

PROSPECTUS

SUNWAY™

SUNWAY CONSTRUCTION GROUP BERHAD

(Company No.: 1108506-W)
(Incorporated in Malaysia under the Companies Act, 1965)

OFFERING OF UP TO 573,715,301 ORDINARY SHARES OF RM0.20 EACH IN SUNWAY CONSTRUCTION GROUP BERHAD ("SCG") ("SCG SHARES") COMPRISING:

- (I) DISTRIBUTION OF 175,009,901 SCG SHARES ("DISTRIBUTION SHARES") HELD BY SUNWAY BERHAD ("SUNWAY") TO THE ENTITLED SHAREHOLDERS OF SUNWAY BY WAY OF DIVIDEND-IN-SPECIE ON A BASIS OF 1 DISTRIBUTION SHARE FOR EVERY 10 EXISTING ORDINARY SHARES OF RM1.00 EACH HELD IN SUNWAY; AND
- (II) OFFER FOR SALE OF UP TO 398,705,400 SCG SHARES ("OFS SHARES") HELD BY SUNWAY HOLDINGS SDN BHD, A WHOLLY-OWNED SUBSIDIARY OF SUNWAY, IN THE FOLLOWING MANNER:
 - (A) INSTITUTIONAL OFFERING OF UP TO 327,595,900 OFS SHARES TO MALAYSIAN AND FOREIGN INSTITUTIONAL AND SELECTED INVESTORS, INCLUDING BUMIPUTERA INVESTORS APPROVED BY THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY AT THE INSTITUTIONAL PRICE TO BE DETERMINED BY WAY OF BOOKBUILDING ("INSTITUTIONAL PRICE"); AND
 - (B) RETAIL OFFERING OF 71,109,500 OFS SHARES TO THE ELIGIBLE DIRECTORS AND EMPLOYEES OF SCG AND ITS SUBSIDIARIES, THE ELIGIBLE EMPLOYEES OF SUNWAY AND THE MALAYSIAN PUBLIC AT THE RETAIL PRICE OF RM1.20 PER OFS SHARE ("RETAIL PRICE"), PAYABLE IN FULL UPON APPLICATION AND SUBJECT TO REFUND OF THE DIFFERENCE BETWEEN THE RETAIL PRICE AND THE FINAL RETAIL PRICE IN THE EVENT THAT THE FINAL RETAIL PRICE IS LESS THAN THE RETAIL PRICE,

IN CONJUNCTION WITH THE LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SCG ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD SUBJECT TO THE CLAWBACK AND REALLOCATION PROVISIONS AND OVER-ALLOTMENT OPTION.

THE FINAL RETAIL PRICE WILL EQUAL THE LOWER OF:

- (A) THE RETAIL PRICE OF RM1.20 PER SCG SHARE; OR
- (B) THE INSTITUTIONAL PRICE.

**Sole Principal Adviser, Joint Global Coordinator,
Joint Bookrunner and Joint Underwriter**



RHB INVESTMENT BANK BERHAD
(Company No: 19663-P)
(A Participating Organisation of
Bursa Malaysia Securities Berhad)

**Joint Global Coordinator,
Joint Bookrunner and Joint Underwriter**



MAYBANK INVESTMENT BANK BERHAD
(Company No: 15938-H)
(A Participating Organisation of
Bursa Malaysia Securities Berhad)

Joint Bookrunner



**THE HONGKONG AND SHANGHAI
BANKING CORPORATION LIMITED,
SINGAPORE BRANCH**
(Company Registration Number:
S16FC0010A)

YOU ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS PROSPECTUS.
IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING CERTAIN RISKS RELATING TO AN INVESTMENT IN THE SCG SHARES WHICH SHOULD BE
CONSIDERED BY PROSPECTIVE INVESTORS, SEE "RISK FACTORS" IN SECTION 4 OF THIS PROSPECTUS.

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

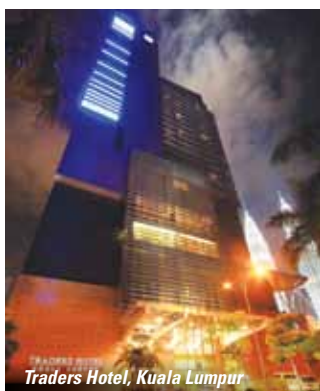
THIS PROSPECTUS IS DATED 29 JUNE 2015



The properties above do not belong to Sunway Construction Group Berhad. Consents have been obtained from their owners to feature the images of the respective properties in this Prospectus.

Building Construction Services

Design and construction service provider for residential, commercial, institutional and purpose-built or specialty buildings.



Traders Hotel, Kuala Lumpur



The Everly Hotel, Putrajaya



Sunway Pinnacle, Bandar Sunway



Monash University Malaysia Campus, Bandar Sunway



*Ministry of Housing
and Local Government;
Ministry of Women, Family
and Community Development
Buildings, Putrajaya*



Legoland Malaysia Theme Park, Johor



Rihan Heights, Abu Dhabi, UAE



Sunway University New Academic Block, Bandar Sunway

The properties above do not belong to Sunway Construction Group Berhad. Consents have been obtained from their owners to feature the image of the respective properties in this Prospectus.

Civil/ Infrastructure Construction Services

Provider of civil/infrastructure construction services and have participated in various roads, highways, airports and runways, bridges and rail transportation infrastructure projects over the last 30 years.



The properties above do not belong to Sunway Construction Group Berhad. Consents have been obtained from their owners to feature the image of the respective properties in this Prospectus.

Foundation and Geotechnical Engineering Services

Core services include design and build of earth retaining systems and provider of piling solutions including bored piles.



Foundation Piles, LRT Extensions at E6 Central Link



Foundation Piles, MRT Package V4



Soil Nail Retaining Wall, CP3, Sunway South Quay



Foundation Piles and Substructure, Sunway Pinnacle



Foundation Piles, Sunway Vivaldi



Foundation Piles and Substructure, CP3 & CP4, Sunway South Quay

The properties above do not belong to Sunway Construction Group Berhad. Consents have been obtained from their owners to feature the image of the respective properties in this Prospectus.

Mechanical, Electrical and Plumbing Services

Provider of mechanical, electrical and plumbing services, and specialised engineering solutions.



*Waste Water Treatment Plant,
Bio-XCell*



Chilled Water Storage Tank, Gas District Cooling, Putrajaya



*TNB 275kV Footing & Pylon,
BRT-Sunway Line*



*Fire Control Room with CCTV, Building Management System & PA System,
Sunway Pinnacle*



Digester Tank & Aerobic Tank, Bio-XCell



40-tonne Biomass Boiler, Bio-XCell



*OT Room with Medical Gases & Compressed Air,
Sunway Medical Centre*



Distribution Pipe, Bio-XCell

The properties above do not belong to Sunway Construction Group Berhad. Consents have been obtained from their owners to feature the image of the respective properties in this Prospectus.

Manufacturing and Sale of Precast Concrete Products

Develops, designs, manufactures and supplies precast concrete products with manufacturing plants located in Johor, Malaysia and Tampines, Singapore.



Precast Roof Water Tank



Lake Vista, Singapore



Vacanza @ East, Singapore



Precast Façade



Avant Parc, Singapore



The Peak, Singapore



Prefabricated Bathroom Unit

The properties above do not belong to Sunway Construction Group Berhad. Consents have been obtained from their owners to feature the image of the respective properties in this Prospectus.

RESPONSIBILITY STATEMENTS

Our Directors, Promoters and Selling Shareholder (as defined herein) have seen and approved this Prospectus and they collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts, the omission of which would make any statement in this Prospectus false or misleading.

RHB Investment Bank Berhad ("**RHB Investment Bank**"), being our Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter acknowledges that, based on all available information, and to the best of its knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts concerning our Offering (as defined herein).

It is to be noted that the role of The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch in our Offering is limited to being Joint Bookrunner in respect of the Institutional Offering (as defined herein) outside of Malaysia only. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch does not have any role in, and it disclaims any responsibility for, the Institutional Offering and the Retail Offering (as defined herein) in Malaysia.

STATEMENTS OF DISCLAIMER

The Securities Commission Malaysia ("**SC**") has approved our Offering and a copy of this Prospectus has been registered with the SC. The approval and registration of this Prospectus should not be taken to indicate that the SC recommends the Offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this Prospectus. The SC has not, in any way, considered the merits of the securities being offered for investment.

The SC is not liable for any non-disclosure on the part of our Company and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

Approval has been obtained from Bursa Malaysia Securities Berhad ("**Bursa Securities**") for the listing of and quotation for the entire issued and paid-up share capital of SCG. Our admission to the official list of Bursa Securities is not to be taken as an indication of the merits of our Offering, our Company or our securities. Bursa Securities is not liable for any non-disclosure in this Prospectus by us and takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this Prospectus.

YOU SHOULD RELY ON YOUR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF OUR OFFERING AND THIS INVESTMENT. IF YOU ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.

We have also lodged a copy of this Prospectus, together with the application form, with the Registrar of Companies of Malaysia, who takes no responsibility for its contents.

OTHER STATEMENTS

You are advised to note that recourse for false or misleading statements or acts made in connection with this Prospectus is directly available through Sections 248, 249 and 357 of the Capital Markets and Services Act, 2007 ("**CMSA**").

Securities listed on Bursa Securities are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in Section 236 of the CMSA, e.g. directors and advisers, are responsible.

Our Shares are classified as Shariah-compliant by the Shariah Advisory Council of the SC based on our latest audited combined financial statements for the financial year ended 31 December 2014. This classification remains valid from the date of this Prospectus until the next Shariah compliance review to be undertaken by the Shariah Advisory Council of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should not take the agreement by the Joint Underwriters named in this Prospectus to underwrite our Shares under the Retail Offering as an indication of the merits of our Shares being offered.

This Prospectus is prepared for our Offering in Malaysia under the laws of Malaysia. This Prospectus does not comply with the laws of any jurisdiction other than Malaysia, and has not been and will not be lodged, registered or approved pursuant to or under any applicable securities or equivalent legislation or by any regulatory authority or other relevant body of any jurisdiction other than Malaysia.

The distribution of this Prospectus and our Offering are subject to the laws of Malaysia. This Prospectus will not be distributed outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional and selected investors outside Malaysia in connection with our Offering. Our Company, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Underwriters, the Promoters and the Selling Shareholder named in this Prospectus have not authorised and take no responsibility for the distribution of this Prospectus (in preliminary or final form) outside Malaysia except insofar as it is part of the offering memorandum distributed to foreign institutional and selected investors outside Malaysia in connection with our Offering. Accordingly, this Prospectus may not be used for the purpose of and does not constitute an offer for subscription or purchase or invitation to subscribe or purchase, any securities under our Offering in any jurisdiction in which such offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation. The distribution of this Prospectus and the sale of our OFS Shares (as defined herein) in certain jurisdiction may be restricted by law. Persons who may be in possession of this Prospectus are required to inform themselves of and to observe such restrictions.

We will not make or be bound to make any enquiry before any acceptance in respect of our Offer for Sale as to whether you have a registered address in Malaysia. We will not accept any liability whether or not any enquiry or investigation is made in connection with it. It is your sole responsibility to consult your legal and/or other professional advisers as to whether our Offering would result in the contravention of any laws or jurisdictions of Malaysia.

Further, it shall also be your sole responsibility to ensure that your application for our OFS Shares would be in compliance with the terms of our Offering and would not be in contravention of any laws of countries or jurisdictions other than Malaysia to which you may be subjected to. We will further assume that you had accepted this Offering in Malaysia and will at all applicable times be subjected only to the laws of Malaysia connected to it.

However, we reserve the right, in our absolute discretion, to treat any acceptance as invalid if we believe that such acceptance may violate any law or applicable legal or regulatory requirements.

This Prospectus is published solely in connection with our Offering. Our OFS Shares are issued in Malaysia solely based on the contents of this Prospectus. Our Company, the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners, the Joint Underwriters, the Promoters and the Selling Shareholder have not authorised anyone to provide you with information, which is not contained in this Prospectus.

Our Shares have not been and will not be registered under the United States of America ("**United States**") Securities Act of 1933, as amended ("**U.S. Securities Act**"). Our shares will not be offered or sold within the United States or to U.S. persons (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")), except in a transaction pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act. Accordingly, our Shares are being offered and sold only outside of the United States in reliance on Regulation S.

ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at www.bursamalaysia.com.

The contents of the Electronic Prospectus are as per the contents of the copy of this Prospectus registered with the SC. A copy of this Prospectus so registered is available from the websites of RHB Bank Berhad at www.rhbgroup.com, Malayan Banking Berhad at www.maybank2u.com.my, CIMB Investment Bank Berhad at www.eipocimb.com, CIMB Bank Berhad at www.cimbclicks.com.my, Affin Bank Berhad at www.affinOnline.com, Affin Hwang Investment Bank Berhad at trade.affinhwang.com and Public Bank Berhad at www.pbebank.com.

You are advised that the internet is not a fully secure medium and that your Internet Share Application (as defined herein) is subject to the risks of problems occurring during data transmission, computer security threats such as viruses, hackers and crackers, faults with computer software and other events beyond the control of the Internet Participating Financial Institutions (as defined herein). These risks cannot be borne by the Internet Participating Financial Institutions. If you doubt the validity or the integrity of an Electronic Prospectus, you should immediately request from us or the Issuing House, a paper/printed copy of this Prospectus. If there is any discrepancy between the contents of the Electronic Prospectus and the contents of the paper/printed copy of this Prospectus for any reason whatsoever, the contents of the paper/printed copy of this Prospectus which are identical to the copy of this Prospectus registered with the SC shall prevail. The Electronic Prospectus submitted to the SC and Bursa Securities is the same as the registered paper printed copy.

In relation to any reference in this Prospectus to third party internet sites (referred to as the “**Third Party Internet Sites**”), whether by way of hyperlinks or by way of description of the Third Party Internet Sites, you acknowledge and agree that:

- (i) we do not endorse and are not affiliated in any way to the Third Party Internet Sites and are not responsible for the availability of, or the content or any data, information, files or other material provided on the Third Party Internet Sites. You shall bear all risks associated with the access to or use of the Third Party Internet Sites;
- (ii) we are not responsible for the quality of products or services in the Third Party Internet Sites, particularly in fulfilling any of the terms of your agreements with the Third Party Internet Sites. We are also not responsible for any loss or damage or cost that you may suffer or incur in connection with or as a result of dealing with the Third Party Internet Sites or the use of or reliance on any data, information, files or other material provided by such parties; and
- (iii) any data, information, files or other material downloaded from the Third Party Internet Sites is done at your own discretion and risk. We are not responsible, liable or under obligation for any damage to your computer system or loss of data resulting from the downloading of any such data, information, files or other material.

Where an Electronic Prospectus is hosted on the websites of the Internet Participating Financial Institutions, you are advised that:

- (i) the Internet Participating Financial Institutions are only liable in respect of the integrity of the contents of an Electronic Prospectus, to the extent of the contents of the Electronic Prospectus on the web servers of the Internet Participating Financial Institutions which may be viewed via your web browser or other relevant software. The Internet Participating Financial Institutions are not responsible in any way for the integrity of the contents of an Electronic Prospectus which has been downloaded or obtained from the web servers of the Internet Participating Financial Institutions and subsequently, communicated or disseminated in any manner to you or other parties; and
- (ii) while all reasonable measures have been taken to ensure the accuracy and reliability of the information provided in an Electronic Prospectus, the accuracy and reliability of an Electronic Prospectus cannot be guaranteed because the internet is not a fully secure medium.

The Internet Participating Financial Institutions are not liable (whether in tort or contract or otherwise) for any loss, damage or costs, you or any other person may suffer or incur due to, as a consequence of or in connection with any inaccuracies, changes, alterations, deletions or omissions in respect of the information provided in an Electronic Prospectus which may arise in connection with or as a result of any faults with web browsers or other relevant software, any faults on your or any third party's personal computer, operating system or other software, viruses or other security threats, unauthorised access to information or systems in relation to the websites of the Internet Participating Financial Institutions, and/or problems occurring during data transmission which may result in inaccurate or incomplete copies of information being downloaded or displayed on your personal computer.

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INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

<u>Event</u>	<u>Tentative Dates</u>
Opening of the Institutional Offering*	: 29 June 2015
Issuance of Prospectus/Opening of the Retail Offering	: 10.00 a.m., 29 June 2015
Closing of the Retail Offering	: 5.00 p.m., 6 July 2015
Closing of the Institutional Offering	: 7 July 2015
Price Determination Date	: 7 July 2015
Balloting of applications for the OFS Shares under the Retail Offering	: 8 July 2015
Allotment / transfer of the OFS Shares to successful applicants	: 23 July 2015
Listing	: 28 July 2015

Note:

* Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of the OFS Shares by the Cornerstone Investors was entered into on 11 June 2015.

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the OFS shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Underwriters may decide in their absolute discretion.

In the event the closing date of either the Institutional Offering or the Retail Offering is extended, we will advertise a notice of the extension in widely circulated English, Bahasa Malaysia and Mandarin newspapers in Malaysia prior to the original closing date of either the Institutional Offering or the Retail Offering. Following this, the Price Determination Date and dates for the balloting of applications for the OFS Shares under the Retail Offering, allotment/transfer of the OFS Shares to successful applicants and our Listing would be extended accordingly.

All defined terms used in this Prospectus are defined under "Presentation of Information", "Definitions" and "Glossary of Technical Terms" commencing from pages ix to xxiv respectively.

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PRESENTATION OF INFORMATION

All references to "our Company" and "SCG" in this Prospectus are to Sunway Construction Group Berhad. All references to "SCG Group" and "our Group" in this Prospectus are to our Company and our subsidiaries as a whole and all references to "we", "us", "our" and "ourselves" are to our Company and our subsidiaries, save where the context otherwise requires. Unless the context otherwise requires, references to "Management" are to our Directors and key management personnel as at the date of this Prospectus, and statements as to our beliefs, expectations, estimates and opinions are those of our Company. Unless otherwise indicated, the information in this Prospectus assumes the Over-allotment Option is not exercised.

In this Prospectus, all references to the "Government" are to the Government of Malaysia. Any discrepancies in the tables between amounts listed and the totals in this Prospectus are due to rounding. Other abbreviations and acronyms used herein are defined in the "Definitions" section and technical terms used herein are defined in the "Glossary of Technical Terms" section appearing after that section. Words denoting the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. References to persons shall include natural persons, firms, companies, bodies corporate and corporations.

References in this Prospectus to any provisions of the statutes, rules, regulations, enactments or rules of stock exchange shall (where the context admits), be construed as reference to provisions of such statutes, rules, regulations, enactments or rules of stock exchange (as the case may be) as modified by any written law or (if applicable) amendments or re-enactment to the statutes, rules, regulations, enactments or rules of stock exchange for the time being in force. References to a time of a day in this Prospectus shall be a reference to Malaysian time, unless otherwise stated.

This Prospectus includes statistical data provided by us and various third parties and cites third-party projections regarding growth and performance of the industry in which we operate. This data is taken or derived from information published by industry sources and from our internal data. In each such case, the source is stated in this Prospectus, provided that where no source is stated, it can be assumed that the information originated from us. We have appointed Smith Zander International Sdn Bhd ("**Smith Zander**") to provide an independent market and industry review relating to an overview of the economy and industry in which we operate in. In compiling their data for the review, Smith Zander relied on its research methodology, industry sources, published materials, its private databanks and direct contacts within the industry. We believe that the statistical data and projections cited in this Prospectus are useful in helping you to understand the major trends in the industry in which we operate. However, neither we, the Selling Shareholder, nor the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters have independently verified these data. Neither we, the Selling Shareholder, nor the Sole Principal Adviser, the Joint Global Coordinators, the Joint Bookrunners and the Joint Underwriters make any representation as to the correctness, accuracy or completeness of such data. Similarly, third-party projections cited in this Prospectus are subject to significant uncertainties that could cause actual data to differ materially from the projected figures. We give no assurance that the projected figures will be achieved. You should not place undue reliance on the statistical data and third-party projections cited in this Prospectus.

The information on our website, or any website directly or indirectly linked to our website does not form part of this Prospectus and you should not rely on it.

Reference to the "LPD" in this Prospectus is to 31 May 2015, which is the latest practicable date for certain information to be obtained and disclosed in this Prospectus prior to the registration of this Prospectus with the SC.

FORWARD-LOOKING STATEMENTS

This Prospectus contains forward-looking statements. All statements other than statements of historical facts included in this Prospectus, including, without limitation, those regarding our financial position, business strategies, plans and objectives of our Group for future operations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties, contingencies and other factors which may cause our actual results, our performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. Such forward-looking statements reflect our Group's current view with respect to future events and are not a guarantee of future performance. Forward-looking statements can be identified by the use of forward-looking terminology such as the words "expect", "believe", "plan", "intend", "estimate", "anticipate", "aim", "forecast", "may", "will", "would", and "could" or similar expressions and include all statements that are not historical facts. Such forward-looking statements include, without limitation, statements relating to:

- (i) our business strategies, trends and competitive position;
- (ii) our plans and objectives for future operations;
- (iii) our financial position;
- (iv) potential growth opportunities;
- (v) our future earnings, cash flows and liquidity; and
- (vi) the regulatory environment and the effects of future regulation.

Our actual results may differ materially from information contained in the forward-looking statements as a result of a number of factors beyond our control, including, without limitation:

- (i) the general economic, business, social, political and investment environment in Malaysia and globally;
- (ii) government policy, legislation and regulation;
- (iii) interest rates, tax rates and exchange rates;
- (iv) delays, cost overruns, shortages in labour and other changes that impact the execution of our expansion plans;
- (v) the competitive environment in our industry in which we operate;
- (vi) reliance on approvals, licenses and permits;
- (vii) project risks;
- (viii) possible delays in completion of construction projects;
- (ix) availability and fluctuations in prices of raw materials;
- (x) fixed and contingent obligations and commitments; and
- (xi) any other factors beyond our control.

FORWARD-LOOKING STATEMENTS (CONT'D)

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to those discussed in Section 4 of this Prospectus on "Risk Factors" and Section 11.2 of this Prospectus on "Management's Discussion and Analysis of Financial Condition and Results of Operations". We cannot give any assurance that the forward-looking statements made in this Prospectus will be realised. Such forward-looking statements are made only as at the date of this Prospectus.

Save as required by Section 238(1) of the CMAA and paragraph 1.02 of the Prospectus Guidelines – Supplementary/Replacement Prospectus, we expressly disclaim any obligation or undertaking to release publicly any update or revision to any forward-looking statement contained in this Prospectus to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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DEFINITIONS

The following definitions shall apply throughout this Prospectus unless the definitions are defined otherwise or the context requires otherwise:

"11MP"	: Eleventh Malaysia Plan
"Act"	: Companies Act, 1965, as amended from time to time and any re-enactment thereof
"Active Equity"	: Active Equity Sdn Bhd (92492-K)
"ADA"	: Authorised depository agent
"AGM"	: Annual general meeting
"Application"	: The application for the OFS Shares under the Retail Offering by way of Application Form, Electronic Share Application and/or Internet Share Application
"Application Form(s)"	: Printed application form(s) for application of the Retail Offering
"ATM"	: Automated teller machine
"Authorised Financial Institution(s)"	: The authorised financial institution(s) participating in the Internet Share Application with respect to payments for the OFS Shares
"BCA"	: Building and Construction Authority
"Board"	: Board of directors of our Company
"BRT"	: Bus Rapid Transit
"Bursa Depository"	: Bursa Malaysia Depository Sdn Bhd (165570-W)
"Bursa Securities"	: Bursa Malaysia Securities Berhad (635998-W)
"CDS"	: Central depository system
"Central Depository Act" or "SICDA"	: The Securities Industry (Central Depositories) Act, 1991 of Malaysia or any statutory modification, amendment or re-enactment thereof for the time being in force
"CIDB"	: Construction Industry Development Board
"CMSA"	: Capital Markets and Services Act, 2007, as amended from time to time and any re-enactment thereof
"Consideration Shares"	: 1,292,900,000 new SCG Shares, all credited as fully paid-up, issued by our Company to SunHoldings and its nominee pursuant to the Transfer of SunCon

DEFINITIONS (CONT'D)

“Cornerstone Investors”	: Great Eastern Life Assurance (Malaysia) Berhad (93745-A), Great Eastern Takaful Berhad (916257-H), Overseas Assurance Corporation (Malaysia) Berhad (102249-P), UOB Asset Management (Malaysia) Berhad (219478-X), Hong Leong Asset Management Bhd (318717-M), Maybank Asset Management Sdn Bhd (421779-M), Maybank Islamic Asset Management Sdn Bhd (1042461-K), Affin Hwang Asset Management Berhad (formerly known as Hwang Investment Management Berhad) (429786-T), Asian Islamic Investment Management Sdn. Bhd (256674-T) and RHB Asset Management Sdn Bhd (174588-X) collectively, being the strategic investors who have executed the Master Cornerstone Placement Agreement
“Dato’ Siow Kim Lun”	: Dato’ Siow Kim Lun @ Siow Kim Lin
“Director(s)”	: Director(s) of our Company
“Distribution”	: Distribution of the Distribution Shares to the Entitled Shareholders of Sunway by way of dividend-in-specie on the basis of 1 Distribution Share for every 10 existing Sunway Shares held as at 5.00 p.m. on the Entitlement Date
“Distribution Shares”	: 175,009,901 SCG Shares distributed by Sunway pursuant to the Distribution
“EBITDA”	: Earnings before interest, taxation, depreciation and amortisation
“Electronic Prospectus”	: Copy of this Prospectus that is issued, circulated or disseminated via the internet, and/or an electronic storage medium, including but not limited to CD-ROMs
“Electronic Share Application(s)”	: Application(s) for the OFS Shares under the Retail Offering through a Participating Financial Institution’s ATM
“Entitled Shareholders of Sunway”	: Shareholders of Sunway whose names appeared in the Record of Depositors of Sunway as at 5:00 p.m. on the Entitlement Date and who were eligible to the Distribution Shares
“Entitlement Date”	: 8 May 2015
“EPS”	: Earnings per Share
“Equity Guidelines”	: Equity Guidelines issued by the SC, as amended from time to time
“ESOS”	: Employees’ Share Option Scheme 2013/2019 of Sunway
“Evan Cheah”	: Evan Cheah Yean Shin
“Final Retail Price”	: Final price per OFS Share to be paid by investors pursuant to the Retail Offering, equivalent to the Retail Price and the Institutional Price, whichever is lower, to be determined on the Price Determination Date
“FYE”	: Financial year ended/ending
“FY”	: Financial year

DEFINITIONS (CONT'D)

“HSBC”	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (S16FC0010A)
“IMR Report”	: Independent market research report prepared by the IMR
“Independent Market Researcher” or “IMR” or “Smith Zander”	: Smith Zander International Sdn Bhd (1058128-V)
“Institutional Offering”	: Offering of up to 327,595,900 OFS Shares representing up to approximately 25.3% of the SCG Share Capital, at the Institutional Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to be undertaken by SunHoldings in the following manner: <ul style="list-style-type: none"> (a) up to 135,754,600 OFS Shares representing up to approximately 10.5% of the SCG Share Capital to Bumiputera investors approved by MITI; and (b) up to 191,841,300 OFS Shares representing up to approximately 14.8% of the SCG Share Capital to the following persons: <ul style="list-style-type: none"> (i) Malaysian institutional and selected investors (other than Bumiputera investors approved by MITI pursuant to paragraph (a) above); and (ii) foreign institutional and selected investors outside the United States in reliance on Regulation S under the U.S. Securities Act.
“Institutional Price”	: Price per OFS Share to be paid by investors pursuant to the Institutional Offering which will be determined by way of bookbuilding on the Price Determination Date
“Internet Participating Financial Institution(s)”	: Participating financial institution(s) in the Internet Share Application
“Internet Share Application”	: Application for the OFS Shares under the Retail Offering through an online share application service provided by Internet Participating Financial Institutions
“Issuing House”	: Malaysian Issuing House Sdn Bhd (258345-X)
“Jef-San”	: Jef-San Enterprise Sdn Bhd (22878-U)
“Joint Bookrunners”	: RHB Investment Bank, Maybank IB and HSBC, collectively
“Joint Global Coordinators”	: RHB Investment Bank and Maybank IB, collectively
“Joint Underwriters”	: RHB Investment Bank and Maybank IB, collectively

DEFINITIONS (CONT'D)

"KLCC"	: Kuala Lumpur City Centre
"KLIA"	: Kuala Lumpur International Airport
"Listing"	: Admission to the Official List and the listing of and quotation for our entire SCG Share Capital on the Main Market of Bursa Securities
"Listing Requirements"	: The Main Market Listing Requirements of Bursa Securities, including any amendments and modifications thereto that may be made from time to time
"LPD"	: 31 May 2015, being the latest practicable date prior to the registration of this Prospectus
"LRT"	: Light Rail Transit
"M&A"	: Memorandum and Articles of Association
"Malaysian Public"	: Citizens of Malaysia and companies, societies, co-operatives and institutions incorporated or organised under the laws of Malaysia
"Market Day(s)"	: Any day between Mondays and Fridays (both days inclusive) which is not a public holiday and a day on which Bursa Securities is open for trading of securities
"Master Cornerstone Placement Agreement"	: The master cornerstone placement agreement dated 11 June 2015 entered into among our Company, the Selling Shareholder, the Joint Global Coordinators and the Cornerstone Investors
"Maybank IB"	: Maybank Investment Bank Berhad (15938-H)
"MFRS"	: Malaysian Financial Reporting Standards
"MIA"	: Malaysian Institute of Accountants
"MITI"	: Ministry of International Trade and Industry, Malaysia
"MOF"	: Ministry of Finance of Malaysia
"MRT"	: Mass Rapid Transit
"NA"	: Net assets
"NL"	: Net liabilities
"NHAI"	: National Highways Authority of India
"NTA"	: Net tangible assets
"NTL"	: Net tangible liabilities
"Offer for Sale"	: Offer for sale of up to 398,705,400 OFS Shares, representing up to approximately 30.8% of the SCG Share Capital, to be undertaken by SunHoldings via the Institutional Offering and the Retail Offering

