and no additional ineffective portion of the hedges would be recognised.

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 16 *Leases* and Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures* as described in the following sections.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

##### Adoption of MFRS 16 *Leases*

The Group and the Company adopted MFRS 16 on 1 January 2019 retrospectively. The Group and the Company have consistently applied the Standard in its opening statements of financial position as at 1 January 2018 and throughout the financial years presented, as if the Standard had always been in effect. An explanation on the impact arising from the adoption of MFRS 16 on the financial position and financial performance of the Group and of the Company is set out as follows:

- (i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 December 2018

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Group</b>				
<b>Revenue</b>		5,410,165	-	5,410,165
Cost of sales	(iii)	(3,734,494)	2,441	(3,732,053)
<b>Gross profit</b>		1,675,671	2,441	1,678,112
Other income		216,285	-	216,285
Administrative expenses	(iii)	(733,017)	11,739	(721,278)
Selling and marketing expenses	(iii)	(175,118)	1,396	(173,722)
Other expenses	(iii)	(424,618)	19,960	(404,658)
<b>Operating profit</b>		559,203	35,536	594,739
Finance and other distribution income		276,146	-	276,146
Finance costs	(iii)	(214,560)	(48,723)	(263,283)
Share of results of associates		172,322	-	172,322
Share of results of joint ventures		56,932	-	56,932
<b>Profit before tax</b>		850,043	(13,187)	836,856
Income tax expense	(iii)	(121,649)	208	(121,441)
<b>Profit for the financial year</b>		728,394	(12,979)	715,415
<b>Profit attributable to:</b>				
Owners of the parent		658,383	(12,820)	645,563
Non-controlling interests		70,011	(159)	69,852
		728,394	(12,979)	715,415

##### Other comprehensive income:

##### Items that may be reclassified subsequently to profit or loss

Foreign currency translations	(69,844)	-	(69,844)
Cash flow hedge reserve - fair value gain			
- Fair value gain of derivatives	37,202	-	37,202
- Amounts recycled to profit or loss	(37,029)	-	(37,029)



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

- (i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 December 2018 (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Group</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Fair value loss on other investments at fair value through other comprehensive income		(8,906)	-	(8,906)
<b>Other comprehensive loss for the financial year, net of tax</b>		(78,577)	-	(78,577)
<b>Total comprehensive income for the financial year</b>		649,817	(12,979)	636,838
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		579,895	(12,820)	567,075
Non-controlling interests		69,922	(159)	69,763
		649,817	(12,979)	636,838

#### Company

<b>Revenue</b>		1,106,129	-	1,106,129
Cost of sales	(iii)	(51,864)	(67)	(51,931)
<b>Gross profit</b>		1,054,265	(67)	1,054,198
Other income	(iii)	15,819	600	16,419
Administrative expenses		(20,463)	-	(20,463)
Other expenses		(448)	-	(448)
<b>Operating profit</b>		1,049,173	533	1,049,706
Finance and other distribution income		153,766	-	153,766
Finance costs	(iii)	(77,238)	(850)	(78,088)
<b>Profit before tax</b>		1,125,701	(317)	1,125,384
Income tax expense		(172)	-	(172)
<b>Profit for the financial year</b>		1,125,529	(317)	1,125,212

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

- (i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 December 2018 (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Company</b>				
<b>Attributable to:</b>				
Owners of the parent		1,125,529	(317)	1,125,212
Non-controlling interests		-	-	-
		1,125,529	(317)	1,125,212
<b>Other comprehensive income</b>				
		-	-	-
<b>Total comprehensive income for the financial year</b>				
		1,125,529	(317)	1,125,212
<b>Total comprehensive income attributable to:</b>				
Owners of the parent		1,125,529	(317)	1,125,212
Non-controlling interests		-	-	-
		1,125,529	(317)	1,125,212

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

(ii) Reconciliation of statements of financial position:

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Group</b>				
<b>1 January 2018</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	(iii)	1,522,895	724,370	2,247,265
Intangible assets		15,333	-	15,333
Investment properties		2,066,760	-	2,066,760
Inventories		1,682,127	-	1,682,127
Investments in associates		1,886,876	-	1,886,876
Investments in joint ventures		1,741,727	-	1,741,727
Goodwill		311,814	-	311,814
Deferred tax assets	(iii)	100,828	1,238	102,066
Trade receivables		51,407	-	51,407
Other receivables		11,351	-	11,351
Amounts due from joint ventures		1,242,074	-	1,242,074
Derivatives		34,181	-	34,181
Rock reserves		6,131	-	6,131
Other investments		813	-	813
Biological assets		616	-	616
		10,674,933	725,608	11,400,541
<b>Current assets</b>				
Inventories		1,788,430	-	1,788,430
Trade receivables		1,659,087	-	1,659,087
Other receivables		285,251	-	285,251
Contract assets		104,660	-	104,660
Placement in funds		2,035,734	-	2,035,734
Cash and bank balances		2,382,870	-	2,382,870
Derivatives		68,378	-	68,378
Amounts due from associates		41,446	-	41,446
Amounts due from joint ventures		113,031	-	113,031
Tax recoverable		57,474	-	57,474
		8,536,361	-	8,536,361
Assets of disposal group classified as held for sale		294,283	-	294,283
<b>Total assets</b>		19,505,577	725,608	20,231,185

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

(ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Group</b>				
<b>1 January 2018</b>				
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings		4,910,497	-	4,910,497
Trade payables		1,520,114	-	1,520,114
Other payables	(iii)	1,126,889	(8,178)	1,118,711
Contract liabilities		34,669	-	34,669
Amounts due to associates		14,850	-	14,850
Amounts due to joint ventures		58,601	-	58,601
Hire purchase and lease liabilities	(iii)	552	67,969	68,521
Derivatives		48,315	-	48,315
Tax payable		26,662	-	26,662
		7,741,149	59,791	7,800,940
<b>Non-current liabilities</b>				
Borrowings		2,868,110	-	2,868,110
Deferred tax liabilities		121,331	-	121,331
Other payables		253,563	-	253,563
Long term liabilities		4,450	-	4,450
Hire purchase and lease liabilities	(iii)	234	763,061	763,295
Derivatives		4,496	-	4,496
		3,252,184	763,061	4,015,245
<b>Total liabilities</b>		10,993,333	822,852	11,816,185
<b>Equity attributable to owners of the parent</b>				
Share capital		5,370,606	-	5,370,606
Treasury shares		(63,817)	-	(63,817)
Equity contribution from a joint venture		51,654	-	51,654
Merger reserve		(1,192,040)	-	(1,192,040)
Reserves	(iii)	3,724,315	(96,683)	3,627,632
		7,890,718	(96,683)	7,794,035
Non-controlling interests	(iii)	621,526	(561)	620,965
<b>Total equity</b>		8,512,244	(97,244)	8,415,000
<b>Total equity and liabilities</b>		19,505,577	725,608	20,231,185

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

(ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Group</b>				
<b>31 December 2018</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	(iii)	1,856,860	770,804	2,627,664
Intangible assets		17,748	-	17,748
Investment properties		1,942,744	-	1,942,744
Inventories		1,671,311	-	1,671,311
Investments in associates		2,084,029	-	2,084,029
Investments in joint ventures		1,306,632	-	1,306,632
Goodwill		313,893	-	313,893
Deferred tax assets	(iii)	108,896	1,446	110,342
Trade receivables		63,838	-	63,838
Other receivables		24,956	-	24,956
Amounts due from joint ventures		1,827,921	-	1,827,921
Rock reserves		5,868	-	5,868
Other investments		122,397	-	122,397
Biological assets		234	-	234
		11,347,327	772,250	12,119,577
<b>Current assets</b>				
Inventories		1,857,935	-	1,857,935
Trade receivables		1,514,524	-	1,514,524
Other receivables		286,992	-	286,992
Contract assets		100,765	-	100,765
Placement in funds		2,526,479	-	2,526,479
Cash and bank balances		2,609,553	-	2,609,553
Derivatives		64,629	-	64,629
Amounts due to associates		45,577	-	45,577
Amounts due to joint ventures		99,366	-	99,366
Tax recoverable		68,792	-	68,792
		9,174,612	-	9,174,612
Assets of disposal group classified as held for sale		486,128	-	486,128
<b>Total assets</b>		21,008,067	772,250	21,780,317

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

(ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Group</b>				
<b>31 December 2018</b>				
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings		6,337,103	-	6,337,103
Trade payables		1,336,189	-	1,336,189
Other payables	(iii)	1,268,581	(8,320)	1,260,261
Contract liabilities		33,772	-	33,772
Amounts due to associates		11,286	-	11,286
Amounts due to joint ventures		64,118	-	64,118
Hire purchase and lease liabilities	(iii)	357	80,932	81,289
Derivatives		17,227	-	17,227
Tax payable		33,555	-	33,555
		9,102,188	72,612	9,174,800
<b>Non-current liabilities</b>				
Borrowings		2,535,226	-	2,535,226
Deferred tax liabilities		146,907	-	146,907
Other payables		121,676	-	121,676
Amounts due to joint ventures		4,358	-	4,358
Long term liabilities		2,959	-	2,959
Hire purchase and lease liabilities	(iii)	528	809,861	810,389
Derivatives		36	-	36
		2,811,690	809,861	3,621,551
<b>Total liabilities</b>		11,913,878	882,473	12,796,351
<b>Equity attributable to owners of the parent</b>				
Share capital		5,379,437	-	5,379,437
Treasury shares		(140,299)	-	(140,299)
Equity contribution from a joint venture		51,654	-	51,654
Merger reserve		(1,192,040)	-	(1,192,040)
Reserves	(iii)	3,975,611	(109,503)	3,866,108
		8,074,363	(109,503)	7,964,860
Perpetual sukuk		400,000	-	400,000
Non-controlling interests	(iii)	619,826	(720)	619,106
<b>Total equity</b>		9,094,189	(110,223)	8,983,966
<b>Total equity and liabilities</b>		21,008,067	772,250	21,780,317



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

54. Adoption of MFRSs and Amendments to MFRSs (contd.)

(a) New MFRSs adopted during the financial year (contd.)

(ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Company</b>				
<b>1 January 2018</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	(iii)	211	14,625	14,836
Investments in subsidiaries		4,042,679	-	4,042,679
Investments in joint ventures		800	-	800
Other investments		78	-	78
		4,043,768	14,625	4,058,393
<b>Current assets</b>				
Other receivables		11,855	-	11,855
Placement in funds		529,511	-	529,511
Cash and bank balances		736,164	-	736,164
Amounts due from subsidiaries		1,746,546	-	1,746,546
Amounts due from associates		824	-	824
Amounts due to joint ventures		1,562	-	1,562
		3,026,462	-	3,026,462
<b>Total assets</b>		<b>7,070,230</b>	<b>14,625</b>	<b>7,084,855</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings		1,060,000	-	1,060,000
Other payables		27,146	-	27,146
Amounts due to subsidiaries		5,557	-	5,557
Amounts due to associates		39	-	39
Amounts due to joint ventures		11	-	11
Lease liabilities	(iii)	-	2,115	2,115
Tax payable		230	-	230
		1,092,983	2,115	1,095,098

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

54. Adoption of MFRSs and Amendments to MFRSs (contd.)

(a) New MFRSs adopted during the financial year (contd.)

(ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Company</b>				
<b>1 January 2018</b>				
<b>Non-current liabilities</b>				
Borrowings		610,000	-	610,000
Lease liabilities	(iii)	-	14,382	14,382
		610,000	14,382	624,382
<b>Total liabilities</b>		<b>1,702,983</b>	<b>16,497</b>	<b>1,719,480</b>
<b>Equity attributable to owners of the parent</b>				
Share capital		5,370,606	-	5,370,606
Treasury shares		(63,817)	-	(63,817)
Reserves	(iii)	60,458	(1,872)	58,586
<b>Total equity</b>		<b>5,367,247</b>	<b>(1,872)</b>	<b>5,365,375</b>
<b>Total equity and liabilities</b>		<b>7,070,230</b>	<b>14,625</b>	<b>7,084,855</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

##### (ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Company</b>				
<b>31 December 2018</b>				
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	(iii)	162	12,307	12,469
Investments in subsidiaries		4,842,679	-	4,842,679
Investments in joint ventures		800	-	800
Other investments		78	-	78
		4,843,719	12,307	4,856,026
<b>Current assets</b>				
Other receivables		15,416	-	15,416
Placement in funds		885,000	-	885,000
Cash and bank balances		233,173	-	233,173
Amounts due from subsidiaries		2,440,612	-	2,440,612
Amounts due from associates		1,744	-	1,744
Amounts due to joint ventures		2,383	-	2,383
Tax recoverable		564	-	564
		3,578,892	-	3,578,892
<b>Total assets</b>		<b>8,422,611</b>	<b>12,307</b>	<b>8,434,918</b>
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings		1,246,000	-	1,246,000
Other payables		67,518	-	67,518
Amounts due to subsidiaries		3,220	-	3,220
Lease liabilities	(iii)	-	2,468	2,468
		1,316,738	2,468	1,319,206

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

##### (ii) Reconciliation of statements of financial position: (contd.)

	Note	As previously reported RM'000	Effects of adoption of MFRS 16 RM'000	Restated RM'000
<b>Company</b>				
<b>31 December 2018</b>				
<b>Non-current liabilities</b>				
Borrowings		610,000	-	610,000
Lease liabilities	(iii)	-	12,028	12,028
		610,000	12,028	622,028
<b>Total liabilities</b>		<b>1,926,738</b>	<b>14,496</b>	<b>1,941,234</b>
<b>Equity attributable to owners of the parent</b>				
Share capital		5,379,437	-	5,379,437
Treasury shares		(140,299)	-	(140,299)
Reserves	(iii)	856,735	(2,189)	854,546
		6,095,873	(2,189)	6,093,684
Perpetual sukuk		400,000	-	400,000
<b>Total equity</b>		<b>6,495,873</b>	<b>(2,189)</b>	<b>6,493,684</b>
<b>Total equity and liabilities</b>		<b>8,422,611</b>	<b>12,307</b>	<b>8,434,918</b>

##### (iii) Notes to reconciliation

The Group and the Company adopted MFRS 16 *Leases* and applied this Standard retrospectively during the financial year. This Standard introduces a single lessee accounting model for recognising leases, which requires a lessee to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

A lessee measures right-of-use asset similarly to other non-financial assets (such as property, plant and equipment) and lease liability similarly to other financial liabilities. As a consequence, a lessee recognises depreciation of the right-of-use asset and interest on the lease liability.

Right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of leases. Subsequent to initial recognition, the right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any remeasurement of lease liabilities.

The Group and the Company present right-of-use assets that do not meet the definition of investment properties as property, plant and equipment and inventories based on the corresponding underlying assets. Right-of-use assets that meet the definition of investment properties are presented as investment properties.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date. The lease payments are discounted using the incremental borrowing rate of the Group and of the Company. Subsequent to the initial recognition, the Group and the Company measure the lease liabilities by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect lease payments made and remeasuring the carrying amounts of any reassessment or lease modifications.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 54. Adoption of MFRSs and Amendments to MFRSs (contd.)

#### (a) New MFRSs adopted during the financial year (contd.)

##### Adoption of Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*

Amendments to MFRS 128 clarify that an entity applies MFRS 9 *Financial Instruments* to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in MFRS 9 applies to such long-term interests.

In applying MFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognised as adjustments to the net investment in the associate or joint venture that arise from applying MFRS 128 *Investments in Associates and Joint Ventures*.

The Group adopted Amendments to MFRS 128 with an initial application date of 1 January 2019. In accordance with the transitional provisions provided in MFRS 128, comparative information was not restated. Differences arising from the adoption of Amendments to MFRS 128 have been recognised directly in retained earnings.

The impact on adoption is summarised below:

	As at 31 December 2018 RM'000 (Restated)*	Impact RM'000	As at 1 January 2019 RM'000
<b>Group</b>			
Investments in joint ventures	1,306,632	(132)	<b>1,306,500</b>
Retained earnings	3,598,851	(132)	<b>3,598,719</b>

\* Restated after effects of adoption of MFRS 16 of RM109,503,000.

#### (b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2020

The Standards that are issued but not yet effective up to the date of issuance of 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.

Title	Effective Date
Amendments to <i>References to the Conceptual Framework</i> in MFRS Standards	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

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTD.)

### 55. Financial Reporting Updates

#### (a) IFRIC Agenda Decision - *Over time transfer of constructed good, which may have impacts on the Group's financial statements on adoption*

The IFRS Interpretations Committee ('IFRIC') received a submission about the capitalisation of borrowing costs in relation to the construction of a residential multi-unit real estate development.

Based on the fact pattern described in the submission, the request asked whether the entity has a qualifying asset as defined in IAS 23 *Borrowing Costs* and, therefore, capitalises any directly attributable costs.

The IFRIC concluded in March 2019 that, in the fact pattern described in the request:

- (i) Any receivable and contract asset that the entity recognises is not a qualifying asset.
- (ii) Any inventory (work-in-progress) for unsold units under construction that the entity recognises is also not a qualifying asset because the unsold units are ready for its intended use or sale.

The MASB announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

The Group is in the process of obtaining new information and adapting its systems to implement this change in accounting policy. The implementation results would be reported during the financial year ending 31 December 2021.

#### (b) IFRIC Agenda Decision - *An assessment of the lease term (IFRS 16)*

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2019.



LIST OF MATERIAL PROPERTIES  
AS AT 31 DECEMBER 2019

Location / Address	Land area (acres) / Built up area (sq ft)	Description / Existing use	Age of Building (Years)	Tenure	Net Book Value as at 31.12.2019 (RM'000)	Date of Acquisition (A) / Revaluation (R) / Construction (C)
PT 252 HS(D) 63419 PT 4974 HS(D) 79345 PN 92838 Lot 72241 PT 194 HS(D) 238244 PT 193 HS(D) 238243 PT 215 HS(D) 240048 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	21.83	Kelana Jaya land (Land under development and held for development)	-	Freehold & Leasehold expiring 11.05.2106	572,562	A: May-15 A: Feb-16
Lot No. 61759 (Previously known as PT638) PN 17103 (Previously known as HS(D) 174431) Bandar Sunway Daerah Petaling Selangor Darul Ehsan	1.80 / 1,141,147	Sunway Pinnacle	6	Leasehold expiring 01.04.2097	410,000	R: Dec-19
H.S.(D) 308674, PT 1356 (formerly PN 9497, Lot 41) Jalan Lagoon Selatan, Bandar Sunway, Daerah Petaling, Selangor Darul Ehsan	5.78 / 601,600	Sunway Medical Centre 3, Sunway Medical Centre 4 under construction, and land	3	Leasehold expiring 10.7.2114	346,364	R: Dec-19 A: Jul-15
Lot 1385, 2102, 3224 & 7629 & 3223 & 7630 Mukim 13, Daerah Timur Laut Pulau Pinang	24.92	Paya Terubong land (Land held for development)	-	Freehold	387,648	A: Dec-13
GRN.81534 Lot 62644 PT 895 HS(D) 238254 PT 923 HS(D) 238976 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	7.86 / 623,010	Sunway Monash Hostel (Phase 1 & 2) (Phase 2 under construction)	8.5	Leasehold expiring 15.03.2106 & 02.04.2106	393,819	R: Dec-19
PT894 HSD(T) 238253 Lot 62630 (previously known as PT907) PN 81526 (previously known as HSD (T) 238960) Bandar Sunway Daerah Petaling Selangor Darul Ehsan	11.96 / 1,056,191	Monash University	13	Leasehold expiring 02.04.2106 & 15.05.2106	308,749	R: Dec-19