DEFINITIONS (CONT'D)

“OFS Share(s)”	: Up to 398,705,400 Consideration Shares, representing up to approximately 30.8% of the SCG Share Capital, to be offered by SunHoldings pursuant to the Offer for Sale
“Offering”	: The Distribution and the Offer for Sale, collectively
“Official List”	: The official list of Bursa Securities
“Over-allotment Option”	: Over-allotment option to be granted by the Selling Shareholder to the Stabilising Manager (on behalf of the Joint Bookrunners) as set out in Section 3.6.3 of this Prospectus
“Participating Financial Institution(s)”	: Participating financial institution(s) for the Electronic Share Application
“PAT”	: Profit after taxation
“PBT”	: Profit before taxation
“Pink Form Offer”	: Offering of 19,393,500 OFS Shares, representing approximately 1.5% of the SCG Share Capital, reserved for application by the eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway, being the persons who have contributed to the success of our Group, subject to the clawback and reallocation provisions
“Placement Agreement”	: The placement agreement to be entered into by our Company, the Selling Shareholder, the Joint Global Coordinators and the Joint Bookrunners in respect of such number of SCG Shares to be offered under the Institutional Offering
“Price Determination Date”	: The date on which the Institutional Price and the Final Retail Price will be determined
“Prescribed Security”	: Shares of a company that are prescribed by Bursa Securities to be deposited in the CDS subject to the provision of the Central Depository Act and the Rules
“Promoter(s)”	: Sunway, SunHoldings, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation, Active Equity and Jef-San, collectively pursuant to Section 226 of CMSA
“Puan Sri Susan Cheah”	: Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng
“Purchase Consideration”	: The sale and purchase consideration of RM258,580,000 paid in the form of the Consideration Shares by our Company to SunHoldings and its nominee pursuant to the Transfer of SunCon
“QESH”	: Quality, environment, safety and health
“R&D”	: Research and development
“RAPID”	: Refinery and Petrochemical Integrated Development

DEFINITIONS (CONT'D)

“Reporting Accountants” or “EY”	: Messrs Ernst & Young
“Retail Offering”	: Offering of 71,109,500 OFS Shares, representing approximately 5.5% of the SCG Share Capital, at the Retail Price payable in full upon application, and subject to refund of the difference between the Retail Price and the Final Retail Price in the event that the Final Retail Price is less than the Retail Price, subject to the clawback and reallocation provisions and the Over-allotment Option, to be undertaken by SunHoldings in the following manner: <ul style="list-style-type: none"> (i) Pink Form Offer; and (ii) Offer for sale of 51,716,000 OFS Shares, representing approximately 4.0% of the SCG Share Capital, reserved for application by the Malaysian public, of which 25,858,000 OFS Shares are set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions
“Retail Price”	: Initial price of RM1.20 per OFS Share to be fully paid upon application pursuant to the Retail Offering, subject to adjustment as detailed in Section 3.9.2 of this Prospectus
“Retail Underwriting Agreement”	: Retail underwriting agreement dated 11 June 2015 entered into between our Company, the Selling Shareholder and the Joint Underwriters for the underwriting of the OFS Shares under the Retail Offering
“ROC”	: Registrar of Companies of Malaysia
“Rules”	: Rules of Bursa Depository as issued pursuant to the SICDA
“SAC of the SC”	: Shariah Advisory Council of the SC
“Sarena Cheah”	: Sarena Cheah Yean Tih
“SC”	: Securities Commission Malaysia
“SCG” or the “Company”	: Sunway Construction Group Berhad (1108506-W)
“SCG Group” or the “Group”	: SCG and its subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium, collectively
“SCG Share(s)” or “Share(s)”	: Ordinary shares of RM0.20 each in SCG
“SCG Share Capital”	: 1,292,900,010 SCG Shares, after the completion of the Transfer of SunCon
“Share Lending Agreement”	: The agreement to be entered into by the Selling Shareholder and the Stabilising Manager under which the Selling Shareholder will lend 59,805,700 Shares to the Stabilising Manager to cover over-allotments, if any under the Over-allotment Option
“Share Registrar”	: Sunway Management Sdn Bhd (50661-X)

DEFINITIONS (CONT'D)

“Sole Principal Adviser” or “RHB Investment Bank” or “Stabilising Manager” or “Joint Global Coordinator” or “Joint Bookrunner” or “Joint Underwriter”	: RHB Investment Bank Berhad (19663-P)
“SunCity”	: Sunway City Sdn Bhd (87564-X)
“SunCon Group”	: SunCon and its subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium, collectively
“Sungei Way Corporation”	: Sungei Way Corporation Sdn Bhd (18105-V)
“SunHoldings” or “Selling Shareholder”	: Sunway Holdings Sdn Bhd (37465-A)
“Sunway”	: Sunway Berhad (921551-D)
“Sunway Group”	: Sunway and its group of companies
“SunwayMas”	: SunwayMas Sdn Bhd (130027-K)
“Sunway REIT”	: Sunway Real Estate Investment Trust
“Sunway Shares”	: Ordinary shares of RM1.00 each in Sunway
“Sunway South Quay”	: Sunway South Quay Sdn Bhd (636596-T)
“Sunway Treasury”	: Sunway Treasury Sdn Bhd (434005-W) (a central treasury management company of Sunway)
“Tan Sri Jeffrey Cheah”	: Tan Sri Dato’ Seri Dr Jeffrey Cheah Fook Ling, AO
“Transfer of SunCon”	: Disposal by SunHoldings and acquisition by our Company of the entire issued and paid-up share capital of SunCon as well as its direct and indirect subsidiaries, unincorporated joint ventures and unincorporated consortium for the Purchase Consideration, which has been wholly satisfied via the issuance of 1,292,900,000 new SCG Shares to SunHoldings, as further described under Section 5.3 of this Prospectus
“UAE”	: United Arab Emirates
“UDCTT”	: Urban Development Corporation of Trinidad and Tobago
“U.S.”	: United States of America, its territories and possessions, any state of the United States and the District of Columbia

DEFINITIONS (CONT'D)

“U.S. Securities Act”	: United States Securities Act of 1933, as amended
“Warrants”	: Warrants 2011/2016 issued by Sunway constituted by the deed poll of Sunway dated 28 June 2011

Currencies

“AED”	: Arab Emirates Dirham, the lawful currency of United Arab Emirates
“RM and sen”	: Ringgit Malaysia and sen, the lawful currency of Malaysia
“RMB”	: Renminbi, the lawful currency of the People’s Republic of China
“Rs.”	: Rupee, the lawful currency of India
“SGD”	: Singaporean Dollar, the lawful currency of the Republic of Singapore
“TTD”	: Trinidadian dollars, the lawful currency of Trinidad and Tobago

Direct and indirect subsidiaries of our Company

“Sun-Block (Batang Kali)”	: Sun-Block (Batang Kali) Sdn Bhd (456798-V)
“SunCon”	: Sunway Construction Sdn Bhd (27175-V)
“Sunspan”	: Sunspan Sdn Bhd (390366-D)
“Sunway Builders”	: Sunway Builders Sdn Bhd (285205-T)
“Sunway Construction Caribbean”	: Sunway Construction Caribbean Limited (S 4276(95))
“Sunway Construction India”	: Sunway Construction India Pte Ltd (U45203KA2001PTC029947)
“Sunway Construction (S)”	: Sunway Construction (S) Pte. Ltd. (199409426-N)
“Sunway Creative Stones”	: Sunway Creative Stones Sdn Bhd (429140-M)
“Sunway Engineering”	: Sunway Engineering Sdn Bhd (341887-W)
“Sunway GD Piling”	: Sunway GD Piling Sdn Bhd (693303-X)
“Sunway Geotechnics (M)”	: Sunway Geotechnics (M) Sdn Bhd (414014-W)
“Sunway IBS”	: Sunway IBS Sdn Bhd (622890-M)
“Sunway Industrial Products”	: Sunway Industrial Products Sdn Bhd (442583-M)

DEFINITIONS (CONT'D)

“Sunway Innopave”	:	Sunway Innopave Sdn Bhd (390417-A)
“Sunway Machineries Services”	:	Sunway Machineries Services Sdn Bhd (288977-X)
“Sunway Machinery”	:	Sunway Machinery Sdn Bhd (389253-P)
“Sunway M & E”	:	Sunway M & E Sdn Bhd (253771-P)
“Sunway Precast Industries”	:	Sunway Precast Industries Sdn Bhd (231775-X)

Subsidiary of Sunway Industrial Products

“Sunway Concrete Products (S)”	:	Sunway Concrete Products (S) Pte Ltd (199409213-Z)
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Subsidiary of Sunway Machineries Services

“Sunway SK”	:	Sunway SK Sdn Bhd (416448-A)
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Subsidiaries of Sunway Engineering

“Sunway Smartek”	:	Sunway Smartek Sdn Bhd (749340-W)
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Subsidiary of Sunway Geotechnics (M)

“Sunway Geotechnics (S)”	:	Sunway Geotechnics (S) Pte. Ltd. (200920733-Z)
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Jointly controlled entity of Sunway Engineering

“IJM Sunway”	:	IJM Sunway Sdn Bhd (1144003-W)
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GLOSSARY OF TECHNICAL TERMS

This glossary contains explanation of certain terms used in this Prospectus in connection with our Group and business. The terminologies and their meanings may not correspond to the standard industry meanings or usage of these terms.

- "3D"** : Three-dimension, where three-dimension BIM model enables effective trade coordination among the architecture, structure and mechanical, engineering and plumbing trades, eliminating clashes at an early design stage
- "4D"** : Four-dimension, where a four-dimension BIM model allows project planning and scheduling, calculating progress in physical development and timeline
- "5D"** : Five-dimension, where a five-dimension BIM model enables automated quantities take off, accurate cost estimation and real time cost control
- "ACMV"** : Air conditioning and mechanical ventilation, the technology of indoor and vehicular environmental comfort to provide thermal comfort and acceptable indoor air quality
- "backhoe loader"** : A heavy equipment vehicle that consists of a tractor-like unit fitted with a shovel / bucket on the front and a small backhoe on the back
- "BIM"** : Building Information Modelling, a process that allows parametric and geometric digital data, integrated design, scheduling, estimation, and fabrication process to be stored in an integrated platform
- "bored pile"** : A type of pile that is concreted at a permanent location at the holes bored in the ground
- "boring rig"** : A machine which creates holes in the ground
- "CAM"** : Computer-aided manufacturing, the use of computer software to control machine tools and related machinery in product manufacturing. Also refers to the use of a computer to assist in all operations of a manufacturing plant, including planning, management, transportation and storage
- "construction works"** : The construction, extension, installation, repair, maintenance, renewal, removal, renovation, alteration, dismantling, or demolition of:
- (a) any building, erection, edifice, structure, wall, fence or chimney, whether constructed wholly or partly above or below ground level;
 - (b) any road, harbour works, railway, cableway, canal or aerodrome;
 - (c) any drainage, irrigation or river control works;
 - (d) any electrical, mechanical, water, gas, petrochemical or telecommunication works; or
 - (e) any bridge, viaduct, dam, reservoir, earthworks, pipeline, sewer, aqueduct, culvert, drive, shaft, tunnel or reclamation works,
- and includes any works which form an integral part of, or are preparatory to or temporary for the works described in paragraphs (a) to (e) above, including site clearance, soil investigation and improvement, earth-moving, excavation, laying of foundation, site restoration and landscaping

GLOSSARY OF TECHNICAL TERMS (CONT'D)

“contiguous bored pile walls”	:	Walls that are formed by bored piles constructed at close spacing
“crawler crane”	:	A crane mounted on an undercarriage with a set of tracks (known as crawlers) that provide stability and mobility
“concrete pump”	:	A machine used for transferring liquid concrete by way of pumping
“concrete slump test”	:	An empirical test that measures the workability of fresh concrete
“CUF”	:	Centralised utility facilities, which are processing plants for utilities such as chilled water for air-conditioning and steam used for manufacturing plants
“curing” “concrete”	or :	The process in which the concrete is protected from loss of moisture and kept within a reasonable temperature range. This process results in concrete with increased strength and decreased permeability, i.e. porousness. Curing is also a key process in mitigating cracks, which can severely affect durability
“diaphragm walls”	:	Rectangular reinforced concrete walls
“earth retaining systems”	:	A support system created to retain or support the earth during excavation works
“earthworks”	:	Works involving excavation works and constructing temporary steel platforms and staging
“excavation”	:	Works involving excavating the earth and transporting them within the site to make up level or to an off-site dumping ground
“GDP”	:	Gross domestic product
“guideway”	:	A channel or track along which something moves
“halts”	:	A small station, usually unstaffed or with very few staff, and with few or no facilities
“HDB”	:	Housing and Development Board, Singapore
“hydraulic excavator”	:	A heavy construction equipment in which all movement and functions are accomplished through the use of hydraulic fluid, with hydraulic cylinders and hydraulic motors. It is most commonly used for digging rocks and soil, but can also be used for cutting steel, breaking concrete, drilling holes in the earth, laying gravel onto the road prior to paving, crushing rocks, steel, and concrete
“IBS”	:	Industrialised Building System, a construction process that utilises techniques, products, components or building systems which involves off-site prefabricated components and on-site installations
“IPD”	:	Integrated Project Delivery, an inter-party collaboration to enable the information to flow freely and transparently across multiple parties involved in the project, such as architects, engineers and contractors, at any stage to give a reliable basis for decision making throughout the project life cycle

GLOSSARY OF TECHNICAL TERMS (CONT'D)

“ISO”	: International Organisation for Standardisation, a developer and publisher of international standards. International standards give state of the art specifications for products, services and good practice, helping to make industries more efficient and effective
“km”	: Kilometre, a unit of measurement of length which is equal to 1,000 metres
“launching girder”	: A machine used in the erection of segmental viaducts and bridges
“m²”	: Square metre, a unit of measurement of the area of a square where each side measures exactly one metre
“m³”	: Cubic metre, a unit of measurement of volume. It is the volume of a cube with edges one metre in length
“MW”	: Megawatt, a unit of measurement of power which is equal to 1,000,000 watts
“mould”	: A hollow container used to give shape to a liquid or soft substance when it cools and hardens
“OHSAS”	: Occupational Health and Safety Assessment Series for health and safety management systems. It is intended to help an organisation to control occupational health and safety risks
“pile cap”	: A thick concrete slab that is constructed above a group of installed piles and acts as support to the column which supports the structure
“pile shoes”	: A pointed or rounded device on the foot of a pile to protect the pile while driving it into the ground
“precast concrete”	: A construction product produced by casting concrete in a reusable mould or form which is then cured in a controlled environment, transported to the construction site and lifted into place
“prestressing strands”	: Steel wires spun together in an helical form used in prestressed concrete, which is a method for overcoming concrete's natural weakness in tension
“QLASSIC”	: Quality Assessment System in Construction, a system or method to measure and evaluate the quality of workmanship of a construction work based on the relevant approved standard. QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
“rebar”	: Reinforcement bar, which are steel bars or mesh of steel wires used in reinforced concrete, which is a method for overcoming concrete's natural weakness in tension
“side props”	: Construction equipment used as a temporary support
“steel sheet pile walls”	: A continuous steel wall that is formed with interlocking steel sheet piles
“stoppers”	: Plugs that prevent the flow of fluids

GLOSSARY OF TECHNICAL TERMS (CONT'D)

“substructure works”	: Works relating to the construction of any foundation or supporting structure
“tie rods”	: Slender structural units used as a tie and (in most applications) capable of carrying tensile loads only
“TQM”	: Total Quality Management
“tower crane”	: A type of machine which is fixed to the ground on a concrete slab (and sometimes attached to the sides of structures as well), and used extensively in construction and other industries to hoist and move materials
“VDC”	: Virtual Design and Construction, an advanced digital project management tool that promotes the exchange of information and upfront collaboration involving multiple facets of the construction phase. It is an integrated approach of managing design, construction and facility management using software information models throughout the project lifecycle, comprising BIM and IPD
“wire mesh”	: A material made from various strands of interconnected metal, usually steel or aluminium. These strands can be welded together, extruded, or even connected by pins or other devices

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1. CORPORATE DIRECTORY**BOARD OF DIRECTORS**

Director	Address	Profession	Nationality
Dato' Ir Goh Chye Koon <i>Independent Non-Executive Chairman/ Senior Independent Non-Executive Director</i>	5, Jalan PJU 3/12 Tropicana Indah 47410 Petaling Jaya Selangor Darul Ehsan Malaysia	Chairman	Malaysian
Kwan Foh Kwai <i>Senior Managing Director</i>	No. 18, Jalan PJU 3/28 Sunway Damansara 47810 Petaling Jaya Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Dato' Siow Kim Lun <i>Independent Non-Executive Director</i>	30, Jalan Setiajaya Bukit Damansara 50490 Kuala Lumpur Wilayah Persekutuan Malaysia	Company Director	Malaysian
Dato' Dr. Ir Johari Bin Basri <i>Independent Non-Executive Director</i>	No. 11, Jalan 2/5 Desa Pinggiran Putra Sungai Merab 43000 Kajang Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Dato' Chew Chee Kin <i>Non-Independent Non-Executive Director</i>	No. 5, Pinggiran Golf Saujana Resort, Seksyen U2 40150 Shah Alam Selangor Darul Ehsan Malaysia	Company Director	Malaysian
Evan Cheah <i>Non-Independent Non-Executive Director</i>	36, Lorong Bukit Pantai 8 Pantai Hill 59100 Kuala Lumpur Wilayah Persekutuan Malaysia	Company Director	Malaysian

1. CORPORATE DIRECTORY (CONT'D)**AUDIT COMMITTEE**

Name	Designation	Directorship
Dato' Siow Kim Lun	Chairman	Independent Non-Executive Director
Dato' Ir Goh Chye Koon	Member	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Member	Independent Non-Executive Director
Evan Cheah	Member	Non-Independent Non-Executive Director

REMUNERATION COMMITTEE

Name	Designation	Directorship
Dato' Chew Chee Kin	Chairman	Non-Independent Non-Executive Director
Dato' Ir Goh Chye Koon	Member	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director
Dato' Siow Kim Lun	Member	Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Member	Independent Non-Executive Director

NOMINATION COMMITTEE

Name	Designation	Directorship
Dato' Ir Goh Chye Koon	Chairman	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director
Dato' Siow Kim Lun	Member	Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Member	Independent Non-Executive Director
Dato' Chew Chee Kin	Member	Non-Independent Non-Executive Director

1. CORPORATE DIRECTORY (CONT'D)

COMPANY SECRETARIES	<p>: Tan Kim Aun (MAICSA 7002988) 29, Jalan Midah 2 Taman Midah 56000 Kuala Lumpur Wilayah Persekutuan Malaysia</p> <p>Chin Lee Chin (MAICSA 7012347) R18-06, Block D'Aman Ria No.3, Jalan PJU 1A/41, Ara Jaya 47301 Petaling Jaya Selangor Darul Ehsan Malaysia</p>
REGISTERED OFFICE FOR SCG	<p>: Level 16, Menara Sunway Jalan Lagoon Timur Bandar Sunway 47500 Subang Jaya Selangor Darul Ehsan Malaysia</p> <p>Tel. No.: (603) 5639 8889 Fax. No.: (603) 5639 9507 Website: www.sunway.com.my/suncon</p>
HEAD OFFICE FOR SCG	<p>: Level 8, Menara Sunway Jalan Lagoon Timur Bandar Sunway 47500 Subang Jaya Selangor Darul Ehsan Malaysia</p> <p>Tel. No.: (603) 5639 9333 Fax. No.: (603) 5639 9530 Email: irsuncongroup@sunway.com.my Website: www.sunway.com.my/suncon</p>
SELLING SHAREHOLDER	<p>: Sunway Holdings Sdn Bhd Level 16, Menara Sunway Jalan Lagoon Timur Bandar Sunway 47500 Subang Jaya Selangor Darul Ehsan Malaysia</p> <p>Tel. No.: (603) 5639 8889 Fax. No.: (603) 5639 9507 Email: irsunwayberhad@sunway.com.my Website: www.sunway.com.my</p>

1. CORPORATE DIRECTORY (CONT'D)

AUDITORS AND REPORTING ACCOUNTANTS	<p>: Ernst & Young Level 23A, Menara Milenium Jalan Damansara Pusat Bandar Damansara 50490 Kuala Lumpur Wilayah Persekutuan Malaysia</p> <p>Tel. No.: (603) 7495 8000 Fax. No.: (603) 2095 5332</p>
SOLICITORS FOR THE LISTING	<p>: Mah-Kamariyah & Philip Koh 3A07, Block B, Phileo Damansara II 15 Jalan 16/11, Off Jalan Damansara 46350 Petaling Jaya Selangor Darul Ehsan Malaysia</p> <p>Tel. No.: (603) 7956 8686 Fax. No.: (603) 7956 2208</p>
SOLICITORS FOR JOINT GLOBAL COORDINATORS, JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO MALAYSIAN LAW	<p>: Kadir Andri & Partners Level 10, Menara BRDB 285 Jalan Maarof, Bukit Bandaraya 59000 Kuala Lumpur Wilayah Persekutuan Malaysia</p> <p>Tel. No.: (603) 2780 2888 Fax. No.: (603) 2780 2832</p>
SOLICITORS FOR JOINT GLOBAL COORDINATORS, JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO U.S. FEDERAL SECURITIES LAW	<p>: Herbert Smith Freehills 50 Raffles Place #24-01 Singapore Land Tower Singapore 048623</p> <p>Tel. No.: (+65) 6868 8000 Fax. No.: (+65) 6868 8001</p>
SOLICITORS FOR OUR COMPANY AS TO SINGAPORE LAW	<p>: Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624</p> <p>Tel. No.: (+65) 6225 2626 Fax. No.: (+65) 6225 1838</p>

1. **CORPORATE DIRECTORY (CONT'D)**

PRINCIPAL BANKER FOR OUR COMPANY : HSBC Bank Malaysia Berhad
North Tower, No 2 Leboh Ampang
50100 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 2075 3000
Fax. No.: (603) 2070 1146

SOLE PRINCIPAL ADVISER : RHB Investment Bank Berhad
Level 10, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 9287 3888
Fax. No.: (603) 9287 2233/3355

JOINT GLOBAL COORDINATORS : RHB Investment Bank Berhad
Level 10, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 9287 3888
Fax. No.: (603) 9287 2233/3355

Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 2059 1888
Fax. No.: (603) 2710 2553

1. CORPORATE DIRECTORY (CONT'D)

JOINT BOOKRUNNERS

: RHB Investment Bank Berhad
Level 10, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 9287 3888
Fax. No.: (603) 9287 2233/3355

Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 2059 1888
Fax. No.: (603) 2710 2553

The Hongkong and Shanghai Banking Corporation
Limited, Singapore Branch
#09-02 HSBC Building
21 Collyer Quay
Singapore 049320

Tel. No.: (+65) 6216 9008
Fax. No.: (+65) 6658 6073

JOINT UNDERWRITERS

: RHB Investment Bank Berhad
Level 10, Tower One, RHB Centre
Jalan Tun Razak
50400 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 9287 3888
Fax. No.: (603) 9287 2233/3355

Maybank Investment Bank Berhad
32nd Floor, Menara Maybank
100 Jalan Tun Perak
50050 Kuala Lumpur
Wilayah Persekutuan
Malaysia

Tel. No.: (603) 2059 1888
Fax. No.: (603) 2710 2553

1. CORPORATE DIRECTORY (CONT'D)

INDEPENDENT RESEARCHER	MARKET :	Smith Zander International Sdn Bhd Suite 23-3, Level 23, Office Suite, Menara 1MK 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Malaysia Tel. No.: (603) 6211 2121
ISSUING HOUSE	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia Tel. No.: (603) 7841 8000 Fax No.: (603) 7841 8150
SHARE REGISTRAR	:	Sunway Management Sdn Bhd 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
LISTING SOUGHT	:	Main Market of Bursa Securities
SHARIAH STATUS	:	Approved by the SAC of the SC

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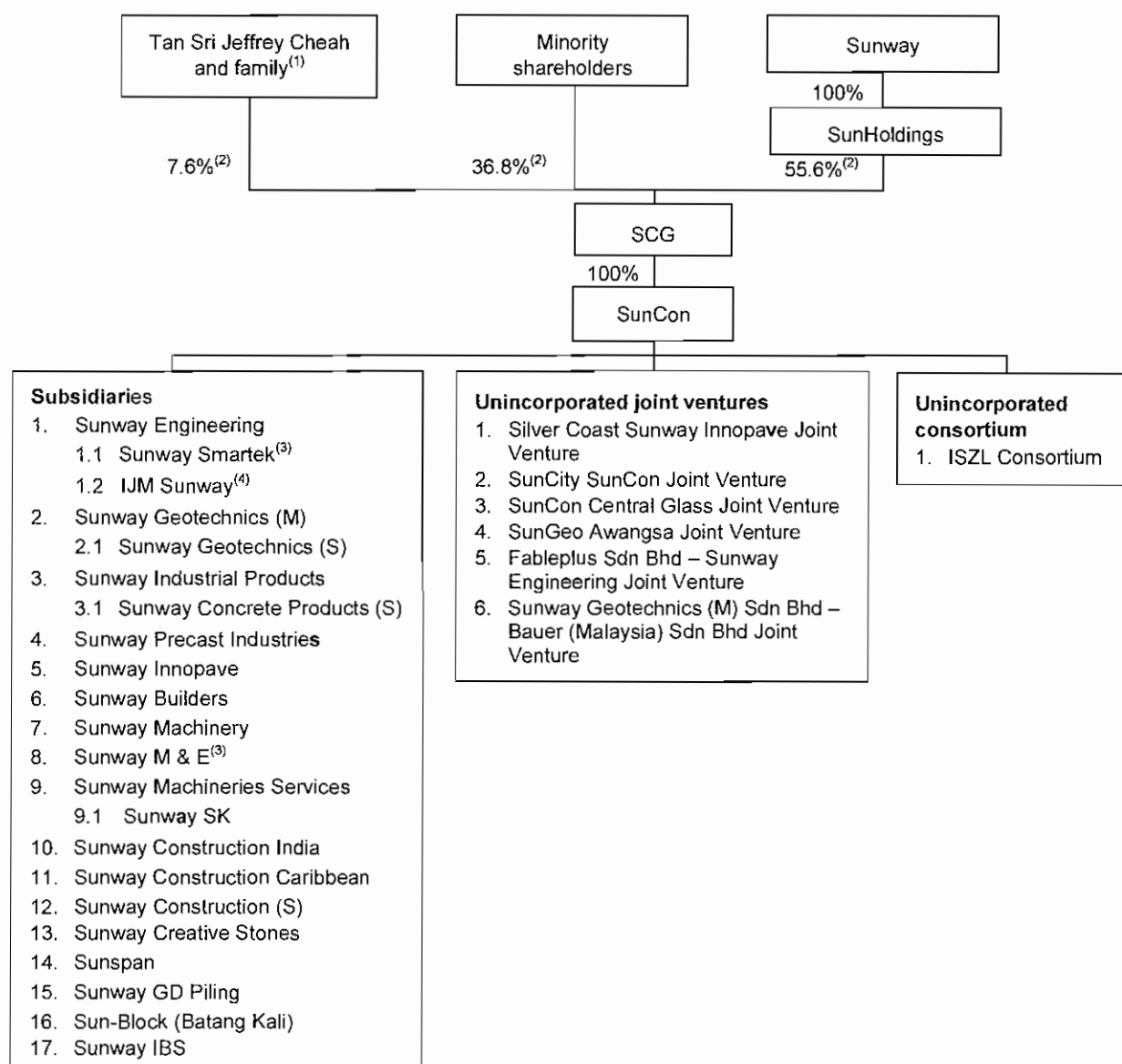
2. INFORMATION SUMMARY

THIS SECTION IS ONLY A SUMMARY OF THE SALIENT INFORMATION ABOUT OUR GROUP AND OUR LISTING AND IS EXTRACTED FROM THE FULL TEXT OF THIS PROSPECTUS. YOU SHOULD CAREFULLY READ AND UNDERSTAND THIS SECTION TOGETHER WITH THE ENTIRE PROSPECTUS BEFORE YOU DECIDE WHETHER TO INVEST IN US. THE INFORMATION SUMMARY SET OUT BELOW IS DERIVED FROM THIS PROSPECTUS AND SHOULD BE READ IN CONJUNCTION WITH THE FULL TEXT OF THIS PROSPECTUS

2.1 OUR HISTORY

Our Company is the construction arm of Sunway. We were incorporated in Malaysia on 10 September 2014 under the Act as a public company limited by shares under the name of Sunway Construction Group Berhad for the purposes of facilitating the Transfer of SunCon, details of which are set out in Section 5.3 of this Prospectus.