LIST OF MATERIAL PROPERTIES  
AS AT 31 DECEMBER 2019

Location / Address	Land area (acres) / Built up area (sq ft)	Description / Existing use	Age of Building (Years)	Tenure	Net Book Value as at 31.12.2019 (RM'000)	Date of Acquisition (A) / Revaluation (R) / Construction (C)
PTD 218602, 231854, 231849, 231850, 231856, 231857 Lot 211689 (GRN569700) (previously known as 231844) Mukim Plentong, District of Johor Bahru, Johor Darul Takzim	68.71	Sunway Lenang Heights - Ph1A & Ph1B (Land under development and held for development)	-	Freehold	266,829	A: Dec-10
Pusat Perubatan Sunway Velocity H.S.(D) 117437, PT 462 Linkaran SV 55100 Kuala Lumpur	1 / 465,550	Sunway Medical Center Velocity	3	Freehold	262,150	C: Mar-17
Geran No. 78658, Lot No: 20010 Seksyen 69 Bandar Kuala Lumpur, Negeri Wilayah Persekutuan	4.53	Jalan Belfiled land (Land held for development)	-	Freehold	219,920	A: Jul-17
Lot 62637 - 62639, Lot 62654, Lot 62656 PT1351 HS(D) 297665 PT97615 HS(D) 64729 PT1352 HS(D) 297666 PT1353 HS(D) 297667 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	49.60	Sunway South Quay (Land under development and held for development)	-	Leasehold expiring 05.07.2104 & 15.05.2106 & 20.05.2113	216,785	A: Apr-04 A: Nov-05 A: Mar-06





## ENHANCING EFFICIENCY AND PRODUCTIVITY

Sunway's Quarry division continues to innovate and embrace technology to enhance efficiency, productivity and quality. By exploring improvements in batching plants to support manufacturing activities, it will create a better value proposition of the division to its customers and also strengthen its position as one of Malaysia's largest industry players.

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Number of  
Quarries  
**8**

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Number of  
Asphalt Plants  
**24**



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DIRECTORS’ INTERESTS IN SHARES AND WARRANTS BASED ON THE REGISTER OF DIRECTORS’ SHAREHOLDINGS AS AT 31 MARCH 2020

DIRECTORS' INTERESTS IN SUNWAY

Name of Directors	Ordinary Shares	
	No.	%
<b>Direct interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO	97,565,179	1.99
Tan Sri Datuk Seri Razman M Hashim	3,613,524	0.07
Dato’ Chew Chee Kin	21,038,466	0.43
Sarena Cheah Yean Tih	5,248,592	0.11
Tan Sri Dato' Dr. Lin See Yan	514,070	0.01
<b>Deemed interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO <sup>(a)</sup>	2,964,002,520	60.47
Dato’ Chew Chee Kin <sup>(b)</sup>	1,564,862	0.03
Sarena Cheah Yean Tih <sup>(c)</sup>	3,052,126,683	62.27

Name of Directors	Warrants 2017/2024	
	No.	%
<b>Direct interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO	32,028,184	5.08
Tan Sri Datuk Seri Razman M Hashim	455,441	0.07
Dato’ Chew Chee Kin	2,651,647	0.42
Sarena Cheah Yean Tih	661,522	0.11
Tan Sri Dato' Dr. Lin See Yan	90,000	0.01
<b>Deemed interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO <sup>(d)</sup>	409,339,833	64.98
Dato’ Chew Chee Kin <sup>(b)</sup>	197,232	0.03
Sarena Cheah Yean Tih <sup>(e)</sup>	440,178,090	69.87

DIRECTORS’ INTERESTS IN SHARES AND WARRANTS BASED ON THE REGISTER OF DIRECTORS’ SHAREHOLDINGS AS AT 31 MARCH 2020

DIRECTORS' INTERESTS IN SUNWAY'S IMMEDIATE HOLDING COMPANY SUNGEI WAY CORPORATION SDN BHD

Name of Directors	Ordinary Shares	
	No.	%
<b>Deemed interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO <sup>(f)</sup>	10,000,000	100.00
Sarena Cheah Yean Tih <sup>(g)</sup>	10,000,000	100.00
<b>Non-Cumulative Convertible Redeemable Preference Shares</b>		
<b>Direct interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO	284,000,000	100.00
<b>Deemed interest</b>		
Sarena Cheah Yean Tih <sup>(h)</sup>	284,000,000	100.00

DIRECTORS' INTERESTS IN SUNWAY'S ULTIMATE HOLDING COMPANY ACTIVE EQUITY SDN BHD

Name of Directors	Ordinary Shares	
	No.	%
<b>Direct interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO	102,000	60.00
Sarena Cheah Yean Tih	25,500	15.00
<b>Deemed interest</b>		
Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling AO <sup>(i)</sup>	68,000	40.00
Sarena Cheah Yean Tih <sup>(h)</sup>	102,000	60.00



**DIRECTORS' INTERESTS IN SHARES AND WARRANTS BASED ON THE REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 31 MARCH 2020**

**DIRECTORS' INTERESTS IN SUNWAY'S RELATED COMPANY  
SUNWAY GLOBAL LIMITED**

	Ordinary Shares	
	No.	%
<b>Direct interest</b>		
Dato' Chew Chee Kin	689,183	0.24

**DIRECTORS' INTERESTS IN SUNWAY'S RELATED COMPANY  
SUNWAY CONSTRUCTION GROUP BERHAD**

	Ordinary Shares	
	No.	%
<b>Direct interest</b>		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	7,723,892	0.60
Tan Sri Datuk Seri Razman M Hashim	106,864	0.01
Sarena Cheah Yean Tih	57,727	#
Tan Sri Dato' Dr. Lin See Yan	10,000	#
<b>Deemed interest</b>		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO <sup>(i)</sup>	833,629,588	64.66
Sarena Cheah Yean Tih <sup>(k)</sup>	841,282,416	65.25

**NOTES:**

- <sup>(a)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and children.
- <sup>(b)</sup> Deemed interest by virtue of Section 59(11)(c) of the Companies Act 2016 held through spouse.
- <sup>(c)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd, spouse and parent.
- <sup>(d)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd and children.
- <sup>(e)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and parent.
- <sup>(f)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd and children.
- <sup>(g)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd and parent.
- <sup>(h)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through parent.
- <sup>(i)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through children.
- <sup>(j)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and children.
- <sup>(k)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent.
- # Negligible

**ANALYSIS OF SHAREHOLDINGS  
AS AT 31 MARCH 2020**

Issued shares : 4,933,931,767 ordinary shares  
Treasury shares : 32,550,065 treasury shares held by the Company  
Class of Shares : Ordinary shares  
Voting Rights : One vote per ordinary share

**DISTRIBUTION OF SHAREHOLDINGS**

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	3,579	16.53	117,552	#
100 - 1,000	2,279	10.52	931,769	0.02
1,001 - 10,000	10,501	48.49	42,545,453	0.87
10,001 - 100,000	4,527	20.90	117,513,299	2.40
100,001 - 245,069,084 (Less than 5% of issued shares)	762	3.52	1,671,243,217	34.10
245,069,085 (5% and above of issued shares)	9	0.04	3,069,030,412	62.61
	21,657	100.00	4,901,381,702 *	100.00

**Note:**

# Less than 0.01%

\* Exclude a total of 32,550,065 treasury shares retained by the Company as per record of depositors as at 31 March 2020.

**THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS  
(Excluding 32,550,065 treasury shares)**

	Name of Shareholders	No. of Shares	%
1	Sungei Way Corporation Sendirian Berhad	528,780,295	10.79
2	Public Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sdn Bhd (BSY)	504,949,500	10.30
3	Sungei Way Corporation Sendirian Berhad	367,842,679	7.50
4	HSBC Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sdn Bhd (302-036306-089)	336,564,992	6.87
5	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	286,536,917	5.85
6	Citigroup Nominees (Tempatan) Sdn Bhd - UBS AG Singapore for Sungei Way Corporation Sdn Bhd	272,700,000	5.56
7	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sendirian Berhad	271,656,029	5.54
8	HSBC Nominees (Tempatan) Sdn Bhd - HBAP for Sungei Way Corporation Sendirian Berhad (PB-SGDIV)	250,000,000	5.10
9	RHB Nominees (Tempatan) Sdn Bhd - RHB Asset Management Sdn Bhd for Sungei Way Corporation Sdn Bhd	250,000,000	5.10
10	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA BHD.	111,344,911	2.27
11	Citigroup Nominees (Tempatan) Sdn Bhd - UBS AG Singapore for Active Equity Sdn Bhd	100,000,000	2.04
12	HSBC Nominees (Tempatan) Sdn Bhd - Pledged securities account - HBAP SG for Cheah Fook Ling (PB-SGDIV)	91,809,000	1.87
13	Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	60,895,900	1.24
14	Active Equity Sdn Bhd	56,550,000	1.15
15	Lim Suan	44,060,585	0.90
16	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Affin-HWG)	41,554,790	0.85
17	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (Nomura)	41,422,500	0.85
18	Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	40,830,096	0.83