Our Group structure upon Listing is set out below:



2. INFORMATION SUMMARY (CONT'D)

Notes:

- (1) *Tan Sri Jeffrey Cheah, his interest in related company vehicles, spouse and children.*
- (2) *Based on our Register of substantial shareholders' shareholdings and assuming the Over-allotment Option is not exercised.*
- (3) *Commenced members' voluntary winding-up on 10 December 2014.*
- (4) *Jointly controlled entity.*

Our principal activity is investment holding whilst our subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium are principally involved in construction of buildings and civil works, the manufacturing and sale of precast concrete products in Malaysia and Singapore, and investment holding.

Further details of our history, Group structure, Transfer of SunCon and achievements are set out in Sections 5 and 6 of this Prospectus.

2.2 OWNERSHIP AND MANAGEMENT

As at the LPD, our Promoters, substantial shareholders, Directors, and key management and technical personnel are as follows:

2.2.1 Promoters and/or Substantial Shareholders

Sunway	Promoter and substantial shareholder
SunHoldings	Promoter and substantial shareholder
Tan Sri Jeffrey Cheah	Promoter and substantial shareholder
Puan Sri Susan Cheah	Promoter and substantial shareholder
Sarena Cheah	Promoter and substantial shareholder
Evan Cheah	Promoter and substantial shareholder
Sungei Way Corporation	Promoter and substantial shareholder
Active Equity	Promoter and substantial shareholder
Jef-San	Promoter

2.2.2 Directors

Dato' Ir Goh Chye Koon	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director
Kwan Foh Kwai	Senior Managing Director
Dato' Siow Kim Lun	Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Independent Non-Executive Director
Dato' Chew Chee Kin	Non-Independent Non-Executive Director
Evan Cheah	Non-Independent Non-Executive Director

2. INFORMATION SUMMARY (CONT'D)

2.2.3 Key Management and Technical Personnel

Chung Soo Kiong	Deputy Managing Director
Thomas Samuel	Executive Director - Foundation and Geotechnical Engineering Division
Liew Kok Wing	Senior General Manager - Civil Division
Wong Kwan Song, Richard	Senior General Manager - Building Division
Eric Tan Chee Hin	Senior General Manager - MEP Division
Kwong Tzyy En	Senior General Manager - Precast Division
Yip Lai Hun	Senior General Manager - Supply Chain & Contracts Management
Ng Bee Lien	Senior General Manager - Finance
Akira Yabe	Director - Special Projects

Further details of our Promoters, substantial shareholders, Directors, and key management and technical personnel and their direct and indirect shareholdings in our Company are set out in Section 8 of this Prospectus.

2.3 PRINCIPAL ACTIVITIES

We are an integrated construction services company, with the capabilities to provide integrated services and products across different phases of construction, from project design to completion. We are principally engaged in the following:

- (a) provision of construction services, comprising:
 - (i) building and civil/infrastructure construction services;
 - (ii) foundation and geotechnical engineering services;
 - (iii) mechanical, electrical and plumbing services;
- (b) manufacture and sale of precast concrete products in Malaysia and Singapore; and
- (c) investment holding.

Our integrated business allows us to optimise resources across our different business units and provide customers with integrated solutions from initial planning and design, feasibility studies and surveys, project management, construction, construction supervision and machinery and logistics. Our provisions of foundation and geotechnical engineering services; mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products business complete our service offering as an end-to-end total construction solutions provider.

As at 31 March 2015, our Group has an outstanding order book of approximately RM2.8 billion.

Our construction services business is strengthened by the use of design technology where our design capabilities are enhanced through the use of VDC, a computer-aided design and modeling technology covering all aspects of design, build and project management.

Further details on our principal activities are set out in Section 6.3 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.4 TECHNOLOGIES USED

The main technology used in our business is the VDC technology. We commenced our research and development activities on VDC in 2009. Our Group formally adopted and implemented the VDC technology extensively in our projects beginning in 2012.

The VDC is an advanced digital project management tool that promotes the exchange of information and upfront collaboration involving multiple facets of the construction phase. It is an integrated approach of managing design, construction and facility management using software information models throughout the project lifecycle, enabling the sharing of knowledge and resources in a digital representation where design, schedule and cost can be integrated at all phases and simulated digitally prior to the physical construction of a project. The VDC, which is a combination of third party BIM and IPD software tools, provides a total solution for project management where:

- the BIM allows parametric and geometric digital data, integrated design, scheduling, estimation, and fabrication process to be stored in an integrated platform; and
- the IPD facilitates inter-party collaboration to enable the information to flow freely and transparently across multiple parties involved in the project, such as architects, engineers and contractors, at any stage to give a reliable basis for decision making throughout the project life cycle.

Further details on our technologies used are set out in Section 6.15 of this Prospectus.

2.5 COMPETITIVE STRENGTHS AND ADVANTAGES

The following are our competitive strengths and advantages:

- (i) We are one of the largest construction companies in Malaysia.
- (ii) We have an integrated business model providing end-to-end design and construction solutions.
- (iii) We have diversified construction capabilities across various sub-segments of the construction sector.
- (iv) We have an established and proven track record, including successful international experience.
- (v) We have strong brand recognition.
- (vi) We have strong synergies with our holding company, Sunway.
- (vii) Our senior management and key technical personnel have extensive experience in the construction industry.
- (viii) We are well positioned to capture attractive opportunities in the construction industry in Malaysia and Singapore.

Further details on our competitive strengths and advantages are set out in Section 6.4 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.6 FUTURE PLANS AND BUSINESS STRATEGIES

We aim to strengthen our position as a competitive and progressive total construction solutions provider. The following strategies will help us to leverage on our strengths to capture future growth opportunities in Malaysia and Singapore, enhance our core competitiveness and maintain our industry position in Malaysia and Singapore:

- (i) Continue to enhance our leading position and increase our market share in Malaysia's construction industry.
- (ii) Maintain our presence in Singapore and expand our manufacture and sale of precast concrete products business in Malaysia.
- (iii) Expand our external income from foundation and geotechnical engineering services, and mechanical, electrical and plumbing services, to enhance our Group's revenue streams.
- (iv) Increase our use of technology and automation efforts to further improve our core competitiveness.
- (v) Selectively pursue growth opportunities overseas and enter new markets.
- (vi) Enhance profitability through effective, ongoing cost reduction initiatives.

Further details on our future plans and business strategies are set out in Section 6.5 of this Prospectus.

2.7 PRINCIPAL STATISTICS RELATING TO OUR LISTING

The Offering entails a Distribution of 175,009,901 Shares and an Offer for Sale of up to 327,595,900 OFS Shares at the Institutional Price and 71,109,500 OFS Shares at the Final Retail Price, subject to the clawback and reallocation provisions and Over-allotment Option.

	No. of Shares	Share Capital (RM)
Authorised share capital	10,000,000,000	2,000,000,000
Issued and fully paid-up share capital*	1,292,900,010	258,580,002
Distribution Offer for Sale	175,009,901 up to 398,705,400	35,001,980.20 up to 79,741,080
Assumed Final Retail Price and Institutional Price (RM)	1.20	
Proforma consolidated NA upon listing (RM'000)	314,233	
Proforma consolidated NA per Share upon listing (RM)	0.24	
Market capitalisation (RM)	1,551,480,012	

Note:

- * The Offering would not have an effect on our issued and paid-up share capital as there is no issuance of new Shares.

Further details on the Listing are set out in Section 3 of this Prospectus.

2. INFORMATION SUMMARY (CONT'D)

2.8 UTILISATION OF PROCEEDS

We will not be raising any funds from the Listing as we are not issuing any new Shares pursuant to the Listing.

Further information on the utilisation of proceeds is set out in Section 3.11 of this Prospectus.

2.9 FINANCIAL HIGHLIGHTS

For detailed financial information relating to our Group, see Sections 11, 12 and 13 of this Prospectus, respectively.

2.9.1 Selected Historical Audited Combined Financial Information

The following table sets out a summary of the audited combined financial information for the FYE 31 December 2012, the FYE 31 December 2013 and the FYE 31 December 2014.

The following selected historical audited combined financial information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report and related notes set out in Section 12 of this Prospectus.

The selected historical audited combined financial information included in this Prospectus do not purport to predict our Group's financial position, results and cash flows.

	Audited		
	FYE 31 December		
	2012	2013	2014
	RM'000	RM'000	RM'000
Revenue	1,448,475	1,839,593	1,880,707
Cost of sales	(1,166,619)	(1,501,572)	(1,485,297)
Gross profit	281,856	338,021	395,410
Other income	21,134	13,888	12,850
Distribution costs	(168)	(3)	-
Administrative expenses	(200,426)	(261,755)	(271,685)
Other operating expenses	(54,228)	(47,793)	(16,401)
Operating profit	48,168	42,358	120,174
Finance income and other distribution income	7,247	4,328	4,055
Finance costs	(2,756)	(2,256)	(3,339)
Share of results of joint ventures	29,226	45,382	30,374
PBT	81,885	89,812	151,264
Income tax expense	(18,351)	(23,732)	(26,495)
PAT	63,534	66,080	124,769
Profit attributable to:			
Owner of the parent	54,788	66,926	124,819
Non-controlling interest	8,746	(846)	(50)
	63,534	66,080	124,769

2. INFORMATION SUMMARY (CONT'D)

	Audited		
	FYE 31 December		
	2012 RM'000	2013 RM'000	2014 RM'000
EBITDA (RM'000) ⁽¹⁾	75,762	85,184	161,816
Number of Shares assumed in issue ('000) ⁽²⁾	1,292,900	1,292,900	1,292,900
EPS – basic /diluted (sen) ⁽³⁾	4.2	5.2	9.7
Gross profit margin (%)	19.5	18.4	21.0
PBT margin (%)	5.7	4.9	8.0
PAT margin (%)	4.4	3.6	6.6

Notes:

- (1) EBITDA represents earnings before taxation, depreciation and amortisation, finance costs, finance income and other distribution income and share of results of joint venture. The table below sets forth a reconciliation of our profit for the financial year to EBITDA.

	Audited		
	FYE 31 December		
	2012 RM'000	2013 RM'000	2014 RM'000
PAT	63,534	66,080	124,769
Income tax expense	18,351	23,732	26,495
PBT	81,885	89,812	151,264
Amortisation and depreciation	27,594	42,826	41,642
Finance costs	2,756	2,256	3,339
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Share of results of joint venture	(29,226)	(45,382)	(30,374)
EBITDA	75,762	85,184	161,816

"EBITDA", as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with MFRS, IFRS and FRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under MFRS, IFRS and FRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with MFRS or IFRS or FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible.

- (2) Based on the SCG Share Capital.

- (3) Computed as profit for the year attributable to owner of the parent of our Company divided by the number of Shares in issue after the Transfer of SunCon.

2. INFORMATION SUMMARY (CONT'D)

2.9.2 Pro Forma Consolidated Statement of Financial Position

The following table sets out a summary of the pro forma consolidated statement of financial position of our Group based on our audited financial statements as at 31 December 2014 to show the effects of the Transfer of SunCon and the Offering. The pro forma consolidated statement of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Report together with the notes and assumptions accompanying the Pro forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus.

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and Offering RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	-	178,728	178,728
Other investments	-	273	273
Investments in joint ventures	-	24,189	24,189
Goodwill	-	3,647	3,647
Deferred tax assets	-	7,154	7,154
Total non-current assets	-	213,991	213,991
Current assets			
Inventories	-	20,203	20,203
Receivables	-	789,864	789,864
Tax recoverable	-	8,523	8,523
Cash and bank and short term funds balances	(1)	221,617	(3)220,417
Total current assets	-	1,040,207	1,039,007
TOTAL ASSETS	-	1,254,198	1,252,998
EQUITY AND LIABILITIES			
Share capital	(1)(2)	258,580	258,580
Reserves	(76)	56,853	(3)55,653
Shareholders' equity	(76)	315,433	314,233
Non-controlling interests	-	(5,222)	(5,222)
Total equity	(76)	310,211	309,011
Current liabilities			
Borrowings	-	135,132	135,132
Payables	76	791,340	791,340
Tax payable	-	13,161	13,161
Total current liabilities	76	939,633	939,633
Non-current liabilities			
Borrowings	-	69	69
Deferred tax liabilities	-	4,285	4,285
Total non-current liabilities	-	4,354	4,354
Total liabilities	76	943,987	943,987
TOTAL EQUITY AND LIABILITIES	-	1,254,198	1,252,998

2. INFORMATION SUMMARY (CONT'D)

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and Offering RM'000
Number of Shares ('000)	⁽²⁾ —	1,292,900	1,292,900
NA/(NL) (RM'000)	(76)	315,433	314,233
NA/(NL) per Share (RM)	⁽⁴⁾ (7,600)	0.24	0.24
NTA/(NTL) (RM'000)	(76)	311,786	310,586
NTA/(NTL) per Share (RM)	⁽⁴⁾ (7,600)	0.24	0.24

Notes:

- (1) RM2.00.
(2) Represents 10 ordinary shares of RM0.20 each.
(3) After deducting the estimated listing expenses of approximately RM1.2 million for the Listing.
(4) Calculated based on NL/NTL of RM76,000 divided by 10 ordinary shares.

2.10 RISK FACTORS

Before investing in our shares, you should pay particular attention to the fact that our operations are subject to the legal, regulatory and business environments in the countries in which we operate. Our operations are also subject to a number of factors, many of which are outside our control. An investment in shares listed or to be listed on Bursa Securities involves a number of risks. The following are risk factors for consideration (which may not be exhaustive) of the challenges that we currently face or that may develop in the future. These and other risks, whether known or unknown, may have a material adverse effect on us and our Shares. You should rely on your own evaluations and carefully consider the risks before applying for any of our OFS Shares, which is the subject of this Prospectus.

The risk factors that may affect our future financial profitability are not limited to financial risks and industry risks, and include the following:

- (i) Risks relating to our operations
- Reliance on approvals, licences and permits;
 - Project risks;
 - Possible delays in completion of construction projects;
 - Availability and fluctuations in prices of raw materials;
 - Dependence on the services of our subcontractors;
 - Dependence on directors and key management;
 - Securing premises for our Singapore manufacturing and sale of precast concrete products business;
 - Borrowings and financing risks;
 - We are exposed to overseas business risks; and
 - Fluctuations in gross profit margin.

2. INFORMATION SUMMARY (CONT'D)

(ii) Risks relating to our industry

- Dependence on the property market and government infrastructure spending;
- Competition risks;
- Dependence on foreign workers;
- Workplace safety and health matters;
- Adequacy of insurance coverage;
- Uncertainty in securing new contracts and maintaining order book;
- Political, economic and regulatory risk; and
- Vulnerability to changes in government regulations.

(iii) Risks relating to our Listing

- No prior market for our Shares and possible volatility of our Share prices;
- Trading price and volume of our Shares;
- Continued control by our Promoters;
- Payment of dividend is not assured;
- Delay in or abortion of our Listing;
- Delay between admission and trading of the Listing Shares;
- Future fund raising may dilute shareholders' equity or restrict our operations; and
- Forward-looking statements.

Further details of the risk factors are set out in Section 4 of this Prospectus.

2.11 DIVIDEND POLICY

It is our Board's policy to recommend and distribute minimum dividends of 35% of our annual core profit attributable to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors including, but not limited to, the level of our cash, gearing, return on equity and retained earnings, our expected financial performance, our working capital requirements and our existing and future debt obligations.

You should note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our Group's future dividends that are subject to modification at our Board's discretion.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

Further details of the dividend policy are set out in Section 11.2.10 of this Prospectus.

3. DETAILS OF THE LISTING

3.1 INTRODUCTION

This Prospectus is dated 29 June 2015. The Listing is subject to the terms and conditions of this Prospectus.

We have registered this Prospectus with the SC and also lodged this Prospectus together with the Application Forms with the Registrar of Companies who takes no responsibility for its contents.

We have received the approval of the SC for the Listing (details of which are set out in Section 9 of this Prospectus) on 5 February 2015. The approval of the SC shall not be taken to indicate that the SC recommends the Listing. The SC has not, in any way, considered the merits of our Shares being offered for investment. The SC is not liable for any non-disclosure on our part in this Prospectus. The SC also takes no responsibility for the contents of this Prospectus, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss that you may suffer as a result of your reliance upon the whole or any part of the contents of this Prospectus. On 5 May 2015, the SAC of the SC has classified our Shares as Shariah-compliant based on the audited combined financial statements of our Company for the FYE 31 December 2014. This classification remains valid from the date of this Prospectus until the next Shariah compliance review is undertaken by the SAC of the SC. Updates on the classification will be released in the updated list of Shariah-compliant securities on the last Friday of the month of May and November of each year.

You should rely on your own evaluation to assess the merits and risks of the Listing and an investment in our Company.

We have received the approval of Bursa Securities on 6 April 2015 for our admission to the Official List of the Main Market of Bursa Securities and the listing of and quotation for our entire issued and paid-up share capital on the Main Market of Bursa Securities. Listing of and quotation for our Shares will commence after, amongst others, receipt of confirmation from Bursa Depository of the receipt of transfer and allocation information for the crediting of the OFS Shares, and receipt of an undertaking that all notices of allotment/transfer will be issued and despatched to all successful applicants prior to the date of listing of and quotation for the Shares, failing which any transfer and allocation made on an application to subscribe for and/or purchase our Shares pursuant to this Prospectus is required under Malaysian law to be void.

Pursuant to Section 14(1) of SICDA, Bursa Securities has prescribed our Shares as a Prescribed Security. In consequence thereof, our Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and the Rules. We will not issue any share certificates to the successful applicants.

Pursuant to the Listing Requirements, we must have at least 25% of the SCG Share Capital to be held by a minimum of 1,000 public shareholders holding not less than 100 Shares each, upon our admission to the Official List. In the event that the public shareholding spread requirement is not met pursuant to the Listing, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of any application for the OFS Shares will be returned in full without interest. If such monies are not returned in full within 14 days after the Selling Shareholder becomes liable to do so, the Selling Shareholder and its officers shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made. Nevertheless, we will endeavour to ensure compliance of the various requirements to avoid delays or non-implementation of our Listing.

3. DETAILS OF THE LISTING (CONT'D)

The SC and Bursa Securities assume no responsibility for the correctness of any statements made or opinions or report expressed in this Prospectus. Admission to the Official List is not to be taken as an indication of our merit or the merit of our Shares.

No person is authorised to give any information or to make any representation not contained herein in connection with the Listing and if given or made, such information or representation must not be relied upon as having been authorised by us. Neither the delivery of this Prospectus nor any Listing made in connection with this Prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in our affairs since the date hereof.

Nonetheless, should we become aware of any subsequent material change or development affecting a matter disclosed in this Prospectus arising from the date of issue of this Prospectus up to the date of Listing we shall further issue a supplemental or replacement prospectus, as the case may be, in accordance with the provisions of Section 238 of the CMSA.

The distribution of this Prospectus and the sale of any part of the OFS Shares in certain other jurisdictions outside Malaysia may be restricted by law. The distribution of this Prospectus and the sale of any part of the OFS Shares are subject to Malaysian laws and we, together with the Principal Adviser take no responsibility for the distribution of this Prospectus and the offer of any part of the OFS Shares outside Malaysia, which may be restricted by law in certain other jurisdictions. Persons who may come into possession of this Prospectus are required to inform themselves of and to observe such restrictions. This Prospectus does not constitute and may not be used for the purpose of an invitation to subscribe for the OFS Shares in any jurisdiction in which such offer or invitation is not authorised or lawful or to any person to whom it is unlawful to make such offer or invitation.

If you are in doubt concerning this Prospectus, you should consult your stockbroker, bank manager, solicitor, professional accountant, or any other professional advisers immediately.

3.2 OPENING AND CLOSING APPLICATIONS

Applications for the OFS Shares under the Retail Offering will open at 10.00 a.m. on 29 June 2015 and will remain open until 5.00 p.m. on 6 July 2015 or such other date or dates as our Directors, the Selling Shareholder and the Joint Underwriters may decide in their absolute discretion.

3. DETAILS OF THE LISTING (CONT'D)

3.3 INDICATIVE TIMETABLE

The following events are intended to take place on the following indicative dates:

<u>Event</u>	<u>Tentative Dates</u>
Opening of the Institutional Offering*	29 June 2015
Issuance of Prospectus/Opening of the Retail Offering	10.00 a.m., 29 June 2015
Closing of the Retail Offering	5.00 p.m., 6 July 2015
Closing of the Institutional Offering	7 July 2015
Price Determination Date	7 July 2015
Balloting of applications for the OFS Shares under the Retail Offering	8 July 2015
Allotment / transfer of the OFS Shares to successful applicants	23 July 2015
Listing	28 July 2015

Note:

* Other than the Institutional Offering to the Cornerstone Investors. The Master Cornerstone Placement Agreement for the acquisition of the OFS Shares by the Cornerstone Investors was entered into on 11 June 2015.

The Institutional Offering will close on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. The applications for the OFS shares under the Retail Offering will close at the time and on the date stated above or such other date or dates as our Directors, the Selling Shareholder and the Joint Underwriters may decide in their absolute discretion.

In the event the closing date of either the Institutional Offering or the Retail Offering is extended, we will advertise a notice of the extension in widely circulated English, Bahasa Malaysia and Mandarin newspapers in Malaysia prior to the original closing date of either the Institutional Offering or the Retail Offering. Following this, the Price Determination Date and dates for the balloting of applications for the OFS shares under the Retail Offering, allotment/transfer of the OFS Shares to successful applicants and our Listing would be extended accordingly.

3.4 PURPOSES OF THE LISTING

The purposes of the Listing are as follows:

- (i) To increase our Group's visibility as one of the leading construction companies in Malaysia;
- (ii) To further enhance the profile of our Group through the Listing and subsequently widen the reach to market its services and grow its market position;
- (iii) To enable our Group to directly access the equity and debt capital markets for fund raising and provide our Group with the financial flexibility to pursue growth opportunities; and
- (iv) To provide an opportunity for the investing public, including the eligible directors and employees of our Company and our subsidiaries, and the eligible employees of Sunway to become our shareholders and participate in the future performance of our Group by way of direct equity participation.

3. DETAILS OF THE LISTING (CONT'D)

3.5 SHARE CAPITAL

Upon Listing, our share capital would be as follows:

	No. of Shares	Share Capital (RM)
Authorised share capital	10,000,000,000	2,000,000,000
Issued and fully paid-up share capital*	1,292,900,010	258,580,002
Distribution Offer for Sale	175,009,901 up to 398,705,400	35,001,980.20 up to 79,741,080

Note:

* The Offering would not have an effect on our issued and paid-up share capital as there is no issuance of new Shares.

3.5.1 Classes of Shares and Rights

As at the LPD, we have only one class of shares, being ordinary shares of RM0.20 each in our Company.

The Distribution Shares and the OFS Shares will, upon allotment and issue, rank equally in all respects with our other existing issued and paid-up Shares, including voting rights, and will be entitled to all rights, dividends and distribution that may be declared subsequent to the date of allotment/transfer of the Distribution Shares and the OFS Shares, subject to the Rules.

Subject to any special rights attaching to any shares which we may issue in the future, the holders of our Shares shall, in proportion to the amount paid-up on the Shares held by them, be entitled to share in the whole of the profits paid out by our Company as dividends and other distributions, and in respect of surplus in the event of liquidation, in accordance with our M&A.

At every general meeting, each member entitled to vote may vote in person or by proxy or by attorney or by duly authorised representative (in the case of a member who is a corporation). On a show of hands, every person who is a member or proxy or attorney or representative of a member shall have one vote; and on a poll, every member present in person or by proxy or attorney or representative shall have one vote for each share he holds. A member shall not be entitled to appoint more than two proxies to attend and vote at the same meeting. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. A proxy appointed to attend and vote at a meeting shall have the same rights as the member to speak at the meeting.

3. DETAILS OF THE LISTING (CONT'D)

3.6 DETAILS OF THE LISTING

3.6.1 Distribution

To facilitate the Listing, SunHoldings has undertaken a distribution of 175,009,901 Distribution Shares, representing approximately 13.5% of the SCG Share Capital to Sunway by way of dividend-in-specie. Thereafter, Sunway undertook the Distribution by distributing the Distribution Shares to all the Entitled Shareholders of Sunway on the Entitlement Date by way of dividend-in-specie, on the basis of 1 Distribution Share for every 10 Sunway Shares held as at the Entitlement Date. The Distribution Shares were credited into the securities account of the Entitled Shareholders maintained with Bursa Depository on 5 June 2015.

The Distribution Shares were distributed free from encumbrances.

3.6.2 Offer for Sale

To facilitate the Listing, SunHoldings, in addition to the Distribution by Sunway, will undertake the Offer for Sale of up to 398,705,400 OFS Shares, representing up to approximately 30.8% of the SCG Share Capital, subject to the Over-allotment Option and clawback and reallocation provisions (as set out in Sections 3.6.3 and 3.6.4 below), in the following manner:

- (a) Institutional Offering of up to 327,595,900 OFS Shares at the Institutional Price, representing up to approximately 25.3% of the SCG Share Capital in the following manner:
 - (i) up to 135,754,600 OFS Shares representing up to approximately 10.5% of the SCG Share Capital to Bumiputera investors approved by MITI; and
 - (ii) up to 191,841,300 OFS Shares representing up to approximately 14.8% of the SCG Share Capital to the following persons:
 - (aa) Malaysian institutional and selected investors (other than Bumiputera investors approved by MITI pursuant to paragraph (a)(i) above); and
 - (bb) foreign institutional and selected investors outside the United States in reliance on Regulation S.

As part of the Institutional Offering, our Company, the Selling Shareholder and the Joint Global Coordinators had, on 11 June 2015, entered into the Master Cornerstone Placement Agreement with the Cornerstone Investors whereby the Cornerstone Investors have agreed to acquire from the Selling Shareholder, subject to the terms of the individual cornerstone placement agreements, an aggregate of 135,000,000 OFS Shares, representing approximately 10.4% of the SCG Share Capital, pursuant to the Institutional Offering at RM1.20 per Share or the Institutional Price.

The individual cornerstone placement agreements are conditional upon, among others, the Retail Underwriting Agreement and the Placement Agreement being entered into and not having been terminated pursuant to the respective terms.

3. DETAILS OF THE LISTING (CONT'D)

- (b) Retail Offering of 71,109,500 OFS Shares at the Retail Price, representing approximately 5.5% of the SCG Share Capital in the following manner:

- (i) 19,393,500 OFS Shares, representing approximately 1.5% of the SCG Share Capital, reserved for application by the eligible directors and employees of our Company and our subsidiaries, and the eligible employees of Sunway, being the persons who have contributed to the success of our Group.

A summary of the allocation of 19,393,500 OFS Shares as described above is set out below:

Eligible persons	No. of eligible persons	Aggregate no. of OFS Shares allocated
Eligible directors of our Company and our subsidiaries ⁽¹⁾	1	500,000
Eligible employees of our Company and our subsidiaries ⁽²⁾	756	16,543,500
Eligible employees of Sunway ⁽³⁾	27	2,350,000

Notes:

- (1) *The criteria for allocation to our eligible Directors are based on inter alia length of service and their respective contributions to our Group to date.*

The allocation to the eligible directors of our subsidiaries, who are also employees of our Company or our subsidiaries, is included under the allocation to the eligible employees of our Company and our subsidiaries.

The allocation to the eligible directors of our subsidiaries, who are also employees of Sunway, is included under the allocation to the eligible employees of Sunway.

The number of OFS Shares to be allocated to our eligible Directors is as follows:

Name	Designation	No. of OFS Shares to be allocated
Dato' Ir Goh Chye Koon	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director	-
Kwan Foh Kwai	Senior Managing Director	500,000
Dato' Siow Kim Lun	Independent Non-Executive Director	-
Dato' Dr. Ir Johari Bin Basri	Independent Non-Executive Director	-
Dato' Chew Chee Kin	Non-Independent Non-Executive Director	-
Evan Cheah	Non-Independent Non-Executive Director	-

- (2) *The criteria for allocation to our eligible employees are based on inter alia employees grading and length of service.*

- (3) *The criteria for allocation to the eligible employees of Sunway are based on inter alia employee grading, length of service and their respective contributions to our Group to date.*

3. DETAILS OF THE LISTING (CONT'D)

- (ii) 51,716,000 OFS Shares representing approximately 4.0% of the SCG Share Capital, reserved for application by the Malaysian Public, of which 25,858,000 OFS Shares are set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

The Retail Price is RM1.20, after taking into consideration various factors, including but not limited to, the financial performance and operating history of our Group, the competitive strengths, strategies and future plans of our Group, the overview and outlook of the construction industry in which our Group operates, as well as the prevailing market conditions and by benchmarking against the price-earnings multiple of our peers in the construction industry.

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3. DETAILS OF THE LISTING (CONT'D)

In summary, the OFS Shares (subject to Over-allotment Option and the clawback and reallocation provisions as set out in Sections 3.6.3 and 3.6.4 of this Prospectus respectively), will be allocated in the following manner:

Categories	Distribution		Offer for Sale		Total	
	No. of SCG Shares	% of share capital of SCG	No. of SCG Shares	% of share capital of SCG	No. of SCG Shares	% of share capital of SCG
Distribution:						
Entitled Shareholders of Sunway	175,009,901	13.5	-	-	175,009,901	13.5
Retail Offering:						
Malaysian Public (via balloting)						
- Bumiputera	-	-	25,858,000	2.0	25,858,000	2.0
- Non-Bumiputera	-	-	25,858,000	2.0	25,858,000	2.0
Eligible directors and employees of our Company and our subsidiaries, and eligible employees of Sunway	-	-	19,393,500	1.5	19,393,500	1.5
Retail Offering sub-total	-	-	71,109,500	5.5	71,109,500	5.5
Institutional Offering:						
Bumiputera investors approved by MITI	-	-	135,754,600	10.5	135,754,600	10.5
Other Malaysian and foreign institutional and selected investors	-	-	191,841,300	14.8	191,841,300	14.8
Institutional Offering sub-total	-	-	327,595,900	25.3	327,595,900	25.3
Total	175,009,901	13.5	398,705,400	30.8	573,715,301	44.3

3. DETAILS OF THE LISTING (CONT'D)

3.6.3 Over-allotment Option

The Selling Shareholder may grant an Over-allotment Option to the Stabilising Manager (on behalf of the Joint Bookrunners) and may together with our Company appoint the Stabilising Manager to undertake any price stabilisation actions. The Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may at their absolute discretion, over-allot the SCG Shares (on behalf of the Joint Bookrunners) and subsequently, effect transactions which may stabilise or maintain the market price of the SCG Shares at levels that might not otherwise prevail in the open market. Such transactions consist of bids or purchases to peg, fix or maintain the market price of the SCG Shares. If the Stabilising Manager creates a short position in the SCG Shares in connection with the Institutional Offering, the Stabilising Manager may reduce that short position by purchasing the SCG Shares in the open market. The Stabilising Manager may also elect to reduce any short positions by exercising all or part of the Over-allotment Option.

If granted, the Over-allotment Option will be exercisable in whole or in part by the Stabilising Manager, on one or more occasions, by giving written notice to the Selling Shareholder at any time, within 30 days from the date of the Listing, to purchase from the Selling Shareholder up to an aggregate of 59,805,700 Consideration Shares at the Institutional Price for each OFS Share, representing up to approximately 15.0% of the total number of OFS Shares offered, solely for purposes of covering over-allotments of the SCG Shares (if any) following the Offer for Sale.

Subject to there being an over-allotment, the Stabilising Manager will (on behalf of the Joint Bookrunners) enter into the Share Lending Agreement with the Selling Shareholder, to borrow up to 59,805,700 Consideration Shares to cover the over-allotments. Any Consideration Shares that may be borrowed by the Stabilising Manager under the Share Lending Agreement will be returned by the Stabilising Manager to the Selling Shareholder either through the purchase of the SCG Shares in the open market by the Stabilising Manager in the conduct of the stabilising activities or through the exercise of the Over-allotment Option by the Stabilising Manager, or a combination of both. The exercise of the Over-allotment Option will not increase the total number of the SCG Shares issued.

Purchases of a security to stabilise the price or to cover the over-allotment may cause the price of the security to be higher than it might be in the absence of these purchases. Such transactions may be effected on the Main Market of Bursa Securities and in other jurisdictions where it is permissible to do so, in each case, in compliance with all applicable laws and regulations, including the CMSA and any regulations thereunder. The number of the SCG Shares that the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) may buy to undertake stabilising action, shall not exceed an aggregate of 59,805,700 Consideration Shares, representing approximately 15.0% of the total number of OFS Shares offered. However there is no obligation on the Stabilising Manager (or person(s) acting on behalf of the Stabilising Manager) to undertake any such stabilising action. Such stabilising actions may commence on or after the commencement of trading of the SCG Shares on the Main Market of Bursa Securities, and if commenced, may be discontinued at any time and cannot be effected after the earlier of (i) the date falling 30 days from the commencement of trading of the SCG Shares on the Main Market of Bursa Securities or (ii) the date when the Stabilising Manager has bought, on the Main Market of Bursa Securities, an aggregate of 59,805,700 Consideration Shares, representing approximately 15.0% of the total number of OFS Shares offered, to undertake the stabilising action.

3. DETAILS OF THE LISTING (CONT'D)

Neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the SCG Shares. In addition, neither our Company, the Selling Shareholder nor the Stabilising Manager makes any representation that the Stabilising Manager will engage in such transactions, or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law).

3.6.4 Clawback and Reallocation

The Institutional Offering and the Retail Offering shall be subject to the following clawback and reallocation provisions:

- (i) if the OFS Shares allocated to the eligible directors and employees of our Company and our subsidiaries, and eligible employees of Sunway are not fully taken up, the OFS Shares which are not taken up will be allocated to the Institutional Offering;
- (ii) if the OFS Shares allocated to the Malaysian Public are not fully taken up, the OFS Shares which are not taken up will be allocated to the Institutional Offering;
- (iii) if the OFS Shares allocated to the Bumiputera investors approved by the MITI are not fully taken up, the OFS Shares which are not taken up will be allocated to other Malaysian and foreign institutional and selected investors under the Institutional Offering; and
- (iv) subject to paragraph (iii) above, if there is an over-subscription in the Retail Offering and an under-subscription in the Institutional Offering, the OFS Shares will be clawed back from the Institutional Offering and allocated to the Retail Offering.

There will be no clawback and reallocation if there is an over-subscription in both the Institutional Offering and the Retail Offering. Subject to the provisions above, any remaining OFS Shares under the Retail Offering which are not taken up thereafter will be subscribed by the Joint Underwriters.

Sunway will continue to hold shares in our Company indirectly via its holding of equity interest in SunHoldings upon the completion of the Listing.

3.6.5 Minimum Subscription Level

There is no minimum subscription level in terms of proceeds to be raised by the Selling Shareholder from the Listing. However, in order to comply with the public shareholdings spread requirement under the Listing Requirements, the minimum subscription level in terms of the number of Shares will be the number of Shares required to be held by the public shareholders of our Company to comply with the minimum public shareholding spread requirement under which at least 25% of the SCG Share Capital to be held by a minimum number of 1,000 public shareholders holding not less than 100 SCG Shares each at the time of admission of SCG to the Official List under the Listing Requirements or as approved by Bursa Securities.

3. DETAILS OF THE LISTING (CONT'D)

In the event that the public shareholding spread requirement is not met pursuant to the Listing, we may not be allowed to proceed with our Listing. In the event thereof, monies paid in respect of any application for the OFS Shares will be returned in full without interest. If such monies are not returned in full within 14 days after the Selling Shareholder becomes liable to do so, the Selling Shareholder and its officers shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made.

For illustrative purpose, after the Offering but before the Over-allotment Option, the pro forma public shareholding spread of SCG Shares is approximately 36.8% of the SCG Share Capital.

3.7 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

3.7.1 Underwriting Commission

As stipulated in the Retail Underwriting Agreement, the Joint Underwriters have agreed to underwrite the OFS Shares under the Retail Offering for an underwriting commission calculated at the rate of up to 1.75% of the Final Retail Price, multiplied by the number of OFS Shares underwritten pursuant to the Retail Offering in accordance with the terms of the Retail Underwriting Agreement.

3.7.2 Brokerage Fee

The Selling Shareholder will pay brokerage fee in respect of the OFS Shares under the Retail Offering, at the rate of 1% of the Final Retail Price in respect of all successful applications which bear the stamp of either the participating organisations of Bursa Securities, members of the Association of Banks in Malaysia, members of the Malaysian Investment Banking Association and/or the Issuing House.

The Joint Global Coordinators and the Joint Bookrunners are entitled to charge brokerage commission to successful applicants under the Institutional Offering. For the avoidance of doubt, such brokerage commission under the Institutional Offering will not be payable by us or the Selling Shareholder.

3.7.3 Placement Fee

The Selling Shareholder, in respect of the OFS Shares and the Consideration Shares under the Over-allotment Option, will pay the Joint Global Coordinators and the Joint Bookrunners a placement fee of up to 1.5% of the Institutional Price multiplied by the number of OFS Shares sold to Malaysian and foreign institutional and selected investors pursuant to the Institutional Offering in accordance with the terms of the Placement Agreement.

3.7.4 Salient Terms of the Retail Underwriting Agreement

Our Company had, on 11 June 2015, entered into the Retail Underwriting Agreement with the Selling Shareholder and the Joint Underwriters, whereby the Joint Underwriters had agreed to jointly underwrite 71,109,500 OFS Shares under the Retail Offering subject to the clawback and reallocation provisions as set out in Section 3.6.4 of this Prospectus and upon the terms and subject to the conditions of the Retail Underwriting Agreement.

3. DETAILS OF THE LISTING (CONT'D)

The following salient terms are extracted from the Retail Underwriting Agreement. The capitalised terms and numbering references used in this section shall have the respective meaning and numbering references as prescribed thereto in the Retail Underwriting Agreement:

Unless waived by the Joint Underwriters, the obligation of the Joint Underwriters to underwrite the 71,109,500 OFS Shares under Retail Underwriting Agreement is, amongst other conditions, conditional on the following:

- (i) The issue of this Prospectus not later than 1 calendar month after the date of the Retail Underwriting Agreement or such later date as the Joint Underwriters, SCG and the Selling Shareholder may from time to time agree in writing;
- (ii) The registration of the Prospectus and such other documents as may be required in accordance with the CMSA in relation to the Offering with the SC in accordance with the CMSA and its lodgement with the ROC in accordance with the Act together with copies of all documents required under the CMSA;
- (iii) The delivery to the Joint Underwriters prior to the date of registration of the Prospectus with the SC of three (3) certified true copies by the respective company secretaries of SCG and the Selling Shareholder of all resolutions of the respective directors of each of SCG and the Selling Shareholder approving the execution of the Retail Underwriting Agreement, the Prospectus and its issuance, and the Listing where applicable, and confirming that the directors of SCG and the Selling Shareholder, collectively and individually, accept full responsibility for the accuracy of all information stated in the Prospectus in the form that is reviewed and approved by the Joint Underwriters prior to the registration of the Prospectus with the SC;
- (iv) All approvals, authorisations, orders, consents, exemption and waiver required in relation to the Offer for Sale, Admission and the Listing, including but not limited to the approvals from the SC, Bursa Securities and MITI having been obtained and having not been revoked as at the closing date and that all conditions of the approvals (except for those conditions which can only be complied with after the completion of the Offer for Sale) have been complied with;
- (v) The execution of the Placement Agreement and such agreement not having been terminated or rescinded pursuant to the provisions thereof (whereby for the avoidance of doubt, the execution of the Placement Agreement by the Joint Global Coordinator and Joint Bookrunners shall be at the sole discretion of the Joint Global Coordinator and Joint Bookrunners respectively);
- (vi) The execution of the lock-up letters issued and to be issued by SunHoldings and the Sunway in favour of the Joint Global Coordinator and Joint Bookrunners and the same not having been terminated or rescinded pursuant to the provision thereof and remaining in full force and effect and have not been breached;

3. DETAILS OF THE LISTING (CONT'D)

- (vii) There not being, in the opinion of the Joint Underwriters, on or prior to the closing date, any change or any development involving a prospective change having a **Material Adverse Effect** (as defined herein) from that set out in this Prospectus. "**Material Adverse Effect**" means any material adverse effect or change, whether individually or in the aggregate, and whether or not arising in the ordinary course of business, on (a) the condition (financial or otherwise), management, general affairs, business, assets, liquidity, liabilities, prospects, earnings, properties or results of operations of SCG and/or the Selling Shareholder and/or any member of the SCG Group (b) the ability of SCG and/or the Selling Shareholder as described in the Prospectus to perform in any respect its obligations under or with respect to, or to consummate the transactions contemplated by, the Prospectus, the Placement Agreement or this Agreement, (c) the ability of SCG and/or any member of the SCG Group to conduct its businesses and to own or lease its assets and properties as described in the Prospectus; or (d) the success of the Offer for Sale.
- (viii) The Joint Underwriters having been satisfied that SCG and the Selling Shareholder have complied with the policies, guidelines and requirements of the relevant authorities of Malaysia (including Bursa Securities and/or the SC) and all revisions, amendments, and/or supplements thereto insofar as the Transfer of SunCon, the Offering and the Listing is concerned;
- (ix) There not having occurred on or prior to the closing date of the Retail Offering, any event or discovery of fact or circumstances rendering untrue, inaccurate or incorrect any of the warranties and undertakings of SCG and the Selling Shareholder under the Retail Underwriting Agreement; and
- (x) There not having occurred on or prior to the closing date of the Retail Offering any breach of and/or failure to perform any of the warranties and undertakings by SCG contained in the Retail Underwriting Agreement.

Further, either of the Joint Underwriters may by notice to SCG and the Selling Shareholder given at any time before the date of Listing, terminate, cancel and withdraw its underwriting commitment if:

- (i) there has been a breach by the Company or the Selling Shareholder of any of its obligations or the warranties and undertakings set out in this Retail Underwriting Agreement in any respect or if anything occurs which would render untrue or incorrect in any respect of the warranties as set out in this Retail Underwriting Agreement which, in the opinion of the Joint Underwriters, would have or is reasonably likely to have a Material Adverse Effect;
- (ii) the Company or the Selling Shareholder withhold any material information from the Joint Underwriters, which, in the opinion of the Joint Underwriters, which would have or is reasonably likely to, have a Material Adverse Effect;
- (iii) any government acquisition or other occurrence of any nature whatsoever which would have or is reasonably likely to have a Material Adverse Effect;

3. DETAILS OF THE LISTING (CONT'D)

- (iv) in the opinion of both the Joint Underwriters, after consultation with the Company and the Selling Shareholder:
 - (a) there shall have developed, occurred, happened or come into effect any material adverse change, or development or event involving a prospective material adverse change, in the condition (financial or otherwise), management, assets, earnings, operations, business or prospects of the Group (taken as a whole), whether or not arising in the ordinary course of business (a "**Material Adverse Change**") which would have or can reasonably be expected to have, a Material Adverse Effect or which would have or is likely to have the effect of making any material obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
 - (b) there shall have occurred, happened or come into effect any event or series of events beyond the reasonable control of the Joint Underwriters by reason of Force Majeure (as defined herein) events which would have or can reasonably be expected to have, a Material Adverse Effect or which would have or is likely to have the effect of making any material obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms. "**Force Majeure**" means causes which are unpredictable and beyond the reasonable control of the Party claiming Force Majeure which could not have been avoided or prevented by reasonable foresight, planning and implementation including but not limited to:
 - (I) war, acts of warfare, sabotages, hostilities, invasion, incursion by armed force, act of hostile army, nation or enemy, civil war or commotion, hijacking, terrorism;
 - (II) riot, uprising against constituted authority, civil commotion, disorder, rebellion, organized armed resistance to the government, insurrection, revolt, military or usurped power;
 - (III) natural catastrophe including but not limited to earthquakes, floods, fire, storm, lightning, tempest, explosions, accident, epidemics or other Acts of God;
 - (IV) any material disruptions in securities settlements, payment or clearance procedures in the U.S., Hong Kong, the United Kingdom, Malaysia or Singapore; or
 - (V) any general moratorium on banking activities in any of the countries in paragraph (IV) above;

3. DETAILS OF THE LISTING (CONT'D)

- (c) any material adverse change in national or international monetary, financial and capital markets (including stock market conditions and interest rates), political or economic conditions or exchange control or currency exchange rates which in the opinion of the Joint Underwriters would have or is likely to, have a Material Adverse Effect or a material adverse effect (whether in the primary market or in respect of dealings in the secondary market). For the avoidance of doubt, if the FTSE Bursa Malaysia KLCI ("**Index**") is, at the close of normal trading on Bursa Securities, on any Market Day:
 - (I) on or after the date of the Retail Underwriting Agreement; and
 - (II) prior to the closing date of the Retail Offering,

lower than 85%, of the level of Index at the last close of normal trading on the relevant exchange on the Market Day immediately prior to the date of this Agreement and remains at or below that level for at least three (3) consecutive Market Days, it shall be deemed a material adverse change in the stock market condition;
 - (d) trading of all securities on Bursa Securities has been suspended or limited or minimum prices shall have been established on Bursa Securities or other material form of general restriction in trading of all securities on Bursa Securities for three (3) consecutive Market Days or more;
- (v) any new law or regulation or change in law, regulation, directive, policy or ruling in any jurisdiction which in the opinion of the Joint Underwriters may prejudice the success of the Offer for Sale or which would have or is likely to prejudice the success of the Offer for Sale or which would have or is likely to have the effect of making it impracticable to enforce contracts to allot and/or transfer the 71,109,500 OFS Shares under Retail Underwriting Agreement or making any obligation under the Retail Underwriting Agreement incapable of performance in accordance with its terms;
- (vi) the Placement and/or the Retail Offering is stopped or delayed by the Company, the Selling Shareholder or the regulatory authorities for any reason whatsoever (unless such delay has been approved by the Joint Underwriters);
- (vii) the Listing does not take place within 40 calendar days from the Issue Date, subject to the extension of the Closing Date as may be agreed by the Joint Underwriters;
- (viii) any commencement of legal proceedings or action against the Company, any member of the SCG Group, or any of the Selling Shareholder or any of their directors, which in the opinion of the Joint Underwriters, would have or is likely to have a Material Adverse Effect or make it impracticable to enforce contracts to allot and/or transfer the retail offering of 71,109,500 OFS Shares;
- (ix) the Placement Agreement shall have been terminated or rescinded in accordance with its terms;

3. DETAILS OF THE LISTING (CONT'D)

- (x) any of the approvals referred to in clause(s) 6.1.6 or 6.1.7 of the Retail Underwriting Agreement is revoked, suspended or ceases to have any effect whatsoever, or is varied or supplemented and such revocation, suspension, cessation, variation or supplement upon terms that would have or is likely to have a Material Adverse Effect; or
- (xi) any material statements contained in the Prospectus and/or the application forms for the Retail Offering (where the context permits) has become or been discovered to be untrue, in accurate or misleading in any respect.

3.7.5 Salient Terms of the Placement Agreement

The Selling Shareholder and our Company will enter into the Placement Agreement with the Joint Global Coordinators and the Joint Bookrunners in relation to the placement of up to 191,841,300 OFS Shares under the Institutional Offering, subject to the Over-allotment Option and clawback and reallocation provisions as set out Sections 3.6.3 and 3.6.4 of this Prospectus respectively. The Selling Shareholder will be requested, on a several basis, to give various representations, warranties and undertakings, and to indemnify the Joint Global Coordinators and the Joint Bookrunners against certain liabilities in connection with the Offering.

3.7.6 Salient Terms of the Lock-up Deeds

The Selling Shareholder and Sunway will enter into lock-up deeds, under which they agree that, from the date of the lock-up deeds until the date falling 180 days after the date of the Listing, the Selling Shareholder and Sunway shall not and shall procure that their nominees and/or trustees holding the remaining SCG Shares after the disposal of the SCG Shares pursuant to the Offering ("**Lock-Up Shares**") on trust for or on their behalf (if any) shall not, without the prior written consent of each of the Joint Global Coordinators and the Joint Bookrunners:

- (a) offer, sell, contract to sell, assign, grant any option, right or warrant to purchase, lend, subscribe for, grant security over, encumber, pledge, mortgage, charge or otherwise transfer or dispose of or agree to dispose of, directly or indirectly, conditionally or unconditionally, any Lock-Up Shares or any securities convertible into or exchangeable for Lock-Up Shares or which carry rights to subscribe or purchase Lock-Up Shares;
- (b) enter into a swap, hedge or derivative, or other transaction or other arrangements that transfers, in whole or in part, any of the economic consequences of ownership of Lock-Up Shares, or any securities convertible into or exchangeable for Lock-Up Shares or which carry rights to subscribe or purchase Lock-Up Shares;
- (c) deposit any Lock-Up Shares (or any securities convertible into or exchangeable for Lock-Up Shares or which carry rights to subscribe or purchase Lock-Up Shares) in any depository receipt facilities;
- (d) enter into any transaction with the same economic effect as any transaction specified in paragraphs (a), (b) or (c); or
- (e) publicly announce any intention to do any of the above,

3. DETAILS OF THE LISTING (CONT'D)

and such restrictions shall apply to all Lock-Up Shares (or any interest therein) in the capital of our Company held by the Selling Shareholder and Sunway save for the transfer of Lock-Up Shares by the Selling Shareholder to the Stabilising Manager as contemplated under the Share Lending Agreement and the grant of the over-allotment option over the additional shares to be sold by the Selling Shareholder to the Stabilising Manager pursuant to the Over-Allotment Option and the subsequent sale and/or transfer of such additional shares by or on behalf of the Selling Shareholder pursuant to the exercise of the over-allotment option granted by the Selling Shareholder to the Stabilising Manager (on behalf of the Joint Bookrunners) under the Placement Agreement.

3.8 SELLING SHAREHOLDER

SunHoldings, a wholly-owned subsidiary of Sunway with its registered address at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, is our Selling Shareholder. The details of the shareholdings of our Selling Shareholder before and after our Listing are set out below:

Selling Shareholder	Shares held before the Transfer of SunCon		Shares held after the Transfer of SunCon		Shares distributed pursuant to the Distribution		Shares to be offered pursuant to the Offer for Sale		Shares held after our Listing (before Over-allotment Option)		Shares held after our Listing (after Over-allotment Option)	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Sun-Holdings	10	100.0	1,292,900,010	100.0	175,009,901	13.5	398,705,400	30.8	719,184,709	55.6	659,379,009	51.0

3.9 BASIS OF ARRIVING AT THE PRICE OF THE OFS SHARES**3.9.1 Institutional Price**

The Institutional Price will be determined by a bookbuilding process wherein prospective institutional and selected investors will be invited to bid for portions of the Institutional Offering by specifying the number of OFS Shares they would be prepared to acquire and the price they would be prepared to pay for the OFS Shares in respect of the Institutional Offering. This bookbuilding process commenced on 29 June 2015 and will end on 7 July 2015, or such date or dates as our Directors, the Selling Shareholder and the Joint Global Coordinators may decide in their absolute discretion. Upon the completion of the bookbuilding process, the Institutional Price will be fixed by our Directors and the Selling Shareholder in consultation with the Joint Global Coordinators on the Price Determination Date.

3.9.2 Retail Price

The Retail Price of RM1.20 per Share was determined and agreed upon between our Directors, the Selling Shareholder and the Joint Global Coordinators, after taking into consideration the following factors:

- (i) financial performance and operating history of our Group;
- (ii) competitive strengths, strategies and future plans of our Group;
- (iii) overview and outlook of the construction industry in which our Group operates, as well as the prevailing market conditions; and
- (iv) benchmarking against the price-earnings multiple of our peers in the construction industry.

3. DETAILS OF THE LISTING (CONT'D)

Determination of the Final Retail Price

The Final Retail Price, equivalent to either the Retail Price or the Institutional Price, whichever is lower, will be determined after the Institutional Price is fixed on the Price Determination Date.

In the event that the Institutional Price is higher than the Final Retail Price, there will be no adjustment to the Final Retail Price and the Final Retail Price shall be equivalent to the Retail Price, which is lower than the Institutional Price.

In the event that the Final Retail Price is lower than the Retail Price, the difference will be refunded to the investors under the Retail Offering without interest thereon. The refund will be credited into such investors' bank account if they have provided such bank account information to Bursa Depository or by ordinary/registered post to the address maintained with Bursa Depository if they have not provided such bank account information to Bursa Depository for applications made via the White Application Form or by crediting into their account with the Participating Financial Institution for applications made via the Electronic Share Application or by crediting into their account with the Internet Participating Financial Institution for applications made via Internet Share Application, within 10 Market Days from the date of final ballot, at their own risk.

Prospective retail investors should be aware that the Final Retail Price will not, in any event, be higher than the Retail Price nor lower than the par value of the Shares.

The Final Retail Price and the Institutional Price are expected to be announced within two Market Days from the Price Determination Date via Bursa Listing Information Network ("**Bursa Link**"). In addition, all successful applicants will be given written notice of the Final Retail Price and the Institutional Price, together with the notices of allotment/transfer for the OFS Shares.

3.10 MARKET CAPITALISATION UPON LISTING

Based on our issued and paid-up share capital of 1,292,900,010 Shares and the Retail Price of RM1.20 per Share, our market capitalisation upon Listing shall be approximately RM1.55 billion.

3.11 UTILISATION OF PROCEEDS

As our Company will not be issuing any new Shares under the Listing, we will not receive any proceeds from the Listing.

The Offer for Sale is expected to raise proceeds of approximately RM478.4 million. All the proceeds of the Offer for Sale shall accrue entirely to the Selling Shareholder and no part of the proceeds is receivable by our Company. The expenses relating to the Listing are estimated to be RM17.2 million, of which RM1.2 million is to be borne by our Company whilst the remaining balance of RM16.0 million is to be borne by the Selling Shareholder.

3.12 DILUTION

There is no dilution of shares for the shareholders of our Company in connection with the Listing as there is no issuance of new Shares by our Company.

4. RISK FACTORS

OUR BUSINESS IS SUBJECT TO A NUMBER OF RISK FACTORS, MANY OF WHICH ARE BEYOND OUR CONTROL. BEFORE MAKING AN INVESTMENT DECISION, YOU SHOULD CAREFULLY CONSIDER, ALONG WITH THE OTHER MATTERS IN THIS PROSPECTUS, THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW.

THE RISKS AND INVESTMENT CONSIDERATIONS SET OUT BELOW ARE NOT AN EXHAUSTIVE OR EXCLUSIVE LIST OF THE CHALLENGES THAT WE CURRENTLY FACE OR THAT MAY DEVELOP IN THE FUTURE. ADDITIONAL RISKS, WHETHER KNOWN OR UNKNOWN, MAY IN THE FUTURE HAVE A MATERIAL ADVERSE EFFECT ON US OR OUR SHARES.

IF YOU ARE IN ANY DOUBT AS TO THE INFORMATION CONTAINED IN THIS SECTION, YOU SHOULD CONSULT YOUR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS.

4.1 RISKS RELATING TO OUR OPERATIONS

4.1.1 Reliance on Approvals, Licences and Permits

The Malaysian and Singaporean construction industry is highly regulated, with various government bodies governing the approval of licences and certificates including CIDB and BCA, which govern the operations of our Group in Malaysia and Singapore. As such, we are bound by the terms of the licences and certificates awarded by such authorities, which dictate the types and nature of activities which we engage in. These licences and certificates accord our Group various privileges such as limitless tender capacity and the ability to operate the limitless tenders throughout Malaysia and Singapore.

Under the Lembaga Pembangunan Industri Pembinaan Malaysia Act 1994, it is mandatory for all contractors to register with the CIDB before undertaking to carry out and complete any construction work in Malaysia. As such, SunCon, Sunway Engineering and Sunway Geotechnics (M) are currently Grade "7" contractors registered with the CIDB and with this Grade "7" registration grade, SunCon, Sunway Engineering and Sunway Geotechnics (M) have the capacity to tender for construction projects without restriction in the values of the projects. In addition, the Certificates of Procurement of Government Work issued by the CIDB to SunCon and Sunway Engineering entitle SunCon and Sunway Engineering to bid for government or government-related projects.

Similarly, in Singapore, our manufacturing and sale of precast concrete products business segment is registered with the BCA where we are currently a Grade "L6" contractor capable of undertaking pre-cast concrete works of unlimited values.

Presently, the branch of Sunway Innopave established in Abu Dhabi is licensed by the Department of Municipal Affairs of Abu Dhabi to carry out its building projects in Abu Dhabi. However, there are no licencing requirements applicable in Trinidad and Tobago or India which are similar or equivalent to CIDB licensing requirements in Malaysia.

4. RISK FACTORS (CONT'D)

There can be no assurance that our licences and certificates will not be revoked or suspended prior to their expiration. There can also be no assurance that we will be able to renew such licences and certificates and other clearances from authorities. Any revocation or non-renewal of our licences, certificates and other clearances from authorities or failure by us to obtain new licences, certificates and other clearances from authorities (if so required) will have a material impact on our ability to continue our business operations and hence will affect our profitability. However, as at the LPD our Group has not experienced any revocation or suspension of our licences and certificate prior to expiration, non-renewal of our existing licences, certificates and other clearances from authorities, or failure to obtain new licences.

4.1.2 Project Risks

Our Group's contracts with clients are subject to the following risk factors:

- (i) Clients may delay or cancel their projects. Delays may arise from changes in client's requirements or delay in approval by the relevant authorities. In the event that the delay is prolonged, clients may resort to cancellation, postponement or scaling down of their projects. Project delays may affect profit margins and may delay the recognition of revenues. Additional costs may also be incurred as a result of these delays.
- (ii) For each project, the detailed management and execution of the works are headed by a project manager. The project manager is also responsible for day-to-day operations of the project site. While we have a management control system in place involving tabling of periodic reports and our senior management review the periodic reports and conduct their separate assessment on the delays and problems on site, if any, the progress of the works will be seriously affected if the project manager fails to perform his duty expediently as this will result in delays and cost overruns.
- (iii) Unfavourable economic conditions and/or financial performance of our clients may cause them to terminate their project(s) with us. Alternatively, due to the clients' financial difficulties or other reasons, they may not pay for work done or pay promptly according to the agreed timeline, resulting in cash flow difficulties for our Group. While we are generally selective in our clients and our clientele includes organisations with strong credit standing like government-linked companies and agencies of the government, our Group's business may be adversely affected by the occurrence of such events.
- (iv) There may be disputes with our clients on the scope or quality of work carried out by us which may lead to unbudgeted additional costs at our end. Our key management team, armed with their experience and expertise, work closely with our clients and their consultants to ensure that work requirements and quality expectations are met. Further, our works are also supervised by our clients' project consultants, which typically consists people from various professions such as architects, engineers and quantity surveyors. Notwithstanding the above, there can be no assurance that we will not encounter disputes with our clients.