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2020

### THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONTD.)

	Name of Shareholders	No. of Shares	%
19	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	33,540,600	0.68
20	Kumpulan Wang Persaraan (Diperbadankan)	29,060,812	0.59
21	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	28,893,591	0.59
22	HSBC Nominees (Asing) Sdn Bhd - JPMBL SA for Aviva Investors	27,010,773	0.55
23	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	26,807,968	0.55
24	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	25,822,745	0.53
25	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	25,191,740	0.51
26	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	21,652,267	0.44
27	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Affin Hwang Select Opportunity Fund (3969)	20,738,040	0.42
28	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (WEST CLT OD67)	19,790,860	0.40
29	Hong Leong Assurance Berhad - AS Beneficial Owner (Life PAR)	17,771,730	0.36
30	Maybank Nominees (Tempatan) Sdn Bhd - MTrustee Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)	17,540,673	0.36

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2020

### SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling Ao		
	• Direct interest	97,565,179	1.99
	• Deemed interest <sup>(a)</sup>	2,964,002,520	60.47
2	Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng		
	• Deemed interest <sup>(b)</sup>	3,061,567,699	62.46
3	Sarena Cheah Yean Tih		
	• Direct interest	5,248,592	0.11
	• Deemed interest <sup>(c)</sup>	3,052,126,683	62.27
4	Evan Cheah Yean Shin		
	• Direct interest	4,195,196	0.09
	• Deemed interest <sup>(d)</sup>	3,052,123,911	62.27
5	Adrian Cheah Yean Sun		
	• Deemed interest <sup>(d)</sup>	3,052,123,911	62.27
6	Sungei Way Corporation Sdn Bhd	2,782,493,495	56.77
7	Active Equity Sdn Bhd		
	• Direct interest	156,550,000	3.19
	• Deemed interest <sup>(e)</sup>	2,782,493,495	56.77
8	Employees Provident Fund Board	409,240,707	8.35

#### NOTES:

- <sup>(a)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and children.
- <sup>(b)</sup> Deemed interest held through spouse and children.
- <sup>(c)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd, spouse and parent.
- <sup>(d)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Jef-San Enterprise Sdn Bhd and parent.
- <sup>(e)</sup> Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sungei Way Corporation Sdn Bhd.

## ANALYSIS OF WARRANTHOLDINGS

### AS AT 31 MARCH 2020

#### DISTRIBUTION OF WARRANTHOLDINGS

Size of Warrantholdings	No. of Warrantholders	% of Warrantholders	No. of Warrants Held	% of Warrantholdings
Less than 100	3,230	22.36	69,330	0.01
100 - 1,000	6,451	44.68	3,073,547	0.49
1,001 - 10,000	3,643	25.22	11,277,636	1.79
10,001 - 100,000	865	5.99	28,464,651	4.52
100,001 - 31,497,901 (Less than 5% of warrants in issue)	249	1.72	146,966,000	23.33
31,497,902 (5%) and above	5	0.03	440,106,881	69.86
	14,443	100.00	629,958,045	100.00

#### THIRTY LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS

	Name of Warrantholders	No. of Warrants	%
1	Sungei Way Corporation Sendirian Berhad	224,843,478	35.69
2	Sungei Way Corporation Sendirian Berhad	106,647,079	16.93
3	HSBC Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sdn Bhd (302-036306-089)	42,420,000	6.73
4	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sendirian Berhad	34,239,000	5.44
5	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	31,957,324	5.07
6	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	6,284,292	1.00
7	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Khoo Chai Pek (MY1030)	6,000,020	0.95
8	Amanahraya Trustees Berhad - Public Ittikal Sequel Fund	5,049,717	0.80
9	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	4,799,217	0.76
10	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledge securities account for Teo Kwee Hock	4,292,900	0.68
11	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for Bank of Singapore Limited (Local)	3,499,000	0.56
12	Public Invest Nominees (Asing) Sdn Bhd - Exempt AN for Phillip Securities Pte Ltd (Clients)	3,306,509	0.52
13	Khoo Chai Pek	3,306,300	0.52
14	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Emerging Markets Stock Index Fund	3,268,483	0.52
15	UOB Kay Hian Nominees (Tempatan) Sdn Bhd - Pledged securities account for Teo Siew Lai	3,175,800	0.50
16	Maybank Securities Nominees (Asing) Sdn Bhd - Maybank Kim Eng Securities Pte Ltd for Lim Chuan Seng	2,800,000	0.44
17	Maybank Nominees (Tempatan) Sdn Bhd - Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	2,729,010	0.43
18	Hing Chin Hool	2,500,000	0.40

## ANALYSIS OF WARRANTHOLDINGS

### AS AT 31 MARCH 2020

#### THIRTY LARGEST WARRANTHOLDERS AS PER RECORD OF DEPOSITORS (CONTD.)

	Name of Warrantholders	No. of Warrants	%
19	Chang Tian Kwang	2,338,010	0.37
20	Tan Hui Gek	2,324,395	0.37
21	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA for Vanguard Total International Stock Index Fund	2,118,838	0.34
22	Maybank Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tee See Kim	2,093,017	0.33
23	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Tan Meng Seng	2,082,400	0.33
24	Khoo Chai Heng	1,986,000	0.32
25	HSBC Nominees (Tempatan) Sdn Bhd - HSBC (M) Trustee Bhd for Principal Dali Opportunities Fund	1,794,600	0.28
26	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged securities account for Ng Hok Long @ Ng Hock Leong (Empire-CL)	1,577,200	0.25
27	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Malaysian Inc Fund	1,461,100	0.23
28	Ng Hok Long @ Ng Hock Leong	1,452,329	0.23
29	Permodalan Nasional Berhad	1,375,679	0.22
30	Tee See Kim	1,353,900	0.21





## DEVELOPING BEST-IN-CLASS PRODUCTS

Technology lies at the heart of the Building Materials division as it drives a more streamlined and efficient production value chain that results in high-quality, cost-competitive products. Technology enables faster customer response times and facilitates R&D activities towards introducing new and better game-changing products that deliver optimum customer satisfaction.



Number of  
Manufacturing  
Facilities

9



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402 CORPORATE  
DIRECTORY

## CORPORATE DIRECTORY

### HEAD OFFICE

**MENARA SUNWAY**  
Jalan Lagoon Timur, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

### INVESTMENT HOLDING

**SUNWAY BERHAD\*** 201001037627 (921551-D)  
**SUNWAY CITY SDN BHD\*** 198201007806 (87564-X)  
**SUNWAY HOLDINGS SDN BHD\*** 197801000442 (37465-A)  
Head Office:  
Level 17, Menara Sunway  
Tel: (603) 5639 8889 Fax: (603) 5639 9507

### SUNWAY CONSTRUCTION GROUP BERHAD\*

201401032422 (1108506-W)  
Head Office:  
Level 8, Menara Sunway  
Tel: (603) 5639 9696 Fax: (603) 5639 9601  
Website: sunwayconstruction.com.my

### INTEGRATED PROPERTIES DIVISION

### PROPERTY DEVELOPMENT & INVESTMENT

**SUNWAY INTEGRATED PROPERTIES SDN BHD\***  
198401000017 (112537-P)  
**SUNWAY SEMENYIH SDN BHD\*** 199601022704 (395056-T)  
**SUNWAY D'MONT KIARA SDN BHD\***  
200101023880 (559638-V)  
**SUNWAY KIARA SDN BHD\*** 201001010112 (894742-A)  
**SUNWAY MELAWATI SDN BHD\*** 200301003938 (606338-V)  
**COMMERCIAL PARADE SDN BHD\***  
199201004452 (2355996-P)  
**SUNWAY SUPPLY CHAIN ENTERPRISE SDN BHD\***  
199601023399 (395751-M)  
**EMERALD TYCOON SDN BHD\*** 200101018585 (554342-U)  
**SUNWAY CITY PROPERTIES SDN BHD\***  
197401001403 (18451-M)  
**SUNWAY GD PILING SDN BHD\*** 200501016256 (693303-X)  
**SUNWAY KINRARA SDN BHD\*** 198701000756 (159422-A)  
**STERLING PARADISE SDN BHD\***  
201901024274 (1333603-H)  
**SUNWAY RAHMAN PUTRA SDN BHD\***  
200101025444 (561202-P)  
Head Office:  
Lobby & Level 3, Menara Sunway  
Tel: (603) 5639 8888  
Website: www.sunwayproperty.com

**SUNWAY BELFIELD SDN BHD\*** 199801000672 (456798-V)  
Lobby & Level 3, Menara Sunway

### Sales Gallery:

Unit No G1, Ground Floor  
Bangunan Cheong Wing Chan  
Nos 41-51, Jalan Maharajalela  
50150 Kuala Lumpur

**SUNWAY VELOCITY TWO SDN BHD\*** 201001042381  
(926309-U)  
Lobby & Level 3, Menara Sunway

### Sales Gallery:

Jalan Peel, 55100 Kuala Lumpur  
Tel : (603) - 2732 8028/ (6017) – 964 0700  
Website: www.sunwayproperty.com

**SUNWAY AVILA SDN BHD\*** 201701014284 (1228449-W)  
Lobby & Level 3, Menara Sunway

### Sales Gallery:

Jalan Seri Wangsa 1  
Taman Sri Rampai,  
53300 Kuala Lumpur  
Tel: (603) - 4021 0245  
Website: www.sunwayproperty.com