4. RISK FACTORS (CONT'D)

4.1.3 Possible Delays in Completion of Construction Projects

Construction projects are subject to certain deadlines and budgets. Any extensions of time in the projects will usually result in project cost overruns as well as possibly attract negative reputation and legal uncertainties such as the imposition of the LAD by the client.

In the event of a delay in a project due to conditions beyond our control, which may include, amongst others, inclement weather, unexpected soil conditions and unforeseen engineering or environment or site condition issues, we will apply for an extension of time for the completion of the project. If the extension of time is successfully approved and granted by the superintending officer, the LAD will not be imposed. However, if a delay in a project is due to our fault, the superintending officer will usually make recommendations to the client to deduct the LAD from our progress payments or payment from the contractors if our progress payments are insufficient to deduct the LAD, which will in turn reduce the total revenue generated from the project and accordingly affect the profitability of the project. As such, timeliness in completing construction projects is vital in upholding our Group's financial performance and our Group's reputation in the construction industry.

The timely completion of any construction project is also dependent on various external factors, which may include but are not limited to, securing the necessary permits or approvals from relevant government agencies or authorities on a timely basis, adequacy in the supply of raw materials and availability of workers.

Notwithstanding the above, historically we have not experienced any material adverse financial effects from delays in completion of construction projects undertaken by us.

4.1.4 Availability and Fluctuations in Prices of Raw Materials

Due to the nature of our business, we are constantly required to purchase a wide range of raw materials, which include steel bars, ready mixed concrete, diesel, electrical cables and fittings, from our suppliers. However, raw materials are price sensitive and there can be no assurance that our Group will be able to obtain sufficient quantities of raw materials for our projects when such materials are scarce in the market. At the same time, there is no assurance that any shortage or increase in the cost of raw materials will not have an adverse effect on our financial performance. Price fluctuations in the raw materials market caused by the price volatility of raw materials, which are beyond our control, could also result in increased costs and result in a material adverse effect on our Group's financial performance.

Notwithstanding the above, we have not in the past experienced any significant price increase in raw materials as well. Further, any past price increment which has had a material adverse effect on our Group's financial performance is also experienced by the rest of the construction industry as a whole.

4. RISK FACTORS (CONT'D)

4.1.5 Dependence on the Services of Our Subcontractors

Our Group customarily engages subcontractors to provide various services and certain labour-intensive works in our construction projects.

Subcontractors are appointed through the assessment of tenders submitted by the subcontractors, as well as our past working experiences with them. Upon negotiation, formal contractual agreements are executed between our Group and subcontractors to ensure that the terms and conditions for the sub-contracts are predefined before the commencement of any construction work.

Notwithstanding this formal contractual relationship, any failure of a subcontractor to provide its contracted services may lead to delays or damages and penalties against our Group in favour of the client who awarded the construction project to us.

There are no guarantees that any failure by our subcontractors to provide agreed contracted services will not adversely affect our Group's financial performance, despite measures taken by our Group to perform regular assessments on our subcontractors' ability to deliver services in a timely, reliable and satisfactory manner, their financial performance and our Group's effort to maintain good relationships with a large pool of qualified subcontractors.

4.1.6 Dependence on Directors and Key Management

Our success depends on the abilities and continuing efforts of our Directors and key management and key technical personnel. The loss of these persons without a suitable and timely replacement, or our inability to attract and retain qualified and skilled key management, key technical personnel could adversely affect our continued ability to maintain our Group's competitive performance, which may then adversely affect our businesses, financial conditions, results of operations and prospects.

4.1.7 Securing Premises for Our Singapore Manufacturing and Sale of Precast Concrete Products Business

Our Singapore manufacturing and sale of precast concrete products business currently operates on two parcels of land leased from the HDB in Tampines on short term leases. We have been informed that the HDB may no longer renew the lease upon the expiry in 2017. The Singapore government changes its policy to encourage Singapore precast players to automate their production with priority for land lease given to the setup of Integrated Construction and Precast Hubs ("ICPH"). Any investment in an ICPH is expected to be substantial with rough estimates of cost ranging from SGD60.0 million to SGD80.0 million. Our Group has not decided on whether to make such an investment but should we be unable to renew the leases and secure a premise in Singapore, we will be relying on our Senai precast plant and/or our future Sunway Iskandar precast plant to supply the products to our Singapore clients. This may however impact our competitiveness in Singapore and affect our profitability due to higher logistics and/or raw materials costs. While our Senai precast plant and/or our future Sunway Iskandar precast plant can be expanded to produce all the precast components that are currently produced in Singapore, we will incur higher logistics costs for transportation. In addition, certain raw materials like steel bars are cheaper in Singapore due to a difference in the tariff structures between Malaysia and Singapore.

4. RISK FACTORS (CONT'D)

Our Group is establishing a new precast plant in Sunway Iskandar partly to address the potential need to relocate our Singapore premises for manufacturing and sale of precast concrete products. Should there be a need to relocate our premises for our manufacturing and sale of precast concrete products business from Singapore to Johor, there may be a temporary drop during the transitional period in our PBT as our Senai precast plant and/or the our future Sunway Iskandar precast plant build up their capacity and gain customers' acceptance. In a worst-case scenario, based on management estimates, the above factors could potentially adversely affect our PBT by between RM10.0 million and RM15.0 million per annum for an initial period of one to three years post relocation but it should normalise thereafter.

4.1.8 Borrowings and Financing Risks

Our total borrowings for the FYE 31 December 2014 amounted to approximately RM135.2 million, all of which are interest-bearing. As such, any additional borrowings and/or increase in interest rates, which is beyond our control, may result in an increase in interest expense, which may affect our profitability. There can be no assurance that current interest rates will be maintained in the future and/or that any increase in our borrowings will not have any material adverse effect on our financial performance. Notwithstanding the above, it is noted that we have not experienced any increase in interest rates which has had a material adverse impact on our financial performance in the past.

Our credit facilities may also be subject to periodic review by financial institutions from which we obtain financing, and contain certain covenants which may limit our operating and financing flexibility. Any act or omission by us that breaches such covenants may give rights to the relevant financial institutions to terminate the relevant credit facilities and/or enforce any security granted in relation to those credit facilities. This may in turn cause a cross default of the other credit facility agreements. While we naturally will endeavour to constantly monitor compliance with all such covenants, there can nevertheless be no assurance that our performance will not be adversely affected should we breach any such covenants under any of our existing loan/facility agreements. Notwithstanding the above, we have not been materially and adversely affected by any breach of such financial covenants in the past.

4.1.9 We are Exposed to Overseas Business Risks

For the FYE 31 December 2014, we generated our revenue from Malaysia and Singapore operations and our existing order book consisted solely of projects in these two countries. As such, we are exposed to political, economic and regulatory risks in these countries.

In addition, we may tender for construction projects overseas in the future given our successful track record in securing and completing projects in the UAE and India in the past. Any such expansion will expose us to additional risks given the different business operating conditions and regulatory environments in the foreign countries in which we may operate, such as, among others, political and foreign exchange risks.

4. RISK FACTORS (CONT'D)

4.1.10 Fluctuations in Gross Profit Margin

Our Group's gross profit margin may fluctuate for each financial year. For instance, our Group's overall gross profit margin decreased from 19.5% for FYE 31 December 2012 to 18.4% for FYE 31 December 2013 but then increased to 21.0% in FYE 31 December 2014. For segmental information relating to gross profit and gross profit margin, please refer to Section 11.2.2(ii) of this Prospectus.

The level and sustainability of our Group's overall gross profit margin depends on the revenue generated by each of our projects less cost of sales and the manner and timing of implementation of our projects, as each project differs in terms, *inter alia*, of project scope of work, technical specifications, project duration and costs. Cost of materials and project delays and cancellations, which are to a large extent beyond our Group's control, may also affect our profit margins. Our Group cannot guarantee that our gross profit margin will not fluctuate from time to time. Similarly, our Group cannot assure that historical or current levels of gross profit margin can be sustained in the future and if there is a decline in overall gross profit margin, we cannot assure that we can achieve or maintain profitability in the future.

4.2 RISKS RELATING TO OUR INDUSTRY

4.2.1 Dependence on the Property Market and Government Infrastructure Spending

The sustainability of the performance of construction companies depends to a large extent on the continued strength in demand in the property sector and government infrastructure spending. Furthermore, the property sector is susceptible to risks such as rise in financing costs, fluctuating demand for real estate properties, as well as property cooling measures implemented by the Federal and/or State Governments. In Singapore, our manufacturing and sale of precast concrete products business segment is also dependent on the number and timing of launches by HDB which impacts the final demand for precast concrete products.

These risks may give rise to a negative impact on property buyers' sentiments and demand for properties leading to the possible delay or cancellation of construction projects. Under such circumstances, our Group's business may be affected. However, according to the IMR report, the outlook for property in Malaysia and Singapore remain positive due to government plans, policies and stimulus for economic development that drives demand for construction services, growth prospects of end-user markets, growth in economic corridors, increasing disposable income and affluence of the population, and growing demand for affordable housing. Please refer to the IMR report for the prospects of the construction industries in Malaysia and Singapore.

While the Malaysian economy is expected to maintain moderate growth moving forward and the construction industry in Malaysia is expected to benefit from government-led initiatives and spending, such as infrastructure jobs like the Second MRT Line and LRT 3 which were announced in Budget 2015, there is no assurance that there will be no delay in the commencement of such projects. Malaysia's fiscal deficit may also restrict further investment on infrastructure spending. Any delay in the commencement of government infrastructure projects may affect the stability of the construction industry.

4. RISK FACTORS (CONT'D)

4.2.2 Competition Risks

The construction industry is highly competitive and we face competition from various construction companies, both listed and non-listed companies. Competitive pressures may result in highly competitive pricing in order to secure a contract, which may affect our financial performance.

While the main operating companies within our Group are registered with CIDB and BCA and these registrations with CIDB and BCA enable us to tender for government and private sector projects within the categories of works which we are licensed to carry out, as set out in Section 6.19 of this Prospectus, and it can be said that the barriers of entry into the construction market are relatively high as huge capital investment is required to purchase machinery and equipment in order to undertake large-scale projects, no assurance can be given that we will be able to compete effectively with current and new entrants into the construction industry in the future. It should be noted though that we have not experienced any material decrease in order book which has had a material adverse effect on our financial performance in the past.

4.2.3 Dependence on Foreign Workers

The industry in which our Group operates is heavily dependent on the employment of foreign workers due to the shortage of local workers in the local construction industry whereby we expect this shortage to continue in the future. While the employment of foreign workers is currently allowed in the construction industry, these foreign workers can only be sourced from specific countries as determined by the Malaysian Government and Singapore Government. In general, approval is granted based on the merits of each case and is subject to conditions imposed by the relevant authorities from time to time. Additionally, the Malaysian Government or Singapore Government may amend policies relating to the employment of foreign workers in the construction industry and/or introduce new conditions from time to time.

As our Group's operations are highly dependent on the supply of foreign workers, any scarcity in supply or delays in registration of foreign workers would adversely affect our business. Furthermore, any increase in the levy or minimum wages for foreign workers or any other additional costs to be paid to the Malaysian Government and Singapore Government in relation to the employment of foreign workers would increase our Group's construction overheads and directly impact our financial performance. While we have not experienced any prolonged period of material adverse impact on our business operations arising from material shortages of foreign worker supply in the past, should the Malaysian Government or the Singapore Government amend its policies and impose any restriction or limit to the number of foreign workers to be employed for our projects or there is any other negative impact on the supply of foreign workers, the completion of our construction projects may be delayed, hence affecting our Group's business plans and financial performance.

4. RISK FACTORS (CONT'D)

4.2.4 Workplace Safety and Health Matters

Our Group's operations are subject to laws and regulations relating to workplace safety and workers' health. The relevant applicable legislations or regulations to which our day to day construction operations are subject to include the Occupational Safety and Health Act 1994, the Destruction of Disease-Bearing Insects Act, 1975, the Lembaga Pembangunan Industri Pembinaan Malaysia Act, 1994 and the Street, Drainage and Building Act, 1974. Currently we are not aware of any breaches of applicable workplace safety and health requirements which would have a material adverse effect on the financial position and business of our Group. In the past, there have been occurrences of certain incidents at our construction workites that have previously resulted in stop-work orders being imposed under the Occupational Health and Safety Act 1994 but we have acted promptly to attend to any rectification actions which have been required on the part of our Group in order to satisfy the relevant authorities that any breach or potential breach of workplace safety and health requirements have been satisfactorily addressed. There have also been instances where worksite closure orders have been issued by the relevant authorities under the Destruction of Disease-Bearing Insects Act 1975 in connection with the cleanliness of our worksites and the requirement to prevent the propagation of disease-bearing insects and we have taken the necessary action to resolve or address these incidents.

Nevertheless, due to the intrinsic nature of construction activities, which often involves complex activities being carried out by teams of workers, we remain exposed to the occurrence of accidents and potential resultant workplace safety and health liabilities and workplace accidents and incidents caused by human error and other factors are a typical risk associated with carrying out construction work, particularly complex and large-scale construction works such as MRT construction works. Irrespective of the cause of such accidents or incidents, our Group may be considered by operation of law to be in breach of prevailing workplace safety and health regulations and requirements as in certain circumstances, our Group may be imposed with a stop-work order for a short period or other penalties upon the occurrence of any such accidents or incidents, pending investigation as to the cause of such accidents or incidents by the relevant authorities. For instance, in June 2014 during the course of construction of the MRT, metal sheet pile which was being placed on a stack within the worksite at our Pusat Bandar Damansara MRT construction site slipped and fell on a passing road vehicle, causing minor injuries to the motorist. Following such incident, the subcontractor and its staff working at the construction site who were responsible for carrying out the relevant works were terminated and the subcontractor was also blacklisted from being awarded further contracts with SunCon. Prior to the cause of the incident being established and penalties being imposed on the relevant subcontractor, a stop-work order was imposed for a short period of time. While such incident did not have any material impact on the project works being carried out by SunCon in the relevant circumstances, there can be no assurance that any other accident or incident would not have a material adverse effect on the timeliness of completion of project works or give rise to liabilities on the part of our Group and ultimately result in a material adverse impact on the financial position and business of our Group.

4. RISK FACTORS (CONT'D)

Further, it is noted that in general, all our construction activities generate dust, waste and noise pollution. We are required to comply with various environmental laws and regulations relating to water, air and noise pollution, and the disposal of waste materials. Any failure to comply with such environmental laws and regulations may result in penalties and in serious cases, closure of our construction sites. Should this occur, our operating profits could be adversely affected. Any tightening of environmental laws may also require us to invest in equipment and machinery or to implement added processes to our current operations to meet the changes required in the new environmental laws and regulations.

Further, some of our operations may be affected by changes in environmental, health and safety laws and regulations and compliance with such new laws and regulations may entail significant additional expenses for us. There can be no assurance that the future costs of compliance with such laws and regulations will not have a material adverse impact on our businesses and profitability.

Nevertheless, this risk has not adversely affected us in the past and we have not experienced any material breach of workplace safety and health requirements which have had a material adverse impact on our business operations in the past.

4.2.5 Adequacy of Insurance Coverage

Our Group believes that we have adequate insurance coverage on our assets, employees or construction projects and it is also our practice as well as a requirement of our clients as a condition to commencement of contract works for us to take up, amongst others, contractors' all risk insurance and public liability insurance. In ensuring risks of under-insurance are minimised, our Group reviews our insurance policies on a regular basis to ensure that there is adequate coverage on our assets, employees and construction projects with the relevant insurance policies such as contractors' all risk insurance, fire insurance, workers' insurance and public liability insurance in order to manage any losses which may arise for our project needs. However, there can be no assurance that all liabilities incurred will be sufficiently covered by insurance and as such, claims for damages arising from our Group's operations which are not adequately covered by our insurance coverage may have an adverse impact on our Group's financial condition or results of operations. Notwithstanding the above, we have not experienced any claim for damages arising from our Group's operations which has not been sufficiently covered by insurance in the past.

4.2.6 Uncertainty in Securing New Contracts and Maintaining Order Book

The financial results of our Group depend on our ability to secure contracts on a timely basis. Our business development team is always on the lookout for new business opportunities to sustain the Group's business continuity and growth. Our technical team and labour workforce will concurrently seek to provide and maintain a consistent quality and timeliness of service delivery to our clients to encourage recurring business with existing clients and business with new clients. However, there can be no assurance that we will not face a situation of uncertainty in securing new contracts in the future.

4. RISK FACTORS (CONT'D)

The financial results of our Group is dependent on our ability to secure contracts on a timely basis and there can be no certainty that our current order book of RM2.8 billion as at 31 March 2015, can be sustained in the future given that tenders for construction contracts are very competitive due to there being numerous players in the industry. There can also be no assurance that there will be a continuous upward trend or a sustained level of activity in the construction sector in Malaysia and Singapore. Our inability to maintain a strong order book may have a material adverse impact on our Group's future profitability, financial performance and prospects, more so as we are a pure play construction company.

Furthermore, while the synergies with our ultimate holding company, Sunway provide our Group with a relatively better opportunity as compared with our competitors to secure a steady stream of new contracts from the Sunway Group to sustain our performance, there is also a risk that our Group's future financial performance and prospects will be adversely affected if there is a downward trend in the property development activities undertaken by the Sunway Group.

4.2.7 Political, Economic and Regulatory Risk

Our financial and business prospects, and the prospects of the industry in which we operate, will depend to some degree on the developments on the political, economic and regulatory front in the countries in which we operate. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates and foreign exchange rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in government policies and regulations.

However, there can be no assurance that adverse political, economic and regulatory changes, which are beyond our control, will not materially affect our Group's businesses. Notwithstanding the above, we have not experienced any adverse political, economic and regulatory changes which have had a material adverse impact on our business operations in the past.

4.2.8 Vulnerability to Changes in Government Regulations

Our Group's operations are governed by the terms of the licences awarded by CIDB and BCA, which set out the types and nature of activities which a construction company in Malaysia and Singapore is allowed to undertake. In addition to the above, our Group is also subject to, amongst others, the Construction Industry Payment and Adjudication Act 2012, the LPIP Act, the Water Services Industry Act 2006, the Occupational Safety and Health Act 1994, the Environmental Quality Act 1974 and the Factories and Machinery Act 1967 and their relevant regulations in Malaysia. Furthermore, construction works carried out at construction sites are often subject to the guidelines of the local authorities and the directives and terms imposed by local authorities, from time to time.

4. RISK FACTORS (CONT'D)

Our Singapore operations are subject to government legislation, regulations and policies which affect the construction industry in Singapore, including amongst others, the Employment of Foreign Manpower Act, Chapter 91A, the Building Control Act, Chapter 29, the Building Control (Licensing of Builders) Regulations 2008, the Environmental Public Health Act, Chapter 95, the Building and Construction Industry Security of Payment Act Chapter 30B, the Workplace Safety and Health Act, Chapter 354A, the Workplace Safety and Health (General Provisions) Regulations, the Workplace Safety and Health (Safety and Health Management System and Auditing) Regulations 2009 and the Workplace Safety and Health (Construction) Regulations 2007 which govern amongst other things:

- (i) employment of workers (including foreign workers) in Singapore, such as overtime limits, the Man-Year Entitlements allocation system and the conditions of the work permits of foreign workers;
- (ii) licensing of builders;
- (iii) approval and execution of plans of building works;
- (iv) workplace safety and health; and
- (v) environmental matters such as public health and noise pollution,

the contravention of which may subject our Group, our Group's employees and/or our Directors to statutory penalties which may be significant, such as fines imposed by the relevant authorities or we may have to modify, suspend or discontinue our operations. It should be noted that the legislation, regulations and policies affecting the construction industry in Singapore are subject to amendments from time to time. Any such changes could adversely affect our business operations and/or have a negative effect on the demand for our construction services.

We have not experienced any severe restrictions on our conduct of business which have had a material adverse impact on our business operations in the past. However, there is no assurance that any adverse development or change in the regulatory environment would not have an adverse impact on our ability to conduct business going forward.

4.3 RISKS RELATING TO OUR LISTING

4.3.1 No Prior Market for Our Shares and Possible Volatility of Our Share Prices

Prior to our Listing, there has been no public market for our Shares. There can be no assurance that an active market in our Shares will be developed or be sustained upon Listing.

We cannot assure you that the market price of our Shares will not decline below the Final Retail Price and the Institutional Price following our Listing. We believe that a number of factors could cause our Share price to fluctuate, including but not limited to announcements of developments relating to our business, fluctuations in our operating results, general industry conditions, the performance of the global economy, future sales by our shareholders of substantial amounts of our Shares or other securities relating to our Shares in the open market after our Listing or the perception that these sales may occur. This could also materially and adversely affect our ability to raise capital at a time and at a Share price we deem appropriate.

4. RISK FACTORS (CONT'D)

4.3.2 Trading Price and Volume of Our Shares

The trading price and volume of our Shares could be subject to fluctuations in response to various factors, some of which are not within our control and may be unrelated or disproportionate to our operating results. These factors may include variations in the results of our operations, changes in analysts' recommendations or projections, changes in general market conditions and broad market fluctuations.

In addition, the performance of securities listed on Bursa Securities is very much dependent on external factors such as the performance of the regional and world bourses and the inflow or outflow of foreign funds. Sentiments are also largely driven by internal factors such as economic and political conditions of the country as well as the growth potential of the various sectors of the economy. These factors invariably contribute to the volatility of trading volumes witnessed on Bursa Securities, thus adding risks to the market price of our quoted Shares. Nevertheless, the profitability of our Group is not dependent on the performance of our securities listed on Bursa Securities as the business activities of our Group have no direct correlation with the performance of our securities listed on Bursa Securities.

4.3.3 Continued Control by Our Promoters

Upon Listing, our Promoters, namely Sunway, SunHoldings, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation, Active Equity and Jef-San will collectively directly hold approximately 58.6% (assuming Over-allotment Option is fully exercised) of our issued and paid-up share capital. As a result, they will be able to, in the foreseeable future, effectively exercise control over the business direction and management of our Group, as well as influence the outcome of certain matters requiring the voting of our shareholders, unless our Promoters are required to abstain from voting by law and/or by relevant guidelines or regulations.

Nevertheless, as good corporate governance, we have appointed three independent Directors, namely Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun and Dato Dr. Ir Johari Bin Basri, who will be members of the Audit Committee to ensure all future transactions involving related parties, if any, are entered into on an arm's-length basis or normal commercial terms that are not more favourable to the related parties than those generally available to third parties and not to the detriment of our minority shareholders.

4.3.4 Payment of Dividend is Not Assured

It is our Board's policy to recommend and distribute minimum dividends of 35% of our annual core profit attributable to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subject to the approval of our shareholders at our annual general meetings.

However, we conduct all our operations through our subsidiary companies. Accordingly, our ability to pay dividends to our shareholders depends on the receipt of dividends and other distributions to us from our subsidiary companies.

4. RISK FACTORS (CONT'D)

Our ability and our subsidiary companies' ability to pay dividends or make other distributions to our shareholders may be subject to restrictions contained in our existing and/or future loan agreements, the future financial performance and cash flow position of our Group and us having profits and sufficient funds which are in excess to our requirements to fund our operations, capital expenditure, other obligations and business plans. Furthermore, some of our bankers require us to seek their prior approval for dividend payments.

As such, there is no assurance that our Company will be able to distribute dividends to our shareholders according to our dividend policy, as a result of the above-mentioned factors. There is also no assurance that we will be able to record profits and have sufficient funds for our operations, other obligations and business plans to declare dividends to our shareholders.

4.3.5 Delay in or Abortion of Our Listing

Our Listing may be potentially delayed or aborted due to the occurrence of any one or more of the following events:

- (i) our Joint Underwriters exercising its right pursuant to the Underwriting Agreement in discharging itself from its obligations thereunder;
- (ii) our Joint Bookrunners exercising its rights pursuant to the Placement Agreement in discharging itself from its obligations thereunder; and
- (iii) if we are unable to meet the public shareholding spread requirements of Bursa Securities under which at least 25% of the SCG Share Capital must be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, upon our admission to the Official List.

In such an event, investors will not receive any OFS Shares and monies paid in respect of any application for the OFS Shares will be returned in full without interest. If such monies are not returned in full within 14 days after the Selling Shareholder becomes liable to do so, the Selling Shareholder and its officers shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made. Nevertheless, we will endeavour to ensure compliance of the various requirements to avoid delays or non-implementation of our Listing.

4.3.6 Delay Between Admission and Trading of the Listing Shares

After our Shares have been credited to your CDS account maintained with Bursa Depository at the instruction of SunHoldings to facilitate the completion of the Offer for Sale, which would occur at least two Market Days before the anticipated date for admission to the Official List, it may not be possible for our shareholders to immediately recover monies paid in respect of the OFS Shares from SunHoldings in the event that our admission and commencement of trading on the Main Market of Bursa Securities do not occur.

In additions, delays in the admission and commencement of trading in shares on Bursa Securities have occurred in the past.

4. RISK FACTORS (CONT'D)

After our Shares have been credited to your CDS account(s) maintained with Bursa Depository at the instruction of Sunway to facilitate the completion of the Distribution, Sunway will not substitute cash for the Distribution Shares in the event that our admission and commencement of trading on the Main Market of Bursa Securities do not occur. The shareholders of Sunway who have received the Distribution Shares will continue to hold the Distribution Shares albeit in an unlisted public company which trading of such shares are normally illiquid.

4.3.7 Future Fund Raising May Dilute Shareholders' Equity or Restrict Our Operations

We may require additional funding for our future growth. This may result in dilution of our shareholders' equity, or restrictions imposed by additional debt funding such as, amongst others, maintenance of a certain level of current ratio, gearing ratio and/or dividend payouts.

Our capital requirements are dependent on, amongst others, our business, the availability of our resources for attracting, maintaining and enlarging our client base and the need to maintain and expand our operations. Thus, we may need additional capital expenditure for mergers and acquisitions or investments. An issue of our Shares or other securities to raise funds will dilute shareholders' equity interest and may, in case of a rights issue, require additional investment by shareholders.

4.3.8 Forward-Looking Statements

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

All forward-looking statements are based on assumptions made by our Group and although we believed to be reasonable at that time, are subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include, *inter-alia*, the risk factors set out in Section 4 of this Prospectus. In light of these and other uncertainties, the inclusion of a forward-looking statement in this Prospectus should not be regarded as a representation or warranty by our Company that the future plans and objectives of our Group will be achieved.

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5. INFORMATION ON OUR GROUP

5.1 Our History and Business

Our Company was incorporated in Malaysia under the Act as a public company limited by shares on 10 September 2014 under the name of Sunway Construction Group Berhad. As at the LPD, the authorised share capital of our Company is RM2,000,000,000 comprising 10,000,000,000 SCG Shares whilst the issued and paid-up share capital of our Company was RM258,580,002 comprising 1,292,900,010 SCG Shares. As at the LPD, our Company is a wholly-owned subsidiary of SunHoldings.

Our Company has been formed as a special purpose entity to facilitate the Listing. Our principal activity is investment holding whilst our subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium are principally involved in the construction of buildings and civil works, manufacturing and sale of precast concrete products in Malaysia and Singapore, and investment holding.

The history of SunCon, our wholly-owned subsidiary, since its incorporation is as follows:

Date	Event
Prior to 1997	<p>Sungei Way Holdings Sdn Bhd was incorporated as a private limited company under the Act on 26 January 1978. It was converted to a public limited company on 13 December 1983 and was officially listed on the Main Board of the then Kuala Lumpur Stock Exchange as Sungei Way Holdings Berhad on 16 February 1984.</p> <p>Sungei Way Quarry Sdn Bhd was incorporated in Malaysia under the Act as a private limited company and subsequently changed its name to Sungei Way Quarry & Construction Sdn Bhd and Sungei Way Construction Sdn Bhd on 3 March 1981 and 11 June 1984 respectively.</p>
12 June 1997	Sungei Way Construction Sdn Bhd was eventually converted into a public limited company with the name Sungei Way Construction Berhad and listed on the Main Board of the then Kuala Lumpur Stock Exchange.
13 December 1999	Sungei Way Construction Berhad changed its name to Sunway Construction Berhad ("SCB") and Sungei Way Holdings Berhad changed its name to Sunway Holdings Incorporated Berhad ("SunInc").
17 November 2003	<p>The board of directors of SCB received a notice in relation to a voluntary take-over offer from SunInc ("SunInc Offer") to acquire the remaining SCB shares which SunInc did not own at an offer price of RM2.73 per share which represented an illustrative market capitalisation value of approximately RM505.08 million based on the issued and paid-up share capital of SCB as at 31 October 2003 of 185.01 million SCB shares ("Privatisation of SCB").</p> <p>The offer price of RM2.73 per share, satisfied by cash of RM1.10 and one new SunInc share at an issue price of RM1.63 per share, represented a historical net price earnings multiple of approximately 15.15 times based on the audited net earnings per share for the FYE 31 December 2002 of 18.02 sen.</p> <p>The Privatisation of SCB was undertaken by SunInc to increase its equity interest in SunCon with the intention of making SunCon its wholly-owned subsidiary thereby enhancing the earnings and future cash flow of the SunInc group. There were also potential synergistic benefits as well as economies of scales to be achieved within the enlarged SunInc group.</p> <p>The Privatisation of SCB was completed and SCB became a wholly-owned subsidiary of SunInc.</p>

5. INFORMATION ON OUR GROUP (CONT'D)

Date	Event
16 August 2004	SCB was delisted from the Main Board (now known as Main Market) of Bursa Securities. SCB converted from a public company into a private company and assumed its present name, Sunway Construction Sdn Bhd.
Between September 2004 and October 2010	<p>SunCon Group undertook various projects that further established its track record locally. SunCon Group also completed several major projects in India, Trinidad and Tobago, and UAE, which enhanced its reputation as a contractor overseas. Some of the key milestones, accolades and awards achieved by the SunCon Group are set out in Section 6.2 of this Prospectus.</p> <p>SunInc changed its name to Sunway Holdings Berhad on 3 December 2007.</p>
24 November 2010	<p>Sunway made offers to acquire the entire businesses and undertakings of Sunway Holdings Berhad and Sunway City Berhad for an aggregate purchase consideration of RM4.52 billion. Pursuant to the said acquisition, a total of 1,292,505,002 Sunway Shares were issued at an issue price at RM2.80 per share as part of the purchase consideration with the remainder of the purchase consideration of RM904.75 million being satisfied in cash. Sunway also issued a total of 258,501,000 warrants as part of the purchase consideration.</p> <p>Sunway was incorporated on 10 November 2010 under the name Alpha Sunrise Sdn Bhd to facilitate the acquisition of the businesses of Sunway Holdings Berhad and Sunway City Berhad. Sunway City Berhad was primarily involved in property development, property investment, hospitality, leisure and healthcare and was listed on the Main Market of Bursa Securities since 8 July 1996. Sunway changed its name from Alpha Sunrise Sdn Bhd to Sunway Sdn Bhd on 23 November 2010 and then converted from a private company to a public company on 30 November 2010.</p>
18 August 2011	<p>The businesses of Sunway Holdings Berhad and Sunway City Berhad were merged under the enlarged Sunway Group ("Merger"). The enlarged Sunway Group consisted of two main businesses, namely property and construction. Other business divisions included quarry and building materials, trading and manufacturing, and hospitality, leisure and healthcare.</p> <p>The combined businesses of Sunway Holdings Berhad and Sunway City Berhad created economies of scale to compete effectively and harness synergies between the property and construction business respectively. Sunway had operational, procurement and administrative efficiencies, resulting from economies of scale and integration including better access to larger scale business opportunities, with direct access to equity and debt capital markets.</p>
23 August 2011	<p>Sunway was admitted to the Official List and the listing of and quotation for its entire issued and paid-up share capital on the Main Market of Bursa Securities.</p> <p>Sunway Holdings Berhad and Sunway City Berhad were delisted from the Main Market of Bursa Securities. They subsequently converted from public companies to private companies assuming their present names of Sunway Holdings Sdn Bhd and Sunway City Sdn Bhd respectively.</p>
7 November 2014	Execution of share sale agreement in relation to the Transfer of SunCon.

5. INFORMATION ON OUR GROUP (CONT'D)

Date	Event
15 May 2015	Completion of the Transfer of SunCon, pursuant to which the Consideration Shares have been fully issued by our Company in accordance with the terms of the share sale agreement.

5.1.1 Rationale for the Listing of Our Company

After the Privatisation of SCB, the revenue and profits of SCB and its group of companies ("**SCB Group**", which was the precursor to the current SCG Group) had increased from approximately RM1.08 billion and approximately RM51.12 million respectively for the FYE 31 December 2003 (recorded under the SCB Group) to approximately RM1.88 billion and approximately RM124.77 million respectively for the FYE 31 December 2014 (under the SCG Group). The size of our order book has also grown from approximately RM1.0 billion in early 2004 (recorded under the SCB Group) to approximately RM3.06 billion (under the SCG Group) as at 31 December 2014.

Based on SCB's audited consolidated financial statements for FYE 31 December 2003 and our audited combined financial statements for FYE 31 December 2014, our compounded annual growth rate based on profit growth for the period following the Privatisation of SCB until 31 December 2014 was 8.4%.

The increase in the revenue, profits and order book of our Group over the years has been undergirded by growth and enhancement in our Group's operations and technical capabilities during the post-Privatisation of SCB period, in particular in the following respects:

- (a) Since the Privatisation of SCB, the foundation and geotechnical engineering services business of our Group has acquired expertise in bored piles construction. Our Group's entire existing fleet of bored piles machinery was acquired following the Privatisation of SCB. The bored pile market is expanding as bored piles are used in foundation works for projects such as MRT, LRT and BRT, and in the construction of high rise buildings. The margins for bored piles jobs are generally higher than those for general construction works and accordingly our Group's involvement in bored piled works enhances our Group's overall margins.
- (b) Our Group has expanded our precast concrete business operations in Singapore to include components required in HDB housing developments. As the expansion coincided with a growth in the number of HDB projects, our precast concrete business grew rapidly during this period.
- (c) Our Group has also successfully established a track record for overseas construction projects, including the completion of three highway projects in India which had been secured by the SCB Group prior to the Privatisation of SCB. These projects have led to further highway jobs being secured by our Group in India. Our Group also secured and completed our first projects in Trinidad and Tobago, and Abu Dhabi, UAE during this period. The Rihan Heights project in Abu Dhabi was a particularly significant achievement for our Group as it is the single largest project undertaken by our Group to date and won our Group multiple awards creating recognition of our abilities overseas.

5. INFORMATION ON OUR GROUP (CONT'D)

- (d) Our Group has continued to enhance our design and build capabilities since the Privatisation of SCB. Amongst the prominent design and build jobs completed by our Group subsequent to the Privatisation of SCB are the Kuala Lumpur Convention Center and building projects such as buildings for the Ministry of Housing and Local Government and Ministry of Women, Family and Community Development in Putrajaya and The Everly Hotel Putrajaya. Design and build jobs are generally more profitable because we can provide more value engineering input to reduce costs. We are able to compete effectively for design and build jobs due to our integrated construction capabilities which include foundation and geotechnical engineering, and mechanical, electrical and plumbing services, which gives us the capability to execute our designed projects.
- (e) In addition, we have also embarked on developing and utilising VDC in our projects so that it can be a competitive advantage when tendering for certain new jobs. VDC has the potential to help clients save time and costs by identifying design flaws prior to construction.

The growth in our revenue, profits and order book has also been underpinned by the strong track record that we have established in undertaking various construction jobs during the post-Privatisation of SCB period. Our clients comprise repeat customers such as KLCC Corporation Berhad group and Putrajaya Holdings Berhad group. In Johor, through synergies with Sunway Group's property division, we have established a strong presence and secured multiple projects from affiliate companies of Khazanah Nasional Berhad ("Khazanah"). In December 2011, Sunway's property division entered into a joint venture arrangement with a wholly-owned subsidiary of Khazanah to acquire and develop approximately 700 acres of land in Medini Iskandar. Following this joint venture, Sunway has been able to forge a close relationship with Khazanah. Coupled with a good track record of delivery for its previous projects for Khazanah affiliated companies, in particular, the construction works for Legoland Malaysia Theme Park and Pinewood Iskandar Malaysia Studios, Sunway was awarded various construction project works in Medini Iskandar, such as construction works for the Legoland Water Theme Park, Afiniti Medini mixed development project in Iskandar Malaysia and the Coastal Highway Southern Link in Johor. Moving forward, it remains in Sunway management's interest to provide assistance and support to our Group via introductions and recommendations to open more business opportunities for our Group.

Post-Privatisation of SCB period, our Group had also implemented continuous constructive measures to improve the efficiency of our operations and optimise our productivity, mainly through greater employment of technology tools, employee training and development programmes.

Our Group has, during the post-Privatisation of SCB period, enhanced our abilities in our key businesses of building and civil/infrastructure construction services; provision of foundation and geotechnical engineering services; provision of mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products, both locally and overseas. We have also gained multiple industry recognitions for our achievements. We believe that the construction industry in Malaysia is possibly on the brink of another upswing with the potential award of MRT2, LRT 3 and several highway jobs in the next one or two years. Given the scale of expansion of our Group and opportunities available in the construction industry in Malaysia, we believe that it is timely to re-introduce our Company to the Malaysian equity market via our Listing so as to allow us to seize the opportunities of long-term growth and further grow our construction business. Our Listing also presents a good opportunity to improve our Group's financial standing and places us in a better position to, if necessary, raise funds via the capital markets in order to execute our projects.

5. INFORMATION ON OUR GROUP (CONT'D)

By retaining an at least 51% stake in our Company after the Listing, Sunway continues to retain its interest in the business direction and financial performance of our Group and is in a position to continue harnessing the synergies between both companies. As detailed in Section 6.4.6 of this Prospectus, given that Sunway and our Group have a long and trusted business relationship, we are expected to continue to be invited to tender for construction of Sunway's new property projects. As long as our Group remains competitive, Sunway is in a position to provide bedrock orders to our Group, even in the eventuality of a downcycle in the construction sector. In turn, our Group offers Sunway a competitive advantage in property development by providing input on design optimisation and better assurance on quality and timeliness, if selected.

According to the IMR Report, the prospects of our Group are supported by the key demand drivers as set out below:

Malaysia

- (i) government expenditure to drive infrastructure development generates demand for construction services;
- (ii) greater demand for residential, commercial and industrial properties result in demand for construction services;
- (iii) growth prospects of end-user markets/industries drive demand for commercial and industrial properties and supporting infrastructure;
- (iv) economic growth corridors drive demand for comprehensive infrastructure development;
- (v) increase in investments drive overall economic growth, and subsequently, demand for construction services; and
- (vi) increasing disposable income and affluence of the population signifies growth opportunities for residential properties.

Singapore

- (i) growth in construction activities drives the demand for precast concrete components;
- (ii) rising income levels creating demand for property and real estate; and
- (iii) plans, policies and stimulus that drive the adoption of precast concrete in the construction sector.

We view these key demand drivers as indicators of substantial long term growth opportunities and potential for our Group. These key demand drivers are in line with the future plans and strategies of our Group as set out below:

- (i) continue to enhance our leading position and increase our market share in Malaysia's construction industry;
- (ii) increase our use of technology and automation efforts to further improve our core competitiveness;

5. INFORMATION ON OUR GROUP (CONT'D)

- (iii) maintain our precast concrete presence in Singapore and expand our precast concrete business in Malaysia;
- (iv) expand our income from foundation and geotechnical services, and mechanical, electrical and plumbing services, to enhance our Group's revenue streams;
- (v) selectively pursue growth opportunities overseas and enter new markets; and
- (vi) enhance profitability through effective, ongoing cost reduction initiatives.

Our Listing will further enhance our profile, credibility and visibility in the construction sector in Malaysia as well as internationally, and provide access to local and international investors who favour investment exposure that capitalises on the growth in the construction sector. Our position as the largest listed pure play construction company in Malaysia by revenue upon Listing, according to the IMR Report, will also enable us to compete more effectively for projects in Malaysia and overseas, as well as to facilitate our future capital-raising activities for our continued growth and expansion.

5.2 Share Capital and Changes in Share Capital

As at the LPD, our authorised and issued and paid-up share capital are as follows:

Share capital	No. of Shares	Par value RM	Amount RM
Authorised	10,000,000,000	0.20	2,000,000,000
Issued and paid-up	1,292,900,010	0.20	258,580,002

The details of the changes in our issued and paid-up share capital since incorporation are as follows:

Date of allotment	No. of Shares	Par value RM	Consideration	Cumulative issued and paid- up share capital RM
10 September 2014	10	0.20	Subscribers shares	2
15 May 2015	1,292,900,000	0.20	Pursuant to the Transfer of SunCon	258,580,002

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in our Company.

5. INFORMATION ON OUR GROUP (CONT'D)

5.3 Transfer of SunCon

In conjunction with, and as an integral part of our Listing, our Company and SunHoldings have implemented the Transfer of SunCon which was completed on 15 May 2015, prior to the issuance of this Prospectus. SunHoldings has disposed of its entire equity interests in SunCon to our Company for an aggregate sale and purchase consideration of RM258,580,000 which have been satisfied entirely via the issuance of 1,292,900,000 new SCG Shares, via a conditional share sale agreement entered into between SunHoldings and SCG dated 7 November 2014.

The sale and purchase consideration for the Transfer of SunCon of RM258,580,000 was arrived at on a "willing-buyer, willing-seller" basis after taking into consideration, *inter-alia*, the following:

- (i) the audited net assets of the SunCon Group as at 31 December 2013 of RM992.4 million adjusted for the following subsequent events:
 - (a) reduction in net assets by approximately RM378.3 million⁽¹⁾ due to the internal reorganisation of the SunCon Group, which involves the carve-out of the property development and property investment companies namely, Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd, Sunway Dimension Stones Sdn Bhd and Hoi Hup Sunway Development Pte Ltd from the SunCon Group to be held directly by SunHoldings, and the share subscription in Sunway Developments Pte Ltd by SunHoldings as announced by Sunway on 19 September 2014;
 - (b) settlement of inter-company advances totaling SGD105.8 million (RM287.8 million*) by Sunway Developments Pte Ltd, Sunway Land Pte Ltd and Hoi Hup Sunway Development Pte Ltd to the SunCon Group⁽²⁾; and
 - (c) estimated dividends to be paid by SunCon to SunHoldings of RM360.0 million prior to completion of the Transfer of SunCon⁽³⁾;

The estimated adjusted net assets of the SunCon Group as at 31 December 2013 after adjusting for the above subsequent events was RM254.1 million.

Notes:

- (1) *Comprises the following:*

		RM'million
(i)	Carve-out of Sunway Permai Sdn Bhd from the SunCon Group to be held directly by SunHoldings	10.9
(ii)	Carve-out of Sunway Transit System Sdn Bhd from the SunCon Group to be held directly by SunHoldings	*
(iii)	Carve-out of Sunway Dimension Stones Sdn Bhd from the SunCon Group to be held directly by SunHoldings	10.8
(iv)	Carve-out of Hoi Hup Sunway Development Pte Ltd from the SunCon Group to be held directly by SunHoldings	47.7
(v)	Share subscription in Sunway Developments Pte Ltd by SunHoldings	299.5
(vi)	Consolidated adjustments	9.4
		378.3

Note:

* Negligible.

5. INFORMATION ON OUR GROUP (CONT'D)

(2) *The settlement of inter-company advances amounting to approximately SGD105.8 million (equivalent to approximately RM287.8 million*) would not result in any change to the net assets of the SunCon Group.*

(3) *The estimated dividends of RM360.0 million was based on the cash position of the SunCon Group as at 31 December 2013 of RM172.7 million and estimated cash of approximately SGD105.8 million (equivalent to approximately RM287.8 million*) to be received from the settlement of inter-company advances described in paragraph (b) above.*

The actual dividends declared by SunCon to SunHoldings from 1 January 2014 up to the date of the completion of the Transfer of SunCon was RM498.0million. In spite of the higher dividends paid and the completion of the events highlighted in paragraphs (a) to (c) above, the consolidated net assets of SunCon on the date of completion of the Transfer of SunCon were still more than the purchase consideration of RM258,580,000 due to the profits made and retained by the SunCon Group since 1 January 2014.

Note:

* Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015 (Source: Bloomberg L.P.)

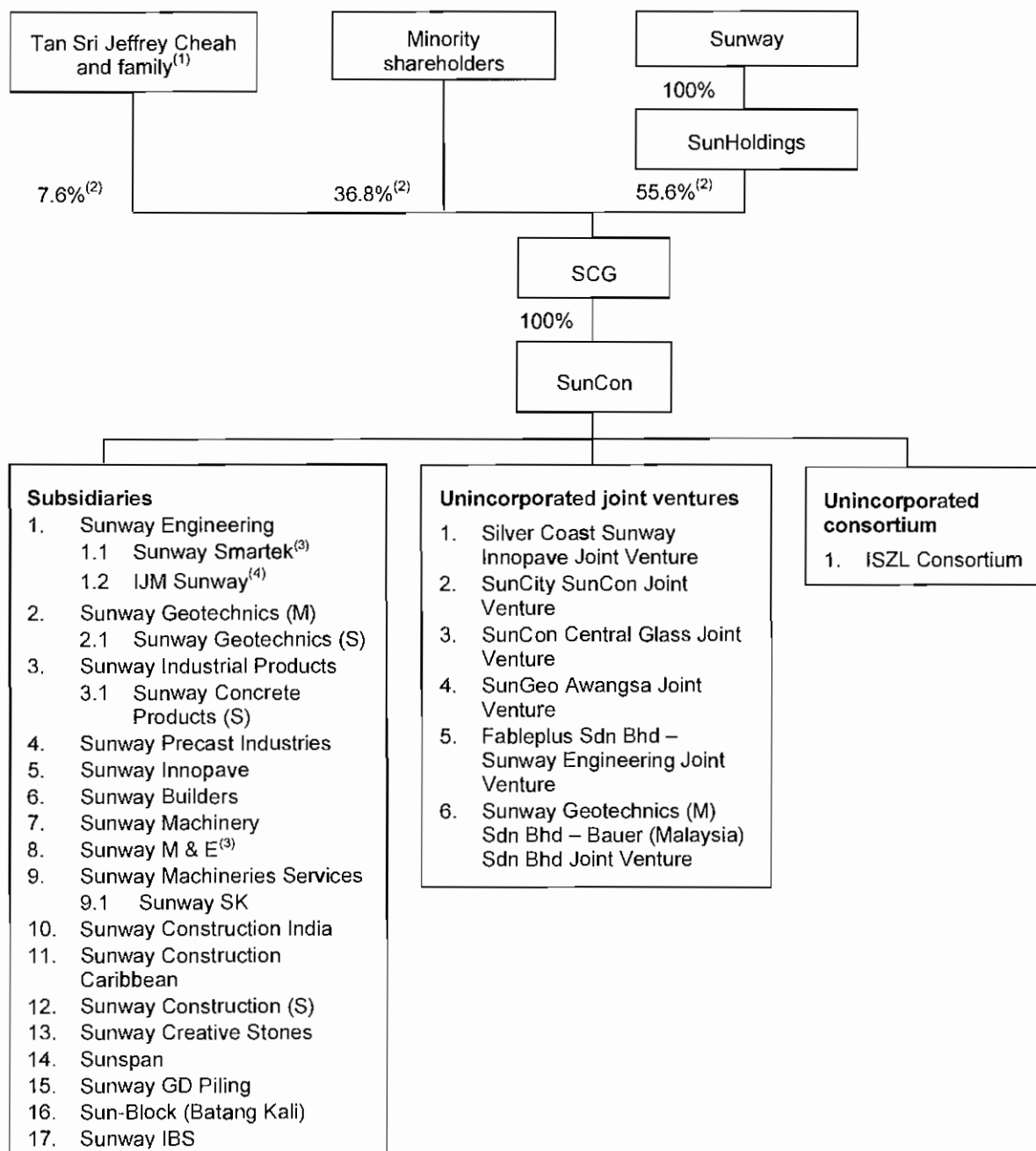
- (ii) the future prospects of the SunCon Group; and
- (iii) potential growth of the construction industry in Malaysia and Singapore.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.4 Group Structure

Our Group structure upon Listing is set out below:



Notes:

(1) Tan Sri Jeffrey Cheah, his interest in related company vehicles, spouse and children.

(2) Based on our Register of substantial shareholders' shareholdings and assuming the Over-allotment Option is not exercised.

(3) Commenced members' voluntary winding-up on 10 December 2014.

(4) Jointly controlled entity.

5. INFORMATION ON OUR GROUP (CONT'D)

Further details of our subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium are as follows:

Entities	Date / Place of incorporation	Authorised share capital / Issued and paid-up share capital (RM unless otherwise stated)	Effective equity/ participating interest of our Company %	Principal activities
SunCon	26 April 1976/ Malaysia	1,000,000,000/ 193,954,000	100	Turnkey, construction related design and build, civil engineering and building works
Subsidiaries of SunCon				
Sunway Innopave	13 June 1996/ Malaysia	5,000,000/ 500,000	100	Construction of civil and building works and provision of project management
Sunway M & E*	9 December 1992/ Malaysia	5,000,000/ 500,000	100	Dormant (ceased operation)
Sunway Machinery	4 June 1996/ Malaysia	5,000,000/ 500,000	100	Renting of machinery and site equipment and undertaking sub- contract work
Sunway Engineering	27 April 1995/ Malaysia	5,000,000/ 2,500,001	100	Provision of mechanical and engineering works
Sunway Builders	27 December 1993/ Malaysia	1,000,000/ 1,000,000	100	Construction of building and civil works
Sunway Geotechnics (M)	17 December 1996/ Malaysia	5,000,000/ 2,909,602 ⁽¹⁾	100	Providing geotechnical services and related products and hire of heavy machineries
Sunspan	13 June 1996/ Malaysia	10,000,000/ 1,000,000	100	Dormant (ceased operation)
Sunway Industrial Products	12 August 1997/ Malaysia	500,000/ 222,447.59 ⁽²⁾	100	Investment holding
Sunway Machineries Services	3 February 1994/ Malaysia	5,000,000/ 1,500,000	100	Investment holding

5. INFORMATION ON OUR GROUP (CONT'D)

Entities	Date / Place of incorporation	Authorised share capital / Issued and paid-up share capital (RM unless otherwise stated)	Effective equity/ participating interest of our Company %	Principal activities
Sunway Construction India	31 December 2001/ India	Rs.500,000/ Rs.100,000	100	Dormant (ceased operation)
Sunway Creative Stones	28 April 1997/ Malaysia	5,000,000/ 1,000,000 ⁽³⁾	70	Dormant (ceased operation)
Sunway GD Piling	31 May 2005/ Malaysia	5,000,000/ 1,000,000	100	Dormant (ceased operation)
Sunway Construction Caribbean	19 October 2004/ Trinidad and Tobago	Not applicable/ TTD9,999	100	Dormant (ceased operation)
Sunway Precast Industries	4 January 1992/ Malaysia	5,000,000/ 3,063,631 ⁽⁴⁾	100	Manufacturing precast concrete building components and undertaking of precast concrete building contracts
Sunway IBS	25 July 2003/ Malaysia	1,000,000/ 10	70	Dormant (has not commenced operation)
Sun-Block (Batang Kali)	15 January 1998/ Malaysia	100,000/ 100	100	Dormant (ceased operation)
Sunway Construction (S)	24 December 1994/ Singapore	Not applicable/ SGD2	100	Dormant (ceased operation)
Subsidiary of Sunway Industrial Products				
Sunway Concrete Products (S)	16 December 1994/ Singapore	Not applicable/ SGD12,000,000	100	Manufacturing and sale of precast concrete building components
Subsidiary of Sunway Machineries Services				
Sunway SK	11 January 1997/ Malaysia	500,000/ 111,800 ⁽⁵⁾	100	Construction of building and civil works

5. INFORMATION ON OUR GROUP (CONT'D)

Entities	Date / Place of incorporation	Authorised share capital / Issued and paid-up share capital (RM unless otherwise stated)	Effective equity/ participating interest of our Company %	Principal activities
Subsidiary of Sunway Engineering				
Sunway Smartek*	3 October 2006/ Malaysia	100,000/ 2	100	Dormant (has not commenced operation)
Subsidiary of Sunway Geotechnics (M)				
Sunway Geotechnics (S)	5 November 2009/ Singapore	Not applicable/ SGD25,000	100	Dormant (ceased operation)
Jointly controlled entity of Sunway Engineering				
IJM Sunway	13 May 2015/ Malaysia	400,000/ 2	50	Investment holding
Unincorporated joint ventures and unincorporated consortium of our Group				
SunCity SunCon Joint Venture	6 October 2003	Not applicable	50	Property development
SunCon Central Glass Joint Venture	25 September 2008	Not applicable	70	Completion of curtain walling works
SunGeo Awangsa Joint Venture	11 February 2011	Not applicable	50.8	Piling and substructure works
Silver Coast Sunway Innopave Joint Venture	23 March 2008	Not applicable	60	Construction works
ISZL Consortium	18 December 2006	Not applicable	25	Construction
Fableplus Sdn Bhd – Sunway Engineering Joint Venture	9 November 2010	Not applicable	30	Provision of mechanical and engineering works

5. INFORMATION ON OUR GROUP (CONT'D)

Entities	Date / Place of incorporation	Authorised share capital / Issued and paid-up share capital (RM unless otherwise stated)	Effective equity/ participating interest of our Company %	Principal activities
Sunway Geotechnics (M) Sdn Bhd – Bauer (Malaysia) Sdn Bhd Joint Venture	26 July 2013	Not applicable	50	Bored piling works, installation of plunge in column and associated ancillary works

Notes:

- (1) The authorised share capital of Sunway Geotechnics (M) is RM5,000,000 divided into 4,500,000 ordinary shares of RM1.00 each and 50,000,000 non-cumulative redeemable preference shares of RM0.01 each of which RM2,909,602 comprising 2,500,001 ordinary shares of RM1.00 each and 40,960,100 non-cumulative redeemable preference shares of RM0.01 each are issued and paid-up.
- (2) The authorised share capital of Sunway Industrial Products is RM500,000 divided into 250,000 ordinary shares of RM1.00 each and 25,000,000 non-cumulative redeemable preference shares of RM0.01 each of which RM222,447.59 comprising two ordinary shares of RM1.00 each and 22,244,559 non-cumulative redeemable preference shares of RM0.01 each are issued and paid-up.
- (3) The authorised share capital of Sunway Creative Stones is RM5,000,000 divided into 4,900,000 ordinary shares of RM1.00 each and 10,000,000 non-cumulative redeemable preference shares of RM0.01 each of which RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each are issued and paid-up.
- (4) The authorised share capital of Sunway Precast Industries is RM5,000,000 divided into 4,400,000 ordinary shares of RM1.00 each and 60,000,000 non-cumulative redeemable preference shares of RM0.01 each of which RM3,063,631 comprising 2,500,001 ordinary shares of RM1.00 each and 56,363,000 non-cumulative redeemable preference shares of RM0.01 each are issued and paid-up.
- (5) The authorised share capital of Sunway SK is RM500,000 divided into 350,000 ordinary shares of RM1.00 each and 15,000,000 non-cumulative redeemable preference shares of RM0.01 each of which RM111,800 comprising 100,000 ordinary shares of RM1.00 each and 1,180,000 non-cumulative redeemable preference shares of RM0.01 each are issued and paid-up.
- * Commenced members' voluntary winding-up on 10 December 2014.

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5. INFORMATION ON OUR GROUP (CONT'D)

5.5 Subsidiaries

5.5.1 SunCon

SunCon was incorporated in Malaysia under the Act as a private limited company under the name of Sungei Way Quarry Sdn Bhd on 26 April 1976. It had subsequently changed its name to Sungei Way Quarry & Construction Sdn Bhd and Sungei Way Construction Sdn Bhd on 3 March 1981 and 11 June 1984 respectively. It was eventually converted to a public limited company and was listed on the then Kuala Lumpur Stock Exchange as Sungei Way Construction Berhad on 12 June 1997. The company then changed its name to Sunway Construction Berhad on 13 December 1999. On 16 August 2004, SunCon was delisted from the then Kuala Lumpur Stock Exchange after SunHoldings undertook a voluntary general offer for all the shares it did not own and subsequently upon completion of the voluntary general offer, SunCon became a wholly-owned subsidiary of SunHoldings and was converted from a public limited company into a private limited company on 3 December 2004.

As at the LPD, SunCon's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	1,000,000,000	1.00	1,000,000,000
Issued and paid-up	193,954,000	1.00	193,954,000

There have been no changes in SunCon's issued and paid-up share capital for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in SunCon.

As at the LPD, SunCon has 21 subsidiaries, 1 jointly controlled entity, 6 unincorporated joint ventures and 1 unincorporated consortium. Further details on SunCon's subsidiaries and jointly controlled entity are disclosed below.

5.5.2 Sunway Innopave

Sunway Innopave was incorporated in Malaysia under the Act on 13 June 1996 as a private limited company. Sunway Innopave is principally involved in construction of civil and building works and provision of project management. Sunway Innopave commenced operations in 1997.

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, Sunway Innopave's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	500,000	1.00	500,000

There have been no changes in Sunway Innopave's issued and paid-up share capital for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Innopave.

As at the LPD, Sunway Innopave does not have any subsidiary and associated companies.

5.5.3 Sunway M & E

Sunway M & E was incorporated in Malaysia under the Act on 9 December 1992 as a private limited company. Sunway M & E is currently a dormant company which has ceased operation and commenced members' voluntary winding-up on 10 December 2014.

As at the LPD, Sunway M & E's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	500,000	1.00	500,000

There have been no changes in the issued and paid-up share capital of Sunway M & E for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway M & E.