**SUNWAY SUBANG SDN BHD\*** 199401042982 (328670-X)  
Lobby & Level 3, Menara Sunway

### Sales Gallery:

No 1, Jalan Delta U6/18,  
Taman Perindustrian Sunway Subang,  
Jalan Tudm, Kampung Subang Baru.  
40150 Shah Alam, Selangor Darul Ehsan  
Tel: (601) 7964 0822  
Website: www.sunwayproperty.com

**SUNWAY SOUTH QUAY SDN BHD\*** 200301034175  
(636596-T)

### SUNWAY MONASH-U RESIDENCE SDN BHD\*

200901000358 (843281-X)  
**PROSPER REVENUE SDN BHD\*** 201301006853 (1036693-U)  
Lobby & Level 3, Menara Sunway

### Sunway South Quay Sales Gallery:

Sunway GEOLake Sales Gallery  
G-01-01, Sunway Geo Avenue  
Jalan Lagoon Selatan, Sunway South Quay  
47500 Subang Jaya, Selangor Darul Ehsan  
Tel: (603) 5021 4588  
Website: www.sunwayproperty.com

**SUNWAY PKNS SDN BHD\*** 198901001876 (179182-V)  
**BISIKAN SENI SDN BHD\*** 199601010783 (383132-M)  
**EMERALD FREIGHT SDN BHD\*** 199601012676 (385026-M)  
**IMBASAN INTISARI SDN BHD\*** 199601013870 (386220-U)  
**PARK SYMPHONY SDN BHD\*** 199601014875 (387225-D)  
**TIDAL ELEGANCE SDN BHD\*** 199601014872 (387222-K)  
**PETIKAN TROPIKA SDN BHD\*** 199601003494 (375840-P)  
**ANGGARAN SALJU SDN BHD\*** 199601008103 (380449-V)  
**LAUDABLE GENERATIONS SDN BHD\*** 199601008527 (380875-P)

### Head Office:

Lobby & Level 3, Menara Sunway  
Tel: (603) 5639 8888  
Website: www.sunwayproperty.com

**SUNWAY SERENE SDN BHD\*** 200001008823 (511429-A)  
Lobby & Level 3, Menara Sunway

### Sales Gallery:

Lot No. 72241, Jalan SS8/2,  
Kelana Jaya,  
47501 Petaling Jaya,  
Selangor Darul Ehsan  
Tel: (603) 7865 9870  
Website: www.sunwayproperty.com

**SUNWAY CITY (IPOH) SDN BHD** 199101009436 (219749-M)  
**SUNWAY ORGANIC GARDEN SDN. BHD**  
(Formerly known as Ganda Antik Sdn Bhd)  
199501018592 (347795-P)  
**Corporate Office:**  
No. 52, Jalan SCI 1/3  
Dataran Sunway, Sunway City Ipoh  
31150 Ipoh, Perak Darul Ridzuan, Malaysia  
Tel: (605) 548 1998  
Fax: (605) 548 6868  
Email: suncityipoh@sunway.com.my

### Sunway Onsen Suites Sales Gallery:

Lost World Hotel, Ground Floor  
No. 2, Persiaran Lagun Sunway 1  
Sunway City Ipoh,  
31150 Ipoh, Perak Darul Ridzuan, Malaysia  
Tel: (605) 548 1998  
Fax: (605) 548 6868  
Email: suncityipoh@sunway.com.my

**SUNWAY CITY (PENANG) SDN BHD** 198501008888  
(141336-U)  
**SUNWAY GRAND SDN BHD** 198101000607 (66715-X)  
**SUNWAY BUKIT GAMBIER SDN BHD** 200301013996  
(616416-W)

**SUNWAY BINTANG SDN BHD** 199201007071 (238575-M)  
**SUNWAY TUNAS SDN BHD** 199501005223 (334419-X)  
**ASSOCIATED CIRCLE SDN BHD** 199201006647 (238151-V)  
**FAME PARADE SDN BHD** 199201006644 (238148 -V)  
**SUNWAY ORIENT SDN BHD** 199501016446 (345649-U)

### Corporate Office:

28, Jalan Anson,  
10400 George Town  
Pulau Pinang  
Tel: (604) 684 8080 Fax: (604) 684 8180

**SUNWAYMAS SDN BHD\*** 198401017478 (130027-K)  
**SUNWAY EASTWOOD SDN BHD\*** 200701037298 (795327-T)  
**SUNWAY TERMUNING SDN BHD\*** 200401010626  
(649129-D)

**SUNWAY RAWANG HEIGHTS SDN BHD\*** 198601007860  
(157051-K)

**SUNWAY KANCHING HEIGHTS SDN BHD\*** 198101010270  
(76395-P)

**DAKSINA HARTA SDN BHD\*** 201001031346 (915269-T)  
**SUNWAY RYDGEWAY SDN BHD\*** 200701013556 (771561-H)

### Head Office:

Lobby & Level 3, Menara Sunway  
Tel: (603) 5639 8888  
Email: sunwaymaseng@sunway.com.my  
Website: www.sunwayproperty.com

**SUNWAY BANGI SDN BHD\*** 199101005610 (215920-W)  
Lobby & Level 3, Menara Sunway

### Sales Gallery:

UG-13A, Pangsapuri Sunway Gandaria,  
Jalan Pusat Bandar 2, Seksyen 9,  
43650 Bandar Baru Bangi, Selangor  
Tel : (6017) – 964 0688

**SUNWAY ISKANDAR SDN BHD** 201101036317 (964451-A)

### SUNWAY ISKANDAR DEVELOPMENT SDN BHD

201201034987 (1019469-K)  
**SUNWAY MARKETPLACE SDN BHD** 201501020965  
(1146301-T)  
**SUNWAY PARKVIEW SDN BHD** 201501021412 (1146740-W)  
**SUNWAY SEAFRONT SDN BHD** 201501022024 (1147352-T)

### Corporate office:

Sunway Southern Region Office  
Level 7, Hab Citrine,  
Sunway Citrine, Sunway Iskandar  
Persiaran Medini 3  
Bandar Medini Iskandar  
79250 Iskandar Puteri  
Johor Darul Takzim  
Tel: (607) 509 8800 Fax: (607) 509 7211  
Website: www.sunwayiskandar.com

### Sales Gallery:

Lot G-01 & 02, Sunway Citrine Hub  
Persiaran Medini 3  
Medini Iskandar  
79250 Iskandar Puteri, Johor Darul Takzim, Malaysia.  
Tel: (607) 509 6575

**SUNWAY CITY (JB) SDN BHD** 201001011849 (896512-M)

### Sales Gallery:

Persiaran Lenang Utama  
Sunway Bukit Lenang  
81100 Johor Bahru, Johor  
Tel: (601) 6790 4663

### CHINA:

**SUNWAY GUANGHAO REAL ESTATE (JIANGYIN) CO. LTD**  
**Office:**  
YiFangCheng Unit 20#201, No. 2888, PuJiang Road  
Lingang Street, Jiangyin  
Jiangsu Province, 214400 China  
Tel: +86 510 8688 0873

### Sales Gallery:

YiFangCheng Commercial Unit 369, Xiangjiang Road,  
Lingang Street, Jiangyin  
Jiangsu Province, 214400 China  
Tel: +86 510 8610 3333

**SUNWAY (TIANJIN) MANAGEMENT CONSULTANCY CO., LTD**

### Corporate Office:

Unit 801-802, Level 8, The Landmark, eco-Business Park  
No. 1620, Zhongtian Road, Sino-Singapore Tianjin Eco-City,  
Tianjin 300467, China  
Tel No: +86 022 5895 0205  
Fax No: +86 022 5999 9590

**TIANJIN ECO-CITY SUNWAY PROPERTY DEVELOPMENT CO., LTD** (5661136-2)

### Project Office:

Unit 801-802, Level 8, The Landmark  
Eco-Business Park  
No. 1620, Zhongtian Road  
Sino-Singapore Tianjin Eco-City, Tianjin 300467, China  
Tel: +86 022 5999 9589 Fax: +86 022 5999 9590

**SUNWAY REAL ESTATE (CHINA) LIMITED** (1244034)

Unit 1601, 16/F, Malaysia Building,  
50 Gloucester Road, Wanchai, Hong Kong  
Tel: (852) 2384 9322 Fax: (852) 2771 0143

**SUNWAY SPUN PILE (ZHUHAI) CO. LTD**

Xin Gang Zone, Bai Jiao Science Technology  
Industrial Park,  
DouMen District, ZhuHai City,  
Guangdong Province, China. Zip: 519120  
Tel: (86) 0756 523 2666  
Fax: (86) 0756 523 2883 / 523 2028  
Website: www.sunwayzh.com

### INDIA:

**SUNWAY OPUS INTERNATIONAL PVT LTD**

(U70102AP2007PTC055084)  
Sunway Opus Grand, Survey Nos. 162p & 164  
Ameenpur, Off Miyapur - Bachupally Road  
Hyderabad-502 032, Andhra Pradesh, India  
Tel: (+91) 40 2303 8888 Fax: (+91) 40 2303 8008

**SUNWAY MAK INTERNATIONAL PRIVATE LIMITED**

(U45209AP2007PTC056739)  
Survey Nos.162p & 164, Ameenpur  
Off Miyapur - Bachupally Road  
Hyderabad - 502 032  
Andhra Pradesh, India  
Tel: (+91) 40 2303 8888 Fax: (+91) 40 2303 8008