As at the LPD, Sunway M & E does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)**5.5.4 Sunway Machinery**

Sunway Machinery was incorporated in Malaysia under the Act on 4 June 1996 as a private limited company. Sunway Machinery is principally involved in renting of machinery and site equipment and undertaking sub-contract work. Sunway Machinery commenced operations in 1997.

As at the LPD, Sunway Machinery's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	500,000	1.00	500,000

There have been no changes in the issued and paid-up share capital of Sunway Machinery for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Machinery.

As at the LPD, Sunway Machinery does not have any subsidiary and associated companies.

5.5.5 Sunway Engineering

Sunway Engineering was incorporated in Malaysia under the Act on 27 April 1995 as a private limited company. Sunway Engineering is principally involved in provision of mechanical and engineering works. Sunway Engineering commenced operations in 1996.

As at the LPD, Sunway Engineering's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	2,500,001	1.00	2,500,001

5. INFORMATION ON OUR GROUP (CONT'D)

The details of the changes in Sunway Engineering's issued and paid-up share capital for the past three years up to the LPD are as follows:

Date of allotment	No. of shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
20 August 2013	1,484,001	1.00	Cash	2,500,001

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Engineering.

As at the LPD, Sunway Engineering has a subsidiary, namely Sunway Smartek and a jointly controlled entity, namely IJM Sunway, but does not have any associated companies.

5.5.6 Sunway Smartek

Sunway Smartek was incorporated in Malaysia under the Act on 3 October 2006 as a private limited company. Sunway Smartek is currently a dormant company which has ceased operation and commenced members' voluntary winding-up on 10 December 2014.

As at the LPD, Sunway Smartek's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	100,000	1.00	100,000
Issued and paid-up	2	1.00	2

There have been no changes in the issued and paid-up share capital of Sunway Smartek for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Smartek.

As at the LPD, Sunway Smartek does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)**5.5.7 Sunway Builders**

Sunway Builders was incorporated in Malaysia under the Act on 27 December 1993 as a private limited company. Sunway Builders is principally involved in construction of building and civil works. Sunway Builders commenced operations in 1994.

As at the LPD, Sunway Builders's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	1,000,000	1.00	1,000,000
Issued and paid-up	1,000,000	1.00	1,000,000

There have been no changes in the issued and paid-up share capital of Sunway Builders for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Builders.

As at the LPD, Sunway Builders does not have any subsidiary and associated companies.

5.5.8 Sunway Geotechnics (M)

Sunway Geotechnics (M) was incorporated in Malaysia under the Act on 17 December 1996 as a private limited company. Sunway Geotechnics (M) is principally involved in providing geotechnical services and related products and hire of heavy machineries. Sunway Geotechnics (M) commenced operations in 2004.

As at the LPD, Sunway Geotechnics (M)'s authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	Ordinary shares 4,500,000	1.00	4,500,000
	Non-Cumulative Redeemable Preference Shares ("NCRPS") 50,000,000	0.01	500,000
Issued and paid-up	Ordinary Shares 2,500,001	1.00	2,500,001
	NCRPS 40,960,100	0.01	409,601

5. INFORMATION ON OUR GROUP (CONT'D)

The details of the changes in Sunway Geotechnics (M)'s issued and paid-up share capital for the past three years up to the LPD are as follows:

Date of allotment	No. of ordinary shares	Par value RM	Consideration	Cumulative issued and paid-up share capital RM
1 January 2013	1,750,001	1.00	Cash	2,909,602

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Geotechnics (M).

As at the LPD, Sunway Geotechnics (M) has a subsidiary, namely Sunway Geotechnics (S), but Sunway Geotechnics (M) does not have any associated companies.

5.5.9 Sunway Geotechnics (S)

Sunway Geotechnics (S) was incorporated in Singapore under the Companies Act, (Chapter 50) of Singapore on 5 November 2009 as a private limited company. Sunway Geotechnics (S) is currently a dormant company which has ceased operation. Sunway Geotechnics (S) commenced operations in 2011.

As at the LPD, Sunway Geotechnics (S)'s issued and paid-up share capital is as follows:

Share capital	No. of shares	Par value SGD	Amount SGD
Issued and paid-up	25,000	-	25,000

There have been no changes in the issued and paid-up share capital of Sunway Geotechnics (S) for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Geotechnics (S).

As at the LPD, Sunway Geotechnics (S) does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)**5.5.10 Sunspan**

Sunspan was incorporated in Malaysia under the Act on 13 June 1996 as a private limited company. Sunspan is currently a dormant company which has ceased operation.

As at the LPD, Sunspan's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	10,000,000	1.00	10,000,000
Issued and paid-up	1,000,000	1.00	1,000,000

There have been no changes in the issued and paid-up share capital of Sunspan for the past three (3) years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunspan.

As at the LPD, Sunspan does not have any subsidiary and associated companies.

5.5.11 Sunway Industrial Products

Sunway Industrial Products was incorporated in Malaysia under the Act on 12 August 1997 as a private limited company. Sunway Industrial Products is principally involved in investment holding. Sunway Industrial Products commenced operations in 2003.

As at the LPD, Sunway Industrial Products's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares		Par value RM	Amount RM
Authorised	Ordinary shares	250,000	1.00	250,000
	NCRPS	25,000,000	0.01	250,000
Issued and paid-up	Ordinary shares	2	1.00	2
	NCRPS	22,244,559	0.01	222,445.59

There have been no changes in the issued and paid-up share capital of Sunway Industrial Products for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Industrial Products.

As at the LPD, Sunway Industrial Products has a subsidiary, namely Sunway Concrete Products (S), but does not have any associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)**5.5.12 Sunway Concrete Products (S)**

Sunway Concrete Products (S) was incorporated in Singapore under the Companies Act, (Chapter 50) of Singapore on 16 December 1994 as a private limited company. Sunway Concrete Products (S) is principally involved in manufacturing and sale of precast concrete building components. Sunway Concrete Products (S) commenced operations in 1996.

As at the LPD, Sunway Concrete Products (S)'s issued and paid-up share capital is as follows:

Share capital	No. of shares	Par value SGD	Amount SGD
Issued and paid-up	12,000,000	-	12,000,000

There have been no changes in the issued and paid-up share capital of Sunway Concrete Products (S) for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Concrete Products (S).

As at the LPD, Sunway Concrete Products (S) does not have any subsidiary or associated company.

5.5.13 Sunway Machineries Services

Sunway Machineries Services was incorporated in Malaysia under the Act on 3 February 1994 as a private limited company. Sunway Machineries Services is principally involved in investment holding. Sunway Machineries Services commenced operations in 1994.

As at the LPD, Sunway Machineries Services's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	1,500,000	1.00	1,500,000

There have been no changes in the issued and paid-up share capital of Sunway Machineries Services for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Machineries Services.

As at the LPD, Sunway Machineries Services has a subsidiary, namely Sunway SK, but does not have any associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)

5.5.14 Sunway SK

Sunway SK was incorporated in Malaysia under the Act on 11 January 1997 as a private limited company. Sunway SK is principally involved in construction of building and civil works. Sunway SK commenced operations in 1997.

As at the LPD, Sunway SK's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares		Par value RM	Amount RM
Authorised	Ordinary shares	350,000	1.00	350,000
	NCRPS	15,000,000	0.01	150,000
Issued and paid-up	Ordinary shares	100,000	1.00	100,000
	NCRPS	1,180,000	0.01	11,800

There have been no changes in the issued and paid-up share capital of Sunway SK for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway SK.

As at the LPD, Sunway SK does not have any subsidiary and associated companies.

5.5.15 Sunway Construction India

Sunway Construction India was incorporated in India under the Indian Companies Act, 1956 on 31 December 2001 as a private limited company. Sunway Construction India is currently a dormant company which has ceased operation. Sunway Construction India commenced operations in 2002.

As at the LPD, Sunway Construction India's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value Rs.	Amount Rs.
Authorised	50,000	10	500,000
Issued and paid-up	10,000	10	100,000

There have been no changes in the issued and paid-up share capital of Sunway Construction India for the past three years up to the LPD.

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Construction India.

As at the LPD, Sunway Construction India does not have any subsidiary and associated companies.

5.5.16 Sunway Creative Stones

Sunway Creative Stones was incorporated in Malaysia under the Act on 28 April 1997 as a private limited company. Sunway Creative Stones is currently a dormant company which has ceased operation.

As at the LPD, Sunway Creative Stones's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares		Par value RM	Amount RM
Authorised	Ordinary shares	4,900,000	1.00	4,900,000
	NCRPS	10,000,000	0.01	100,000
Issued and paid-up	Ordinary shares	1,000,000	1.00	1,000,000

There have been no changes in the issued and paid-up share capital of Sunway Creative Stones for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Creative Stones.

As at the LPD, Sunway Creative Stones does not have any subsidiary and associated companies.

5.5.17 Sunway GD Piling

Sunway GD Piling was incorporated in Malaysia under the Act on 31 May 2005 as a private limited company. Sunway GD Piling is currently a dormant company which has ceased operation.

As at the LPD, Sunway GD Piling's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	5,000,000	1.00	5,000,000
Issued and paid-up	1,000,000	1.00	1,000,000

There have been no changes in the issued and paid-up share capital of Sunway GD Piling for the past three years up to the LPD.

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway GD Piling.

As at the LPD, Sunway GD Piling does not have any subsidiary and associated companies.

5.5.18 Sunway Precast Industries

Sunway Precast Industries was incorporated in Malaysia under the Act on 4 January 1992 as a private limited company. Sunway Precast Industries is principally involved in manufacturing precast concrete building components and undertaking of precast concrete building contracts. Sunway Precast Industries commenced operations in 2000.

As at the LPD, Sunway Precast Industries's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares		Par value RM	Amount RM
Authorised	Ordinary shares	4,400,000	1.00	4,400,000
	NCRPS	60,000,000	0.01	600,000
Issued and paid-up	Ordinary shares	2,500,001	1.00	2,500,001
	NCRPS	56,363,000	0.01	563,630

There have been no changes in the issued and paid-up share capital of Sunway Precast Industries for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Precast Industries.

As at the LPD, Sunway Precast Industries does not have any subsidiary and associated companies.

5.5.19 Sunway Construction Caribbean

Sunway Construction Caribbean was incorporated in the Republic of Trinidad and Tobago under the Companies Act, 1995 of Republic of Trinidad and Tobago and on 19 October 2004 as a private limited company. Sunway Construction Caribbean is currently a dormant company which has ceased operation.

5. INFORMATION ON OUR GROUP (CONT'D)

As at the LPD, Sunway Construction Caribbean's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares		Par value TTD	Amount TTD
Authorised	Common shares	10,000	-	-
	NCRPS	2,333,333,333	-	-
Issued and paid-up	Common shares	3	-	9,999

There have been no changes in the issued and paid-up share capital of Sunway Construction Caribbean for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Construction Caribbean.

As at the LPD, Sunway Construction Caribbean does not have any subsidiary and associated companies.

5.5.20 Sun-Block (Batang Kali)

Sun-Block (Batang Kali) was incorporated in Malaysia under the Act on 15 January 1998 as a private limited company. Sun-Block (Batang Kali) is currently a dormant company which has ceased operation.

As at the LPD, Sun-Block (Batang Kali)'s authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	100,000	1.00	100,000
Issued and paid-up	100	1.00	100

There have been no changes in the issued and paid-up share capital of Sun-Block (Batang Kali) for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sun-Block (Batang Kali).

As at the LPD, Sun-Block (Batang Kali) does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)

5.5.21 Sunway IBS

Sunway IBS was incorporated in Malaysia under the Act on 25 July 2003 as a private limited company. Sunway IBS is currently a dormant company which has ceased operation.

As at the LPD, Sunway IBS's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	1,000,000	1.00	1,000,000
Issued and paid-up	10	1.00	10

There have been no changes in the issued and paid-up share capital of Sunway IBS for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway IBS.

As at the LPD, Sunway IBS does not have any subsidiary and associated companies.

5.5.22 Sunway Construction (S)

Sunway Construction (S) was incorporated in Singapore under the Companies Act, (Chapter 50) of Singapore on 24 December 1994 as a private limited company. Sunway Construction (S) is currently a dormant company which has ceased operation.

As at the LPD, Sunway Construction (S)'s issued and paid-up share capital is as follows:

Share capital	No. of shares	Par value SGD	Amount SGD
Issued and paid-up	2	-	2

There have been no changes in the issued and paid-up share capital of Sunway Construction (S) for the past three years up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in Sunway Construction (S).

As at the LPD, Sunway Construction (S) does not have any subsidiary and associated companies.

5. INFORMATION ON OUR GROUP (CONT'D)**5.6 Jointly Controlled Entity of Sunway Engineering****IJM Sunway**

IJM Sunway was incorporated in Malaysia under the Act on 13 May 2015 as a private limited company. IJM Sunway is principally involved in investment holding.

As at the LPD, IJM Sunway's authorised and issued and paid-up share capital are as follows:

Share capital	No. of shares	Par value RM	Amount RM
Authorised	400,000	1.00	400,000
Issued and paid-up	2	1.00	2

There have been no changes in the issued and paid-up share capital of IJM Sunway since its incorporation up to the LPD.

As at the LPD, there are no outstanding warrants, options, convertible securities or uncalled capital in IJM Sunway.

As at the LPD, IJM Sunway does not have any subsidiary and associated companies.

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6. BUSINESS OF OUR GROUP

6.1 OVERVIEW AND HISTORY OF OUR BUSINESS

We are one of the largest construction companies in Malaysia, as well as the largest listed pure play construction company in Malaysia by revenue upon Listing, according to the IMR Report. We are an integrated construction company and through our subsidiaries, we are principally involved in the provision of building and civil/infrastructure construction services; provision of foundation and geotechnical engineering services; provision of mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products. Over the last three FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, we have derived our revenues primarily from Malaysia and Singapore. For the FYE 31 December 2014, the revenue contribution from Malaysia and Singapore was 86.4% and 13.6%, respectively.

Our building construction services comprises residential, commercial, institutional and purpose-built or specialty projects, while our civil/infrastructure construction services cover roads, highways and rail transportation infrastructure projects. Among our landmark building construction projects undertaken include key developments within Sunway Resort City, Kuala Lumpur Convention Centre, Legoland Malaysia Theme Park and Water Park, Pinewood Iskandar Malaysia Studios, the Afiniti Medini mixed development project in Iskandar Malaysia, major Government building projects in Putrajaya, Phase 1, Plot 1, Zone C of the Al-Reem Island project and Phase 1 A, Plot H of the Rihan Heights project, Abu Dhabi, UAE, as well as various HDB projects in Singapore.

Our past and present major civil/infrastructure construction projects include the SILK Highway, Package 3 of the Maju Expressway, Section 1B of the South Klang Valley Expressway, Klang Valley MRT Package V4 (viaduct guideway and associated works from Section 17 Petaling Jaya to Semantan Portal), LRT Package B (Kelana Jaya Line Extension), BRT-Sunway Line, Coastal Highway Southern Link, as well as seven highway projects in India.

As at 31 March 2015, our Group has an outstanding order book of approximately RM2.8 billion.

Our Group's history can be traced back to when SunCon officially commenced operations in 1981 as Sungei Way Quarry & Construction Sdn Bhd. The details of our history, segmented by our core principal activities and key supporting functions, are as follows:

6.1.1 Building and Civil/Infrastructure Construction Services

SunCon commenced operations in the early 1980s undertaking civil/infrastructure projects including road resurfacing, highway rehabilitation, and drainage and sewerage works. In 1989, SunCon undertook the construction of the Langkawi Jetty awarded by the Ministry of Works in conjunction with the Commonwealth Heads of Government Meeting.

Thereafter, having acquired experience in various civil/infrastructure projects, SunCon began taking on larger and more prominent projects. SunCon successfully completed a dual-lane bridge which forms part of the Kuantan – Gambang Highway, a bridge at Pulau Lumut, Klang and the upgrading and widening of a 122 km portion of the Kuantan – Segamat Highway.

6. BUSINESS OF OUR GROUP (CONT'D)

SunCon completed its first commercial building project in the late 1980s, being the Highway Centre, which became the headquarters for Sunway Group at that time. In 1988, SunCon was appointed as the main contractor for the development of Bandar Sunway, a township in Petaling Jaya, Selangor, which involved the conversion of an exhausted mining area into an integrated township comprising residential, commercial, industrial and recreational developments. SunCon's initial projects in Bandar Sunway comprised the construction of single-storey medium cost houses in 1989 and the first high rise commercial building in the township, Menara Sunway in 1991. In 1994, SunCon undertook the construction for Sunway Lagoon Resort Hotel, and in 1997, completed the construction of the Sunway Pyramid Shopping Mall. In 1999, SunCon completed and delivered its first medical centre building, the Sunway Medical Centre in Bandar Sunway. Over the course of the next decade, SunCon continued to build key developments in the township including Pyramid Tower Hotel, Sunway Pyramid Shopping Mall Phase 2, Sunway Medical Center Phase 2, Monash University Malaysia Campus and Sunway Pinnacle.

SunCon also continued to strengthen its design and build capabilities, and was awarded several major Government building construction projects in Putrajaya, namely buildings for Ministry of Finance, National Registration Department, Ministry of Entrepreneur and Cooperative Development, Ministry of Housing and Local Government and Ministry of Women, Family and Community Development between 2000 and 2007, as well as the construction of the Kuala Lumpur Convention Centre in 2002.

Concurrently, SunCon had expanded its civil/infrastructure project portfolio in the 1990s with projects such as the main access road to West Port, Pulau Lumut, awarded in 1990 at a contract sum of RM36.1 million, and the Jalan Damansara highway works awarded in 1992, which had a turnkey contract value of RM26.8 million. In 1997, SunCon undertook the design and construction of KLIA's long term car park and rental depot at a contract value RM41.0 million. During that year, we also undertook the design and execution of short term car parks at KLIA for a contract sum of RM171.4 million. In 2001, SunCon entered into a RM1.0 billion turnkey design and build contract for the Kajang Dispersal Ring Road, now known as the SILK Highway. This was SunCon's largest turnkey civil/infrastructure project at that time.

Since 2011, SunCon has also been actively involved in construction activities in the southern region of Malaysia following the announcement of the Iskandar Malaysia masterplan which aims to strengthen the economy of the state of Johor. In March 2011, SunCon commenced the construction of Package 4 of Legoland Malaysia Theme Park with an awarded contract sum of RM258.0 million. In September 2011, SunCon further secured a project for the construction of an integrated media studio facility known as Pinewood Iskandar Malaysia Studios in a contract worth RM308.9 million. Subsequently in 2012, SunCon was awarded the contract to design and construct Package 11 of the Legoland Water Theme Park for a contract sum of RM45.0 million. In 2013, SunCon further undertook a contract for the development of Afiniti Medini mixed development project at a contract sum of RM282.9 million.

6. BUSINESS OF OUR GROUP (CONT'D)

SunCon was awarded two landmark infrastructure jobs by Syarikat Prasarana Negara Berhad, where in 2011, SunCon secured the construction of the LRT Package B (Kelana Jaya Line Extension), involving facilities work along a 8.1 km route from Persiaran Kewajipan in Subang Jaya to Putra Heights in a contract valued at RM569.0 million, and following that, in 2013, SunCon was awarded with the design and construction of guideway, halts, depot, and Park 'n' Ride facilities for the BRT-Sunway Line for a contract sum of RM452.5 million. In 2014, SunCon was awarded with a contract for the design, construction, testing and completion of the Coastal Highway Southern Link in Johor for a contract value of RM169.9 million.

The largest job currently being undertaken by SunCon is the Klang Valley MRT Package V4, involving the construction of a viaduct guideway and other associated works from Section 17, Petaling Jaya to Semantan Portal for a contract sum of RM1.17 billion.

6.1.2 Manufacturing and Sale of Precast Concrete Products

On 4 January 1992, Sunway Precast Industries was incorporated as Aktiviti Setia (M) Sdn Bhd to produce and deliver precast products such as architectural facade systems, decorative balustrades and panels, flooring systems, and infrastructural components. Aktiviti Setia (M) Sdn Bhd subsequently adopted its present name on 21 July 1993. Sunway Precast Industries became our wholly-owned subsidiary on 20 February 2006. Sunway Precast Industries was involved in the supply and installation of precast concrete products for 2,200 units of teachers' quarters in Kuala Lumpur, Selangor and Pahang in 1999.

Sunway Concrete Products (S) was incorporated on 16 December 1994 to tap into the commercial and residential development sector in Singapore. Since its inception, Sunway Concrete Products (S) has been supplying precast concrete products to various HDB projects in Singapore. In 2008, Sunway Concrete Products (S)'s growth accelerated as it commenced the manufacture and supply of precast concrete products to the Sunway Group's joint venture property developments in Singapore which included DBSS public housing projects such as City View @ Boon Keng, The Peak @ Toa Payoh and Lake Vista @ Yuan Ching. Following on from the success of these projects, Sunway Concrete Products (S) continued to build upon its base of customers comprising mainly of contractors for HDB projects in Singapore.

6.1.3 Mechanical, Electrical and Plumbing Services

On 27 April 1995, Sunway Engineering was incorporated to deliver mechanical, electrical and plumbing services. In collaboration with SunCon, Sunway Engineering has delivered mechanical, electrical and plumbing services for projects including the Kuala Lumpur Convention Centre and Traders Hotel Kuala Lumpur, Monash University Malaysia Campus, Zuellig Pharma warehouse, Menara Bintang Goldhill, the Ministry of Housing and Local Government building, the Ministry of Women, Family and Community Development building, Spirit Aerosystems Manufacturing Facility, Putrajaya Gas District Cooling Plant, Bio-XCell Central Utilities Facility and Pasar Seni MRT Station.

6. BUSINESS OF OUR GROUP (CONT'D)

6.1.4 Foundation and Geotechnical Engineering Services

On 17 December 1996, Sunway Pipe Pro Sdn Bhd was incorporated to carry out foundation and geotechnical engineering services. Sunway Pipe Pro Sdn Bhd adopted the name Sunway Piling Sdn Bhd on 18 August 2003 and subsequently changed to its present name Sunway Geotechnics (M) on 11 January 2008 to reflect its position as a specialist foundation and geotechnical engineering contractor.

Since its inception, Sunway Geotechnics (M) has successfully completed a myriad of projects and has continuously grown its credentials, by supporting SunCon's projects as well as external clients.

The establishment of Sunway Precast Industries, Sunway Concrete Products (S), Sunway Engineering and Sunway Geotechnics (M) has allowed our Group to strengthen our construction capabilities, and more importantly, position ourselves as a reputable integrated service provider, encompassing all aspects of construction services from project design to completion. Our Group is also further strengthened by our machinery and logistics support unit via our subsidiary, Sunway Machinery.

6.1.5 Machinery and Logistics Support

On 4 June 1996, SWC Machinery Sdn Bhd was incorporated to provide machinery and logistics services to support our building and civil/infrastructure construction services operations. SWC Machinery Sdn Bhd assumed its present name Sunway Machinery on 5 June 2006.

During its early years, Sunway Machinery operated from a 4,800 m² workshop in Bandar Sunway. As at the LPD, Sunway Machinery operates from a 62,769.9 m² fully-equipped workshop with yard facilities situated in Batang Kali and Subang Jaya, Selangor, comprising 43,559.6 m² and 19,210.4 m² respectively.

Our track record and integrated construction abilities have enabled us to bid for projects outside Malaysia and create an international presence over the last decade.

6.1.6 International Expansion

Our Group's international foray began in 1999 when we completed the provision of construction management services for a 960 MW combined-cycle power plant project in Hai-Fu, Taiwan. This was followed by our venture into India in 2001 and over the period of 2001 and 2007, we have been awarded seven contracts for highway construction by the NHAI, collectively amounting to approximately Rs.4.8 billion (equivalent to approximately RM276.0 million⁽¹⁾) in contract value. In 2005, we expanded our geographical presence to the Caribbean region where we undertook the construction of the Ministry of Legal Affairs Tower in Trinidad and Tobago.

6. BUSINESS OF OUR GROUP (CONT'D)

In 2006, our Group participated in a consortium of four Malaysian contractors to undertake the design, execution and completion of Phase 1, Plot 1, Zone C of the Al-Reem Island project in Abu Dhabi, UAE with the project consisting of five residential towers together with an associated podium and seven villas for a total contract value of AED1.3 billion (equivalent to approximately RM1.3 billion⁽²⁾). In 2008, we undertook our single largest project to-date where, together with our Abu Dhabi joint venture partner, we secured an AED1.9 billion (equivalent to approximately RM1.9 billion⁽²⁾) project for the construction of Phase 1 A, Plot H of the Rihan Heights project, an upmarket residential development in Abu Dhabi, UAE.

Notes:

- (1) Based on exchange rate of Rs.1.00 : RM0.0575 as at 29 May 2015. (Source: Bloomberg L.P.)
- (2) Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015. (Source: Bloomberg L.P.)

6.2 KEY MILESTONES, AWARDS AND RECOGNITIONS

Since the inception of operations, we have achieved multiple awards and recognition.

We are the only construction company to have won the Builder of the Year award at the MCIEA three times, in 2003, 2005 and 2013. We have also won the International Achievement Award at the MCIEA in 2010 and 2012.

Our projects have also consistently received high ratings from quality agencies such as the QLASSIC and SIRIM.

Our major projects are disclosed in Sections 6.3.1 and 6.3.2 of this Prospectus.

6.2.1 Key Milestones

Our key milestones since inception are set out below:

Year	Key milestones
1981	<ul style="list-style-type: none"> SunCon commenced active operations as Sungei Way Quarry & Construction Sdn Bhd
1984	<ul style="list-style-type: none"> Sungei Way Quarry & Construction Sdn Bhd changed its name to Sungei Way Construction Sdn Bhd
1992	<ul style="list-style-type: none"> Incorporated Sunway Precast Industries (incorporated as Aktiviti Setia (M) Sdn Bhd) for the manufacture and sale of precast concrete products
1994	<ul style="list-style-type: none"> Incorporated Sunway Concrete Products (S) for the manufacture and sale of precast concrete products

6. BUSINESS OF OUR GROUP (CONT'D)

Year	Key milestones
1995	<ul style="list-style-type: none"> Incorporated Sunway Engineering Sdn Bhd to deliver mechanical, electrical and plumbing services
1996	<ul style="list-style-type: none"> Sungei Way Construction Sdn Bhd converted its status from a private company to a public company and assumed the name of Sungei Way Construction Berhad Incorporated Sunway Machinery (incorporated as SWC Machinery Sdn Bhd) for machinery and logistics support Incorporated Sunway Geotechnics (M) (incorporated as Sunway Pipe Pro Sdn Bhd) to deliver foundation and geotechnical engineering services
1997	<ul style="list-style-type: none"> Public listing on the Main Board of the then Kuala Lumpur Stock Exchange SunCon certified ISO 9002:1994 compliant
1999	<ul style="list-style-type: none"> Sungei Way Construction Berhad changed its name to SunCon
2001	<ul style="list-style-type: none"> SunCon certified OHSAS 18001:1999 compliant
2002	<ul style="list-style-type: none"> SunCon upgraded certification to ISO 9001:2000 for the scope of design and construction services
2004	<ul style="list-style-type: none"> SunCon taken private by Sunway Holdings Incorporated Berhad, now known as Sunway Holdings Sdn Bhd
2009	<ul style="list-style-type: none"> Implemented VDC SunCon upgraded certifications to ISO 9001:2008 and OHSAS 18001:2007 SunCon certified ISO 14001:2004 compliant
2010	<ul style="list-style-type: none"> Launched internal quality commitment initiative, "Journey Towards Total Quality Management"

6.2.2 Key Awards and Recognitions

Set out below are the key awards and recognitions achieved by our Group:

Year	Key awards and recognitions
1992	<ul style="list-style-type: none"> Won Prime Minister's Golden Hands Award at Annual National Skills Competition 1992
1994	<ul style="list-style-type: none"> Won Prime Minister's Golden Hands Award at Annual National Skills Competition 1994
1997	<ul style="list-style-type: none"> Won Prime Minister's Golden Hands Award at Annual National Skills Competition 1997

6. BUSINESS OF OUR GROUP (CONT'D)

Year	Key awards and recognitions
1998	<ul style="list-style-type: none"> • Won the International Federation of Asian and Western Pacific Contractors' Association Gold Medal Award
2000	<ul style="list-style-type: none"> • Received MSOSH Gold Award for the Year 2000 for the Construction Sector
2001	<ul style="list-style-type: none"> • Received Overall Team Champion and Winner of the Minister of Works Challenge Trophy in Malaysian Construction Skill Competition 2001 organised by CIDB
2003	<ul style="list-style-type: none"> • Won Builder of the Year at MCIEA 2003
2005	<ul style="list-style-type: none"> • Won Builder of the Year at MCIEA 2005 • Won National Occupational Safety and Health Excellence Award 2005
2006	<ul style="list-style-type: none"> • Won Major Scale Building Project Award for Kuala Lumpur Convention Centre and Chief Executive Officer of the Year Award
2008	<ul style="list-style-type: none"> • Won MCIEA Award 2008 in the Information and Communication Technology category
2009	<ul style="list-style-type: none"> • Won the Grade G7 Contractor Award at MCIEA 2009 • Won National Award of Management Accounting 2009 • Presented MSOSH Gold Class II Award 2009 for project Parcel 17, Ministry of Housing and Local Government and Ministry of Women, Family and Community Development, Putrajaya by The Malaysian Society for Occupational Safety and Health
2010	<ul style="list-style-type: none"> • Sunway Geotechnics (M) won Best OSH in Piling and Geotechnics Award by Malaysian Occupational Safety and Health Professional's Association • Awarded Export Excellence Award (Services) 2010 by Ministry of International Trade and Industry • Won Special Mention Award in International Achievement Category at MCIEA 2010 • Won Malaysia Business Award 2010 for Most Promising Contractor in the Middle East • Sunway Concrete Products (S) ranked as a Singapore 1000 Company 2010 by DP Information Group
2011	<ul style="list-style-type: none"> • Awarded Export Excellence Award (Services) 2010 by the MITI • Sunway Concrete Products (S) ranked as a Singapore 1000 Company – Emerging 2011 by DP Information Group • Achieved 4 Star Ratings for Safety and Health Assessment System in Construction for Parcel 7 and 8 Phase 2 Package A, Putrajaya, and The Everly Hotel Putrajaya

6. BUSINESS OF OUR GROUP (CONT'D)

Year	Key awards and recognitions
2012	<ul style="list-style-type: none"> Achieved 85% Score in QLASSIC for Impiana KLCC Hotel extension project Won International Achievement Award for the construction of Phase 1 A, Plot H of the Rihan Heights project, Abu Dhabi, UAE, at MCIEA 2012 Sunway Concrete Products (S) ranked as a Singapore 1000 Company 2012 by DP Information Group
2013	<ul style="list-style-type: none"> Won Builder of the Year at MCIEA 2013 Awarded Prominent Player Award in recognition of Tan Sri Jeffrey Cheah at MCIEA 2013 Won Chief Executive Officer of the Year Award in recognition of Kwan Foh Kwai at MCIEA 2013 Won SIRIM Quality Award (Organisation Category)
2014	<ul style="list-style-type: none"> Sunway Engineering won The Electrical and Electronics Association of Malaysia Best Contractor Award 2014 for Industrial Category Achieved 5 Star Ratings for Safety and Health Assessment System in Construction for project Klang Valley MRT Package V4, viaduct guideway and associated works from Section 17 Petaling Jaya to Semantan Portal Awarded Industry Excellence Award (Services) by Ministry of International Trade and Industry
2015	<ul style="list-style-type: none"> Won IEM Award for Contribution to Engineering Industry in Malaysia 2015 at IEM's 56th Annual Dinner and Awards Night Sunway Engineering achieved five – star SCORE rating for the year 2015 under CIDB's SCORE Programme

6.3 PRINCIPAL ACTIVITIES

We are an integrated construction services company, with the capabilities to provide integrated services and products across different phases of construction, from project design to completion. We are principally engaged in the following:

- (i) provision of construction services, comprising:
 - (a) building and civil/infrastructure construction services;
 - (b) foundation and geotechnical engineering services;
 - (c) mechanical, electrical and plumbing services;
- (ii) manufacturing and sale of precast concrete products in Malaysia and Singapore; and
- (iii) investment holding.