### AUSTRALIA:

**SUNWAY AUSTRALIA UNIT TRUST\***  
**HARTFORD LANE PTY LTD\*** (077261048)  
Level 3, Menara Sunway

### SINGAPORE:

**SUNWAY DEVELOPMENTS PTE LTD** (200408542H)  
65 Ubi Road 1, #01-62 Oxley Bizhub  
408729 Singapore  
Tel: (+65) 6582 8089 Fax: (+65) 6581 0482

### PROPERTY MANAGEMENT & INVESTMENT

**SUNWAY REIT MANAGEMENT SDN BHD\*** 200801005046  
(806330-X)  
(Manager for Sunway Real Estate Investment Trust)  
Level 15, Menara Sunway  
Tel: (603) 5639 8888 Fax: (603) 5639 8001  
Website: www.sunwayreit.com

### SUNWAY PYRAMID

Centre Management Office  
Level CP6, Blue Atrium, Sunway Pyramid  
No. 3 Jalan PJS 11/15, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 7494 3000 Fax: (603) 7492 6333  
Website: www.sunwaypyramid.com

### SUNWAY PUTRA MALL

Centre Management Office  
6-2, Sunway Putra Mall  
No.100, Jalan Putra  
50350 Kuala Lumpur, Malaysia  
Tel: (603) 2786 9300 Fax: (603) 2786 9499  
Website: www.sunwayputramall.com

### SUNWAY CARNIVAL MALL

Centre Management Office, LG-68, Sunway Carnival Mall  
3068, Jalan Todak, Pusat Bandar Seberang Jaya  
13700 Seberang Jaya, Penang, Malaysia  
Tel: (604) 397 9888 Fax: (604) 397 9883  
Website: www.sunwaycarnival.com

### SUNCITY (IPOH) HYPERMARKET

No. 2, Jalan SCI 2/2, Bandar Sunway Ipoh  
31150 Ipoh, Perak Darul Ridzuan, Malaysia

### MENARA SUNWAY

### SUNWAY PUTRA TOWER

Management Office, Unit 4.5, Level 4,  
Menara Sunway Annexe  
Jalan Lagoon Timur, Bandar Sunway,  
47500 Subang Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 5639 8888 Fax: (603) 5639 9595

### SUNWAY TOWER

Management Office  
Ground Floor, Sunway Tower, 86, Jln Ampang  
50450 Kuala Lumpur, Malaysia  
Tel: (603) 2032 4100 Fax: (603) 2070 4093

### SUNWAY FACILITY MANAGEMENT SDN BHD

199701027530 (443028-K)  
**SUNWAY IFM SDN BHD** 198401017677 (130231-P)  
**SUNWAY PARKING SERVICES SDN BHD** 200401005322  
(643825-X)

### SUNWAY INTEGRATED PARKING SDN BHD

(Formerly known as Sunway Geo Parking Sdn Bhd)  
199201006678 (238182-V)  
Centre Management Office  
Level CP6, Blue Atrium, Sunway Pyramid  
No. 3 Jalan PJS 11/15, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 7494 3000 Fax: (603) 7492 6333

### SUNWAY BIG BOX SDN BHD

(Formerly known as Sunway Mall Parking Sdn Bhd)  
199401032650 (318333-T)  
FF-L-13B, Pusat Komersial Sunway Marketplace,  
Persiaran Medini 6,  
Sunway Iskandar, Bandar Medini Iskandar,  
79250 Iskandar Puteri,  
Johor Darul Ta'zim  
Tel: (607) 533 1333

**SUNWAY DESTINY SDN BHD** 199701028013 (443511-H)  
**SUNWAY MUSC SDN BHD** 200101010201 (545957-T)  
**SUNWAY RESIDENCE SDN BHD** 200101002885 (538641-W)  
**SUNWAY PINNACLE SDN BHD** 201001010902 (895562-K)  
**SUNWAY PFM SDN BHD** 199101008005 (218317-K)  
**SUNWAY PYRAMID DEVELOPMENT SDN BHD**  
201001042217 (926145-W)

**SUNWAY CENTURY SDN BHD** 200901040107 (883253-V)  
**SUNWAY REM SDN BHD** 200101006314 (542070-M)  
**SUNWAY TRANSIT SYSTEM SDN BHD** 200901021513  
(864610-D)

**SUNWAY SYMPHONY SDN BHD** 200701011613 (769617-T)  
**SUNWAY AMBIENCE SDN BHD** 200701009915 (767918-W)  
**SUNWAY TOWNHOUSE SDN BHD** 199701029190 (444689-T)

**SUNWAY GEO SDN BHD** 201701036124 (1250295-A)

**SUMBER DORONGAN SDN BHD** 199601012527 (384876-P)

**SUNWAY TOWER 1 SDN BHD** 200101010179 (545935-D)

**SUNWAY SUSTAINABILITY SOLUTIONS SDN BHD**  
201701028510 (1242676-U)

**SUNWAY PERMAI SDN BHD** 199101006678 (318333-T)

**RICH WORLDCCLASS SDN BHD** 200901023459 (866558-X)

**GALAXY AVENUE SDN BHD** 199701018571 (434068-K)

**REPTOLINK SDN BHD** 199701017250 (432747-P)

Unit 4.5, Level 4 East Lobby, Menara Sunway Annexe  
Jalan Lagoon Timur, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 5639 8888 Fax: (603) 5639 9595

### SUNWAY LIVING SPACE SDN BHD

(Formerly known as Sunway International Vacation Club Sdn Bhd)  
200401006082 (644585-X)  
Lot No. 2, Ground Floor, Sunway Lagoon Club  
No. 3, Jalan Lagoon Timur, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 5639 9221 Fax: (603) 5639 9555  
Email: sivc@sunway.com.my  
Website: www.sunway.com.my/vacationclub

### SUNWAY LEISURE SDN BHD

201001001709 (886286-M)  
Centre Management Office  
Level CP6, Blue Atrium, Sunway Pyramid  
No. 3 Jalan PJS 11/15, Bandar Sunway  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 7494 3000 Fax: (603) 7492 6333

### SUNWAY GIZA MALL SDN BHD

199601006125 (378471-W)  
**SUNWAY GIZA PARKING SDN BHD**  
Centre Management Office, LG Block D  
Sunway Giza, No. 2, Jalan PJU 5  
Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 6148 1600 Fax: (603) 6148 1606  
Website: www.sunwaygizamall.com

### SUNWAY NEXIS PARKING SDN BHD

199601011407 (383756-D)  
D-B1-02, Sunway Nexis, No. 1, Jalan PJU 5/1  
Kota Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 6143 1039

### SUNWAY VELOCITY MALL SDN BHD

200701009398 (767400-H)  
Centre Management Office  
5-02 Sunway Velocity Mall  
Lingkarau SV, Sunway Velocity  
55100 Kuala Lumpur, Malaysia  
Tel: (603) 2786 3900 Fax: (603) 2786 3939

### SHAHAWAN (M) SDN BHD\*

Level 17, Menara Sunway  
Tel: (603) 5639 8889 Fax: (603) 5639 9507

### SUNWAY RE CAPITAL PTE LTD

(Formerly known as Sunway Invoice Interchange Pte Ltd)  
(201734496G)  
101 Irrawaddy Road, Royal Square @ Novena, #09-01,  
Singapore 329565  
Tel: +65 6911 0691

### SUNWAY RE CAPITAL ADVISORS (SG) PTE LTD

(Formerly known as Sunway Invoice Interchange Pte Ltd)  
(201734496G)  
101 Irrawaddy Road, Royal Square @ Novena, #09-01,  
Singapore 329565  
Tel: +65 6911 0691

### SUNWAY RE CAPITAL ADVISORS (UK) LIMITED

(12280402)  
1 Bartholomew Lane, London, United Kingdom,  
EC2N 2AX  
Tel: +44 (0)20 7776 9700  
Fax: +44 (0)20 7398 6325

### SUNWAY RESIDENCE (GUERNSEY) LIMITED

(669296)  
Martello Court, Admiral Park, St. Peter Port,  
Guernsey GY1 3HB  
Tel: +44 (0)14 8121 1000  
Fax: +44 (0)14 8121 1001

### SUNWAY RESIDENCE TRUST

8 Marina View #26-01 Asia Square Tower 1, Singapore  
018960

### LEISURE DIVISION



CORPORATE DIRECTORY

**SUNWAY VELOCITY HOTEL SDN BHD** 199601041659 (414012-T)  
Lingkaran Sunway Velocity  
Sunway Velocity, Jalan Cheras  
55100 Kuala Lumpur, Malaysia  
Tel: (603) 2726 3988 Fax: (603) 2726 3989  
Email: svkl.reservations@sunwayhotels.com  
Website: www.velocity.sunwayhotels.com

**SUNWAY BIZ HOTEL SDN BHD** 198401017826 (130380-T)  
33, New Lane (Off Macalister Road)  
Georgetown, 10400 Penang, Malaysia  
Tel: (604) 229 9988 Fax: (604) 228 8899  
Email: enquiryshg@sunwayhotels.com  
Website: www.georgetown.sunwayhotels.com

**SUNWAY HOTEL (SEBERANG JAYA) SDN BHD** 199201007102 (238606-A)  
11, Lebuh Tenggara Dua, Pusat Bandar Seberang Jaya  
13700 Prai Pulau Pinang, Malaysia  
Tel: (604) 370 7788 Fax: (604) 370 0555  
Email: enquiryshjs@sunwayhotels.com  
Website: www.seberangjaya.sunwayhotels.com

**SUNWAY HOTEL PHNOM PENH LTD** (239/96E)  
1, Street 92, Sangkat Wat Phnom, P.O. Box 633  
Phnom Penh 12202, Kingdom of Cambodia  
Tel: (855) 23 430 333 Fax: (855) 23 430 339  
Email: enquiryshpp@sunwayhotels.com  
Website: www.phnompenh.sunwayhotels.com

**SUNWAY HOTEL HANOI LIABILITY LIMITED COMPANY WITH ONE MEMBER**  
19, Pham Dinh Ho Street, Hai Ba Trung District  
Hanoi, Vietnam  
Tel: (8424) 3 971 3888 Fax: (8424) 3 971 3963  
Email: shhn.enquiry@sunwayhotels.com  
Website: www.sunwayhotels.com

**KINTA SUNWAY RESORT SDN BHD** 199501030734 (359940-K)  
**THE BANJARAN HOTSPRINGS RETREAT**  
No. 1, Persiaran Lagun Sunway 3, Sunway City Ipoh  
31150 Ipoh, Perak Darul Ridzuan, Malaysia  
Tel: (605) 210 7777 Fax: (605) 210 7778  
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Website: www.thebanjaran.com

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Website: www.sunwaylostworldoftambun.com

**SUNWAY PROPERTY MANAGEMENT SDN BHD** 201901007890 (1317217-D)  
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CONSTRUCTION DIVISION

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**SUNWAY CONSTRUCTION SDN BHD\*** 197601001216 (27175-V)  
**SUNWAY BUILDERS SDN BHD\*** 199301030466 (285205-T)  
**SUNWAY INNOPAVE SDN BHD\*** 199601018066 (390417-A)  
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**FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES**  
**SUNWAY GEOTECHNICS (M) SDN BHD\*** 199601041661 (414014-W)  
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**MECHANICAL, ELECTRICAL & PLUMBING SERVICES**  
**SUNWAY ENGINEERING SDN BHD** 199501012685 (341887-W)  
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**RENEWABLE ENERGY**  
**SUNWAY PEKAT SOLAR SDN BHD** 201901022491 (1331820-M)  
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**MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS**  
**SUNWAY PRECAST INDUSTRIES SDN BHD** 199201000271 (231775-X)  
**SENAI, JOHOR:**  
18, Jalan Idaman 1/1,  
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**ISKANDAR, JOHOR:**  
**SUNWAY CONCRETE PRODUCTS (M) SDN BHD** 201601039388 (1210329-A)  
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Medini Zone F,  
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81200 Johor Darul Takzim.

**SINGAPORE:**  
**SUNWAY CONCRETE PRODUCTS (S) PTE LTD** (1994092132)  
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Tel: (02) 6582 8089 Fax: (02) 6581 0482

**MACHINERY & LOGISTICS**  
**SUNWAY MACHINERY SDN BHD** 199601016902 (389253-P)  
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47130 Puchong, Selangor Darul Ehsan

TRADING AND MANUFACTURING DIVISION

**MALAYSIA OFFICES & BRANCHES**  
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**SUNWAY HOSE CENTRE SDN BHD\*** 199501021414 (350617-H)  
**SUNWAY ARCHITECTURAL PRODUCTS SDN BHD\*** 198501014095 (146551-W)  
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**SUNWAY MARKETING (EAST MALAYSIA) SDN BHD – MIRI BRANCH**  
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**Head Office:**  
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**PT SUNWAY TREK MASINDO – BANJARMASIN BRANCH**  
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21 A.Yani KM 20.8 Arah Pelaihari,  
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**PT SUNWAY FLOWTECH** (33.10.146.08497)  
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BUILDING MATERIALS DIVISION

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Tel: (6088) 785 164 Fax: (6088) 787 169

**Factory:**  
Kota Kinabalu Mile 17½, Kampung Bakut, Jalan Tuaran,  
89208 Tuaran, Sabah, Malaysia.  
Tel: (6088) 785 164 Fax: (6088) 787 169

**SUNWAY VCP SDN BHD\*** 199001014212 (205881-A)  
3.2, Level 3, Menara Sunway  
Tel: (603) 5639 8282 (General Line)  
Fax: (603) 5639 9600  
Website: www.sunway.com.my/sunwayvcp/

**Sales Office:**  
**Klang**  
Tel: (603) 3291 5288 Fax: (603) 3291 5388

**Factory:**  
**Klang**  
Lot 6489 & 6490, Off 6th Mile, Jalan Kapar  
42100 Klang, Selangor Darul Ehsan, Malaysia.  
Tel: (603) 3291 5288 Fax: (603) 3291 5388

**SUNWAY SPUN PILE (M) SDN BHD\*** 199601039484 (411837-T)  
3.2, Level 3, Menara Sunway  
Tel: (603) 5639 8282 (General Line) Fax: (603) 5639 9600

**Sales Office:**  
**Batang Kali**  
Tel: (603) 6057 3868 Fax: (603) 6057 9868

**Factory:**  
**Batang Kali**  
Lot No. 10071, Mukim Batang Kali,  
44300 Daerah Ulu Selangor,  
Selangor Darul Ehsan, Malaysia.  
Tel: (603) 6057 3868 Fax: (603) 6057 9868

QUARRY DIVISION

**SUNWAY QUARRY INDUSTRIES SDN BHD\*** 198301015008 (110401-A)

**SUNWAY QUARRY (KUALA KANGSAR) SDN BHD\***  
199101011280 (221592-V)  
**SUNWAY QUARRY INDUSTRIES (MELAKA) SDN BHD\***  
196101000231 (4271-D)  
**TWINNERS (MALAYSIA) SDN BHD\*** 199301023884 (278622-A)  
Level 6, Menara Sunway  
Tel: (603) 5639 8887 Fax: (603) 5639 9839

**Rawang**  
PT 11894, 12139 & 12054  
Mukim Rawang, Daerah Gombak  
Selangor Darul Ehsan, Malaysia  
Tel: (6019) 239 5974

**Cheras (Quarry)**  
Kompartment 11  
Hutan Simpan Sungai Lalang & Hutan Simpan Hulu Langat  
Mukim Ulu Langat, District of Ulu Langat  
Selangor Darul Ehsan, Malaysia  
Tel: (6019) 347 7276

**Cheras (Asphalt)**  
PT 6711, Mukim Hulu Langat (Sungai Mukau)  
Selangor Darul Ehsan, Malaysia  
Tel: (6019) 278 6494

**Semenyih**  
Lot 7144, Mukim Semenyih  
Daerah Hulu Langat  
43650 Selangor Darul Ehsan, Malaysia  
Tel: (6019) 320 3691

**Hulu Langat**  
Batu 11 3/4, Sungai Serai,  
43100 Hulu Langat, Selangor Darul Ehsan, Malaysia  
Tel: (6019) 358 2337

**Bukit Perak**  
HSD13, PT1865  
Mukim Padang Peliang  
Daerah Pendang  
Tempat Bukit Perak  
06750 Kedah Darul Aman, Malaysia  
Tel: (6019) 271 9750

**Bukit Mertajam (Asphalt)**  
No. 769, Berapit Road  
14000 Bukit Mertajam  
Seberang Prai Tengah,  
Pulau Pinang, Malaysia  
Tel: (604) 530 0839 / (6019) 225 1311  
Fax: (604) 530 4388

**Sungai Bakap (Asphalt)**  
Lot 20074 HSD 46027, Lot 20075 HSD 46028 and Lot 20076 HSD 46029  
Mukim 12,  
42000 Seberang Perai Selatan  
Pulau Pinang, Malaysia  
Tel: (604) 582 0226 Fax: (604) 582 1287

**Kuala Kangsar**  
Lot 1979, Jalan Lenggong  
33020 Kati, Kuala Kangsar  
Perak Darul Ridzuan, Malaysia  
Tel: (605) 7511 832 Fax: (605) 7512 833

**Kampar (Asphalt)**  
Lot 45154, Mukim Kampar  
Daerah Kampar  
Perak Darul Ridzuan, Malaysia  
Tel : (6016) 234 6853

**Kemaman (Asphalt)**  
PT 8627, Mukim Teluk Kalung  
24000, Kemaman  
Terengganu Darul Iman, Malaysia  
Tel: (6019) 271 5823

**Melaka**  
19th Mile, Lesong Batu  
Alor Gajah, 78000 Melaka, Malaysia  
P.O. Box 66, Alor Gajah  
78000 Melaka, Malaysia  
Tel: (606) 5568 255 Fax: (606) 5561 482

**Ulu Choh (Asphalt)**  
No. 263, T.JUP 12, Jalan Ulu Pulau  
Bt. 22 2/4, Jalan Johor, Pekan Nanas  
81150 Pontian, Johor Darul Takzim, Malaysia  
Tel: (607) 6792 190 / 91 Fax: (607) 6792 190 / 91

**Masai (Asphalt)**  
Mukim Plentong, Lot No. 80705  
Masai, Johor Darul Takzim, Malaysia  
Tel: (6019) 262 3204

**BLACKTOP INDUSTRIES SDN BHD** 198201004614 (84361-K)  
**BLACKTOP LANCHANG SDN BHD** 198501006021 (138463-T)  
**CAN TECHNICAL SERVICES SDN BHD** 200801025503 (826828-A)  
**TKM SDN BHD** 197701001268 (32138-M)  
Level 6, Menara Sunway  
Tel: (603) 5639 8887 Fax: (603) 5639 9839

**Rawang (Asphalt)**  
PT No. 597-B, Batu 16,  
48000 Rawang,  
Selangor Darul Ehsan  
Tel: (603) 6091 5166, (603) 6091 6166  
Fax: (603) 6091 2166

**Salak Tinggi (Asphalt)**  
Lot 5868, Sg Labu,  
Mukim Tanjung Deuabelas,  
43900 Salak Tinggi,  
Selangor Darul Ehsan  
Tel: (6016) 205 3190 Fax: (6016) 329 4945

**Nilai (Quarry)**  
Lot 8595 & 9131,  
Mukim Setul, Seremban,  
71700 Nilai,  
Negeri Sembilan Darul Khusus  
Tel: (6012) 210 1158  
Fax: (6012) 260 6106

**Bukit Mendi**  
Kuari Bukit Mendi,  
28320 Triang,  
Pahang Darul Makmur  
Tel: (609) 2562 633  
Fax: (6016) 329 4943

**Lanchang (Asphalt)**  
Lot 5872, Bukit Damar,  
28500 Lanchang,  
Pahang Darul Makmur  
Tel: (6012) 921 6723  
Fax: (6019) 265 4231

**Gambang (Asphalt)**  
Lot 5546, KM 20,  
Jalan Gambang-Kuantan,  
26070 Kuantan,  
Pahang Darul Makmur  
Tel: (6016) 210 2891  
Fax: (6019) 264 1206

**Gebeng (Asphalt)**  
Lot 1450, Jalan Kuari,  
Kampung Selamat, Pelabuhan Kuantan,  
26100 Kuantan,  
Pahang Darul Makmur  
Tel: (6012) 210 1159 Fax: (603) 9212 736

**Bukit Jerus (Asphalt)**  
KM 23, Jalan Kota Bharu-Pasir Putih,  
Mukim Jerus, Daerah Bukit Jawa,  
16410 Pasir Puteh,  
Kelantan Darul Naim  
Tel: (6016) 210 3121

HEALTHCARE DIVISION

**SUNWAY MEDICAL CENTRE SDN BHD** 199501012653 (341855-X)  
No. 5, Jalan Lagoon Selatan, Bandar Sunway,  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 7491 9191 Fax: (603) 7491 8181  
Email: smc@sunway.com.my  
Website: www.sunwaymedical.com

**SUNMED CLINICS SDN BHD** 200901000734 (843658-D)  
**SUNMED CLINIC @ SUNWAY PYRAMID**  
CP2.01, Sunway Pyramid Mall,  
No. 3, Jalan PJS 11/15,  
Bandar Sunway, 47500 Subang Jaya,  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 7491 0121/0151 Fax: (603) 7491 0161  
Email: smc@sunway.com.my  
Website: www.sunwaymedical.com

**SUNMED@HOME SDN BHD** 200301033046 (635467-K)  
**HOME-CARE SERVICES**  
No. 5, Jalan Lagoon Selatan, Bandar Sunway,  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia  
Tel: (603) 7491 1477 Fax: (603) 5632 4688  
Email: smc@sunway.com.my  
Website: www.sunwaymedical.com/sunmedathome

**SUNWAY TCM CENTRE**  
B1-02-01, Sunway GEO Avenue, Jalan Lagoon Selatan,  
Bandar Sunway, 47500 Subang Jaya,  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 5886 1818 Fax: -  
Email: stcm@sunway.com.my  
Website: www.sunwaytcm.com

**SUNMED VELOCITY SDN BHD** 199001018477 (210146-H)  
**SUNWAY VELOCITY MEDICAL CENTRE**  
Lingkarán SV, Sunway Velocity,  
55100 Kuala Lumpur,  
Malaysia  
Tel: (603) 9772 9191 Fax: -  
Email: smcv-enquiry@sunway.com.my  
Website: www.sunwaymedical.com/velocity

**SUNWAY SPECIALIST CENTRE SDN BHD** 201801013875 (1275891-D)  
**SUNWAY SPECIALIST CENTRE DAMANSARA**  
B-G-01, B-G-02, B-G-03,Sunway Nexus Retail,  
Jalan PJU5/1, Kota Damansara, 47810 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 6411 9191 Fax: -  
Email: sscd@sunway.com.my  
Website: www.sunwaymedical.com/sscd

**SUNWAY MEDICAL CENTRE (SINGAPORE) PTE LTD** (201813890K)  
101 Irrawaddy Road, Royal Square @ Novena,  
#09-01, Singapore 329565  
Tel: +65 6911 0699 Fax: -  
Email: smcsg@sunway.com.my  
Website: www.sunwaymedical.com/sunmed-singapore

FINANCIAL & INSURANCE SERVICES

**SUNWAY CREDIT SDN BHD\*** 198201001023 (80767-A)  
**SUNWAY LEASING SDN BHD\*** 197701004387 (35433-X)  
**SWL NOMINEES (TEMPATAN) SDN BHD\*** 199601016457 (388808-U)  
**SUNWAY RISK MANAGEMENT SDN BHD\*** 198401017657 (130211-V)  
Level 5, Menara Sunway  
Tel: (603) 5639 9299 Fax: (603) 5639 9608 / 9

**SUNWAY CAPTIVE INSURANCE LTD** (LL07119)  
Lot 3, 2nd Floor  
Lazenda Phase 3 Shophouse  
Off Jalan OKK Abdullah, 87000 Labuan

SECRETARIAL, SHARE REGISTRATION & MANAGEMENT SERVICES

**SUNWAY MANAGEMENT SDN BHD\*** 197901006377 (50661-X)  
**SUNWAY MANAGEMENT SERVICES SDN BHD\*** 200701027524 (785546-K)  
Level 16, Menara Sunway  
Tel: (603) 5639 8889 Fax: (603) 5639 9507

SHARED SERVICES CENTRE

**SUNWAY SHARED SERVICES SDN BHD\*** 200301000606 (603026-A)  
**SUNWAY QUANTUM SDN BHD\*** 201601007242 (1178170-K)  
(Formerly known as Sunway Ordera Sdn Bhd)  
Level 4.3, Menara Sunway  
Tel: (603) 5639 8822 Fax: (603) 5639 9293  
Website: www.sunway.com.my

**SUNWAY HR SHARED SERVICES SDN BHD\***  
200101023273 (559031-P)  
Level 5, Menara Sunway  
Tel: (603) 5639 9693

**SUNWAY FSSC SDN BHD\*** 200201034473 (602138-H)  
Level 10, Menara Sunway  
Tel: (603) 5639 8989 Fax: (603) 5639 9524

**SUNWAY SYNERGY SDN BHD\*** 200101007501 (543257-K)  
Level 5, Menara Sunway  
Tel: (603) 5639 9693

OTHERS

**SUNWAY ORGANIC GARDEN SDN. BHD**  
(Formerly known as Ganda Antik Sdn Bhd) 199501018592 (347795-M)  
No. 1, Persiaran Lagun Sunway 1  
Sunway City Ipoh, 31150 Ipoh  
Perak Darul Ridzuan, Malaysia  
Tel: (605) 542 8888 Fax: (605) 542 8899

**SUNWAY TREASURY SDN BHD\*** 199701018508 (434005-W)  
**SUNWAY TREASURY SUKUK SDN BHD\*** 201401012121 (1088200-V)  
Level 17, Menara Sunway  
Tel: (603) 5639 8889 Fax: (603) 5639 9566

**SUNWAY PALS LOYALTY SDN BHD\*** 201001030080 (914000-K)  
Level 12, Menara Sunway  
Tel: (603) 5639 8889 Fax: (603) 5639 8233

**DECO STYLE SDN BHD\*** 198101005159 (71273-V)  
Level 5, Menara Sunway  
Tel: (603) 5639 6007 Fax: (603) 5639 9539

**SUNWAY MONEY SDN BHD\*** 201701006011 (1220176-V)  
Level 14, Menara Sunway  
Tel: (603) 5639 8889 Fax: (603) 5639 9566

**SUNWAY SOUTHERN MANAGEMENT SDN BHD\*** 201301006868 (1036708-K)  
**SUNWAY PENDAS MANAGEMENT SDN BHD\*** 201301036256 (1066085-A)  
Sunway Southern Region Office  
Level 7, Hab Citrine,  
Sunway Citrine, Sunway Iskandar  
Persiaran Medini 3  
Bandar Medini Iskandar  
79250 Iskandar Puteri  
Johor Darul Takzim  
Tel: (607) 509 8800 Fax: (607) 509 7211

**SUNWAY DESIGN SDN BHD** 198501012763 (145218-T)  
Unit 2.5, Level 2, Menara Sunway Annexe  
Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 5639 8868 Fax: (603) 5639 8838

**SUNWAY LEADERSHIP CENTRE SDN BHD\*** 201601013668 (1184599-V)  
Unit 1.4, Level 1, Menara Sunway  
Tel: (603) 5639 8831

**PASIR MAS HOLDINGS SDN BHD** 198901010603 (187905-H)  
PT 9312, Bandar Sunway, 46150 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel: (603) 5611 6996/ (603) 5639 4439

**SUNWAY VENTURES SDN BHD\*** 199801000325 (456451-P)  
**MONUMENTAL PRODUCTIONS SDN BHD\*** 201601031382 (1202323-K)  
**SUNWAY POPBOX SDN BHD\*** 200301020470 (622890-M)  
Level 1, Menara Sunway  
Tel: (603) 5639 8888

**SUNWAY PHARMA SDN BHD\*** 200801001199 (802483-M)  
Level 14, Menara Sunway  
Tel: (603) 5639 8888

COMPANIES MARKED WITH ASTERISK (\*) ARE LOCATED AT MENARA SUNWAY

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**SUNWAY BERHAD**

[Registration No. 201001037627 (921551-D)]

Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway,  
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia.

Tel : (603) 5639 8889

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