6. BUSINESS OF OUR GROUP (CONT'D)

Our integrated business allows us to optimise resources across our different business units and provide customers with integrated solutions from initial planning and design, feasibility studies and surveys, project management, construction, construction supervision, and machinery and logistics. Our provisions of foundation and geotechnical engineering services; mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products business complete our service offering as an end-to-end total construction solutions provider.

We are also supported by a large fleet of construction machinery and equipment under our machinery and logistics unit. From FYE 31 December 2012, as a result of an internal restructuring, our machinery and logistics unit began focusing primarily on meeting the internal machinery needs of our construction services business. Rental of machinery and equipment to third party customers only take place occasionally in instances of excess and/or idle capacity.

For the FYE 31 December 2014, we have invested in 22 boring rigs, 23 hydraulic excavators, 16 tower cranes, five launching girders and 13 crawler cranes. We have also invested in approximately 30,000 m² of system formworks that enable faster construction times as well as allowing us to undertake multiple large-scale projects concurrently.

As at 31 March 2015, our Group has an outstanding order book of approximately RM2.8 billion comprising a mix of building and civil/infrastructure construction services projects; foundation and geotechnical engineering services; mechanical, electrical and plumbing services; and manufacture and sale of precast concrete products.

Our construction services business is further strengthened by the use of design technology where our design capabilities are enhanced through the use of VDC, a computer-aided design and modelling technology covering all aspects of design, build and project management. Please refer to Sections 6.14 and 6.15 of this Prospectus for further information on VDC.

6.3.1 Provision of Construction Services

Our construction services business, primarily focusing on building and civil/infrastructure construction services covers all types of residential, commercial, institutional, purpose-built or specialty buildings, and infrastructure, including but not limited to, the following:

Civil/ Infrastructure	Building – Residential	Building – Commercial / Institutional	Building – Purpose-built or specialty
<ul style="list-style-type: none"> • Highways and bridges • Airports and runways • LRT • BRT • MRT 	<ul style="list-style-type: none"> • Condominiums/ service apartments • Houses and villas 	<ul style="list-style-type: none"> • Office towers • Resorts and hotels • Shopping malls • Government buildings • Universities 	<ul style="list-style-type: none"> • Convention centres • Theme parks • Film studios • CUF • Hospitals

6. BUSINESS OF OUR GROUP (CONT'D)**(i) Building and Civil/Infrastructure Construction Services**

We offer integrated services from project design to construction completion for residential, commercial and institutional building projects of varying sizes, scales and complexities. We are also a major provider of civil/infrastructure construction services, where we have participated in many roads, highways and rail transportation infrastructure projects over the last 30 years. Our clients in Malaysia include private sector companies, public listed companies, government-linked corporations and agencies under the Federal and State Governments in Malaysia, concessionaires and infrastructure project companies.

We also offer our services to foreign customers, and have undertaken several large building and civil/infrastructure construction services projects in Singapore, India and the UAE.

As at the LPD, our major completed building and civil/infrastructure construction services projects in Malaysia include:

Project	Client	Contract period	Value (RM'000)
Menara Sunway, Phase 1, Bandar Sunway, Selangor	Bandar Sunway Sdn Bhd	November 1991 – July 1993	34,239
KTM Package 2, Kuala Lumpur-Port Klang, Kuala Lumpur-Rawang, Kuala Lumpur-Seremban	Panzana Enterprise Sdn Bhd	May 1992 – May 1994	63,331
KTM Package 1, Kuala Lumpur-Port Klang, Kuala Lumpur-Rawang, Kuala Lumpur-Seremban	Bumi Teraju Development Sdn Bhd	May 1992 – June 1994	67,531
Menara Sunway, Phase 2, Bandar Sunway, Selangor	Menara Sungei Way Sdn Bhd	November 1993 – August 1994	21,700
Sunway Lagoon Resort Hotel, Bandar Sunway, Selangor	Sunway Resort Hotel Sdn Bhd	March 1994 – January 1996	161,537
Sunway Pyramid Shopping Mall, Bandar Sunway, Selangor	Bandar Sunway Bhd	March 1995 – November 1996	209,001
KLIA short term car park, Sepang, Selangor	Malaysia Airports Berhad	September 1996 – September 1997	171,368

6. BUSINESS OF OUR GROUP (CONT'D)

Project	Client	Contract period	Value (RM'000)
Office block, Plaza Pantai, Taman Bukit Pantai, Kuala Lumpur	Atlas Corporation Sdn Bhd	March 1997 – December 1998	238,520
Office block, Maybank, Bangsar, Kuala Lumpur	Pertama Enterprise Sdn Bhd	July 1998 – December 1999	133,230
Teachers' quarters in Kuala Lumpur, Selangor and Pahang	Encorp Construct Sdn Bhd	June 1999 – August 2000	188,045
Toll plaza for SILK Highway, Klang Valley	Sistem Lingkaran Lebuhraya Kajang Sdn Bhd	August 1999 – December 2000	74,200
Ministry of Finance building, Putrajaya	Putrajaya Holdings Sdn Bhd	February 2000 – December 2001	138,900
National Registration Department and Ministry of Entrepreneur and Cooperative Development buildings, Putrajaya	Putrajaya Holdings Sdn Bhd	April 2001 – September 2003	319,300
SILK Highway – turnkey contract for design, construction and maintenance, Klang Valley	Sistem Lingkaran Lebuhraya Kajang Sdn Bhd	August 2001 – April 2004	1,045,000
Pyramid Tower Hotel, Bandar Sunway, Selangor	Sunway City Berhad	November 2001 – April 2004	110,000
Kuala Lumpur Convention Centre, Kuala Lumpur	Kuala Lumpur Convention Centre Sdn Bhd	September 2002 – March 2005	549,300
Traders Hotel, Kuala Lumpur	Kuala Lumpur Convention Centre Sdn Bhd	March 2004 – December 2005	193,419
Kiara Hills, Taman Sri Hartamas, Kuala Lumpur	Sunway D'Mont Kiara Sdn Bhd	April 2004 – October 2005	147,378
Sunway Pyramid Shopping Mall Phase 2, Bandar Sunway, Selangor	Sunway Pyramid Sdn Bhd	February 2005 – April 2007	298,726

6. BUSINESS OF OUR GROUP (CONT'D)

Project	Client	Contract period	Value (RM'000)
Maju Expressway Package 3, Klang Valley	Leighton Contractors (M) Sdn Bhd	May 2005 – July 2007	165,000
Universiti Teknologi MARA Phase 1 major infrastructural works, Jeram, Selangor	U-Wood Resources Sdn Bhd	May 2005 – February 2009	181,000
Monash University Malaysia Campus, Bandar Sunway, Selangor	Sunway City Berhad	September 2005 – January 2007	119,228
Sunway Carnival Shopping Mall, Seberang Jaya, Penang	Sunway Carnival Sdn Bhd	December 2005 – June 2007	90,288
Zuellig Pharma Distribution Center, Bukit Jelutong, Selangor	Zuellig Pharma Sdn Bhd	December 2005 – September 2007	54,880
Solaris Dutamas (basement B1 to B7), Kuala Lumpur	Aston Star Sdn Bhd	August 2006 – January 2008	154,870
Sunway Medical Centre extension Phase 2, Bandar Sunway, Selangor	Sunway Medical Centre Bhd	March 2007 – January 2009	85,000
Spirit Aerosystems facility, Subang Jaya, Selangor	Malaysia Airports Holdings Berhad	September 2007 – November 2008	119,783
Ministry of Housing and Local Government and Ministry of Women, Family and Community Development buildings, Putrajaya	Putrajaya Holdings Sdn Bhd	September 2007 – January 2010	520,000
Remaining infrastructure works, Precinct 11, Putrajaya	Putrajaya Holdings Sdn Bhd	January 2008 – January 2009	109,630
South Klang Valley Expressway Section 1B, Klang Valley	MEB Construction Sdn Bhd	February 2008 – November 2009	263,576

6. BUSINESS OF OUR GROUP (CONT'D)

Project	Client	Contract period	Value (RM'000)
The Everly Hotel Putrajaya, Putrajaya	Putrajaya Holdings Sdn Bhd	October 2009 – October 2012	147,360
Impiana Hotel extension, Seksyen 57, Kuala Lumpur	Heritage Lane Sdn Bhd	April 2010 – November 2011	88,000
PML Dairies factory, Pulau Indah, Port Klang, Selangor	PML Dairies Sdn Bhd	July 2010 – July 2011	129,000
Gas District Cooling Plant, Putrajaya	Gas District Cooling (Putrajaya) Sdn Bhd	August 2010 – November 2011	42,000
Sunway Velocity Phase 1A, Seksyen 90, Kuala Lumpur	Sunway City Berhad	February 2011 – December 2013	209,600
Bio-XCell Biotechnology Park, Nusajaya, Johor	Malaysian Bio-XCell Sdn Bhd	February 2011 – May 2012	74,100
Universiti Teknologi MARA hostel, Jeram, Selangor	TRIpIc Industries Sdn Bhd and Haluan Prisma Sdn Bhd	February 2011 – January 2013	191,370
Legoland Malaysia Theme Park Package 4, Pulau, Johor	IDR Assets Sdn Bhd	March 2011 – June 2012	257,969
Pinewood Iskandar Malaysia Studios, Pulau, Johor	Iskandar Malaysia Studios Sdn Bhd	October 2011 – May 2013	308,900
Sunway Pinnacle, Bandar Sunway, Selangor	Sunway Pinnacle Sdn Bhd	March 2012 – December 2013	175,100
Legoland Water Theme Park, Pulau, Johor	IDR Assets Sdn Bhd	December 2012 – September 2013	44,989
LRT Package A piling works (Kelana Jaya Line Extension)	Syarikat Prasarana Negara Berhad	December 2013 – March 2014	27,828
Sunway University new academic block, Bandar Sunway, Selangor	Sunway Destiny Sdn Bhd	September 2012 – September 2014	203,917

6. BUSINESS OF OUR GROUP (CONT'D)

Project	Client	Contract period	Value (RM'000)
Sunway Putra Mall, Jalan Putra, Kuala Lumpur	Sunway REIT Management Sdn Bhd	May 2013 – March 2015	258,400

As at the LPD, our major completed building and civil/infrastructure construction services projects overseas include:

Project and location	Client	Contract period	Value (AED'000)	Value (RM'000) ⁽¹⁾
Phase 1, Plot 1, Zone C of Al-Reem Island, Abu Dhabi, UAE	Tamouh Investments LLC	October 2006 – April 2009	1,330,000	1,323,084
Phase 1 A, Plot H of Rihan Heights project, Abu Dhabi, UAE	Mubadala Capitaland Real Estate LLC	November 2008 – November 2010	1,875,000	1,865,250

Project and location	Client	Contract period	Value (Rs.'000)	Value (RM'000) ⁽²⁾
Belgaum Bypass, Karnataka, India	NHAI	June 2001 – December 2003	976,400	56,143
Roadworks Package 5-C, India	NHAI	September 2001 – March 2005	2,997,111	172,334
Dharwad - Belgaum Package 3, Karnataka, India	NHAI	April 2002 – October 2004	2,048,425	117,784
Grand trunk road, India	NHAI	April 2002 – April 2005	3,964,779	227,975
East – West Corridor roadworks, Rajasthan, India	NHAI	July 2005 – January 2008	2,866,500	164,824
East-West Corridor roadworks, Uttar Pradesh, India	NHAI	July 2005 – January 2008	4,148,800	238,556
Cochin Port connectivity, Vallarpadam, Cochin, India	NHAI	August 2007 – February 2010	3,294,606	189,440

6. BUSINESS OF OUR GROUP (CONT'D)

Project and location	Client	Duration	Value	
			(TTD'000)	(RM'000) ⁽³⁾
Ministry of Legal Affairs Tower, Trinidad and Tobago	The Urban Development Corporation of Trinidad and Tobago	May 2005 – August 2007	368,903	213,041

Notes:

- (1) Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015. (Source: Bloomberg L.P.)
- (2) Based on exchange rate of Rs.1.00 : RM0.0575 as at 29 May 2015. (Source: Bloomberg L.P.)
- (3) Based on exchange rate of TTD1.00 : RM0.5775 as at 29 May 2015. (Source: Bloomberg L.P.)

As at the LPD, our current major ongoing building and civil/infrastructure construction services projects in Malaysia include:

Project and location	Client	Contract period	Value	
			(RM'000)	
LRT Package B (Kelana Jaya Line Extension)	Syarikat Prasarana Negara Berhad	October 2011 – June 2015	569,000	
Klang Valley MRT Package V4, Section 17 Petaling Jaya to Semantan Portal	MMC Gamuda KVMRT (PDP) Sdn Bhd	June 2012 – January 2016	1,172,750	
BRT – Sunway Line, Selangor	Syarikat Prasarana Negara Berhad	March 2013 – June 2015	452,523	
Sunway Velocity Shopping Mall, Kuala Lumpur	Sunway Velocity Mall Sdn Bhd	March 2013 – December 2015	349,711	
KLCC North East Car Park, Kuala Lumpur	Cititower Sdn Bhd	July 2013 – December 2016	304,000	
KLCC Package II, Kuala Lumpur	Cititower Sdn Bhd	July 2013 – February 2015*	222,000	
Sunway Pyramid Phase 3, Bandar Sunway, Selangor	Sunway Pyramid Hotel Sdn Bhd	April 2013 – September 2015	192,630	
Afiniti Medini mixed development project, Iskandar Malaysia, Johor	Pulau Indah Ventures Sdn Bhd	September 2013 – October 2015	282,908	

6. BUSINESS OF OUR GROUP (CONT'D)

Project and location	Client	Contract period	Value (RM'000)
Citrine mixed development, Sunway Iskandar, Johor	Sunway Iskandar Sdn Bhd	January 2014 – March 2017	212,800
Sunway Medical Centre Phase 3A and 3B	Sunway Medical Centre Sdn Bhd	May 2014 – March 2017	166,629
Sunway Geo Retail and Flexi Suites, Sunway South Quay, Bandar Sunway, Selangor	Sunway South Quay Sdn Bhd	June 2014 – June 2016	152,500
Coastal Highway Southern Link, Johor	SJIC Bina Sdn Bhd	January 2015 – January 2017	169,862

Note:

* Pending supplementary agreement from the client due to extension of project scope to include a neighbouring lot as requested by the client.

(ii) Foundation and Geotechnical Engineering Services

We offer foundation and geotechnical engineering services to our Group's internal construction projects and as stand-alone services to external clients. Our Group's principal foundation and geotechnical engineering services cover all types of building such as residential, commercial, institutional, purpose-built or specialty buildings, and civil/infrastructure construction projects, which comprise the following core services:

- piling solutions including bored piles; and
- earth retaining systems.

(a) Bored Piles

Bored piling is piling work to carry heavy loads from structures, where it involves boring and the simultaneous removal of soil from the ground to form a circular hole through the use of an excavating tool consisting of either a mechanical rotary rig mounted on a crawler crane or a hydraulic drilling rig. Different tools are utilised depending on the various soil conditions.

Large diameter bored piles are developed principally to cope with higher structural loads. Bored piling activities also generate less noise and vibration compared with the traditional driven piling method where the pile is driven into the ground by means of a pile driver.

6. BUSINESS OF OUR GROUP (CONT'D)**(b) Earth Retaining Systems**

Retaining walls are structures that restrain soil to unnatural slopes, and are used to bound soils between two different elevations often in areas of terrain possessing undesirable slopes or in areas where the landscape needs to be shaped severely and engineered for more specific purposes like basement construction and hillside slope protection. A retaining wall is a structure designed and constructed to resist the lateral pressure of soil when there is a desired change in ground elevation that exceeds the angle of repose of the soil.

Our Group's earth retaining systems include, but are not limited to, contiguous bored pile walls, diaphragm walls and steel sheet piled walls.

As at the LPD, our major completed foundation and geotechnical engineering services projects in Malaysia include:

Project and location	Client	Contract period	Value (RM'000)
Sunway Vivaldi, Mont Kiara, Kuala Lumpur	Sunway D'Mont Kiara Sdn Bhd	September 2007 – September 2008	42,814
MK28, Mont Kiara, Kuala Lumpur	Lucky Bright Star Sdn Bhd	July 2008 – May 2009	28,592
Menara Komtar, Jalan Tun Abdul Razak, Johor	Damansara Assets Sdn Bhd	December 2009 – May 2010	23,438
Sunway Pinnacle, Bandar Sunway, Selangor	Sunway City Berhad	May 2010 – November 2011	88,000
LaCosta, Bandar Sunway, Selangor	Sunway South Quay Sdn Bhd	January 2011 – September 2011	25,759
Sunway Nexis, Kota Damansara, Selangor	Sunway Damansara Sdn Bhd	January 2011 – January 2012	30,448
Sunway Pyramid Phase 3, Bandar Sunway, Selangor	Sunway Parking Management Sdn Bhd	February 2011 – July 2012	48,300
KL Trillion, Jalan Tun Razak, Kuala Lumpur	Perumahan SLG Central Sdn Bhd	April 2011 – September 2011	22,568
Z-Residence, Kuala Lumpur	Darul Dinasti Sdn Bhd	August 2011 – April 2012	22,800
Sunway University new academic block, Bandar Sunway, Selangor	Sunway Destiny Sdn Bhd	September 2011 – September 2012	34,000

6. BUSINESS OF OUR GROUP (CONT'D)

Project and location	Client	Contract period	Value (RM'000)
Tropicana Avenue, Persiaran Tropicana, Selangor	Tropicana Golf & Country Resort Berhad	January 2012 – January 2013	42,380
Sunway Velocity Shopping Mall, Kuala Lumpur	Sunway Velocity Mall Sdn Bhd	February 2012 – January 2014	179,000
Sunway Velocity main transmission intake building, Seksyen 90, Kuala Lumpur	Sunway Integrated Properties Sdn Bhd	July 2012 – July 2013	25,666
Tropicana Gardens, Persiaran Suria, Kota Damansara, Selangor	Tropicana Indah Sdn Bhd	August 2012 – December 2013	56,150

As at the LPD, our major ongoing foundation and geotechnical engineering services projects in Malaysia include:

Project and location	Client	Contract period	Value (RM'000)
Sunway Velocity Phase 3, Seksyen 90A, Kuala Lumpur	Sunway Integrated Properties Sdn Bhd	December 2011 – July 2014*	290,500
Mengkuang Dam expansion, Seberang Prai, Penang	Gerbang Kesuma Sdn Bhd	August 2012 – July 2016	47,250
Sunway South Quay Commercial Precinct 4, Bandar Sunway, Selangor	Sunway South Quay Sdn Bhd	November 2012 – June 2014*	81,806
Sunway Velocity tunneling, Section 90, Kuala Lumpur	Sunway City Sdn Bhd	January 2013 – July 2015	77,604
Sunway South Quay Commercial Precinct 3, Bandar Sunway, Selangor	Sunway South Quay Sdn Bhd	August 2013 – April 2015*	99,400

Note:

* Pending extension of time arising from changes in project design initiated by the client and difficult soil conditions.

6. BUSINESS OF OUR GROUP (CONT'D)**(iii) Mechanical, Electrical and Plumbing Services**

We provide mechanical, electrical and plumbing services to both our Group's internal construction projects and as standalone services to external clients. Our main services include:

- mechanical: ACMV, lift and escalator systems, fire systems, gas piping systems, and building monitoring and control system;
- electrical: high tension and low voltage electrical systems including transformers, main distribution boards and lighting systems; extra low voltage electrical systems including audio visual systems, smart home systems, closed-circuit televisions and security systems;
- plumbing: water plumbing, sanitary plumbing and irrigation systems; and
- specialised engineering: purpose-built CUF such as biomass and chilled water plants

As at the LPD, our major completed mechanical, electrical and plumbing services projects in Malaysia include:

Project and location	Client	Contract period	Value (RM'000)
Kuala Lumpur Convention Centre, Kuala Lumpur	SunCon	September 2002 – March 2005	183,382
Traders Hotel, Kuala Lumpur	SunCon	March 2004 – December 2005	77,367
Sunway Pyramid Shopping Mall Phase 2, Bandar Sunway, Selangor	SunCon	February 2005 – September 2007	56,857
Monash University Malaysia Campus, Bandar Sunway, Selangor	SunCon	September 2005 – January 2007	41,729
Sunway Carnival Shopping Mall, Seberang Jaya, Penang	SunCon	December 2005 – August 2007	21,498
Sunway Medical Centre Phase 2, Bandar Sunway, Selangor	SunCon	March 2007 – January 2009	26,964

6. BUSINESS OF OUR GROUP (CONT'D)

Project and location	Client	Contract period	Value (RM'000)
Pullman Hotel Block C (Package 4A), Precinct 5, Putrajaya	Luxabuilt Sdn Bhd	May 2008 – January 2009	11,660
Zon Flagship Cyberjaya office blocks, Cyberjaya	Fairway Terrace Construction Sdn Bhd	December 2009 – September 2010	9,600
PKT Logistics, One Logistics Hub, Section 32, Shah Alam, Selangor	Shin Evershendai Engineering Sdn Bhd	June 2010 – November 2010	8,280
Penang International Airport development and upgrading works, Penang	Malaysia Airports Holdings Berhad	January 2011 – October 2011	8,467
Chilled Water Reticulation Network And Energy Transfer Station, KLIA, Sepang, Selangor	TNB Engineering Corporation Sdn Bhd	August 2011 – August 2012	33,000
Sunway Putra Mall, Jalan Putra, Kuala Lumpur	SunCon	May 2013 – March 2015	55,100

As at the LPD, our major completed mechanical, electrical and plumbing services projects overseas include:

Project and location	Client	Duration	Value	
			(AED'000)	(RM'000)*
Phase 1 A, Plot H of Rihan Heights project, Abu Dhabi, UAE	Silver Coast – Sunway Innopave Joint Venture	January 2009 – October 2010	343,000	341,216

Note:

* Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015. (Source: Bloomberg L.P.)

6. BUSINESS OF OUR GROUP (CONT'D)

As at the LPD, our major ongoing mechanical, engineering and plumbing services projects in Malaysia include:

Project and location	Client	Contract period	Value (RM'000)
Pasar Seni MRT Station, Kuala Lumpur	MMC – Gamuda KVMRT (UGW) Joint Venture	October 2014 – December 2016	23,423
Gas District Cooling Plant II, Putrajaya	Gas District Cooling (Putrajaya) Sdn Bhd	March 2015 – September 2015	7,238

6.3.2 Manufacturing and Sale of Precast Concrete Products

We are an established manufacturer of precast concrete products, including IBS components, for residential, commercial and infrastructure development projects. We develop, design, manufacture and supply precast concrete products through our subsidiaries, Sunway Precast Industries and Sunway Concrete Products (S), with manufacturing plants located respectively in Senai, Johor, Malaysia and Tampines, Singapore.

Our subsidiary in Malaysia, Sunway Precast Industries, manufactures and supplies precast concrete products such as architectural facade panels, flooring systems, and infrastructural components, including household shelters, architectural facades, prefabricated toilets, lift wells and covers, roof fascia, precast walls and columns, and precast beams. We have been involved in major supply and installation of 2,200 units of teachers' quarters in Kuala Lumpur, Selangor and Pahang.

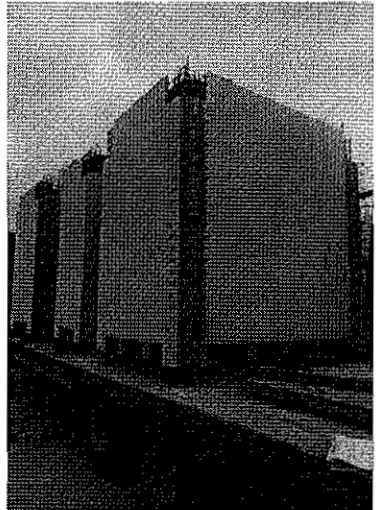
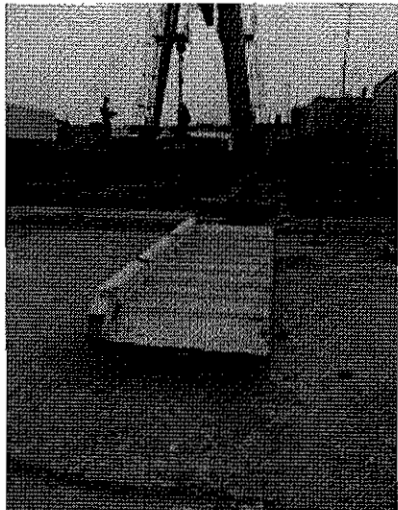
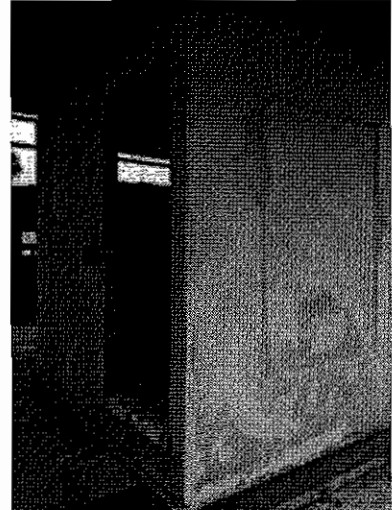
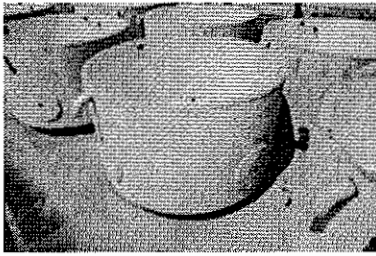
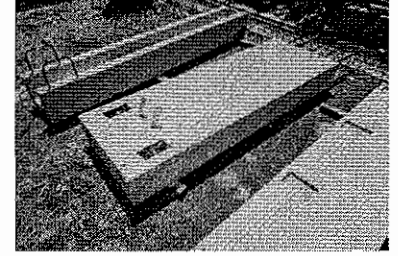
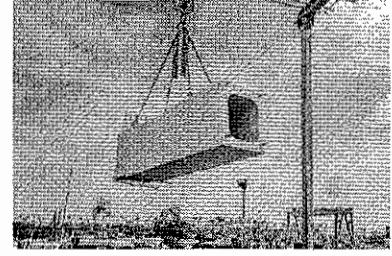
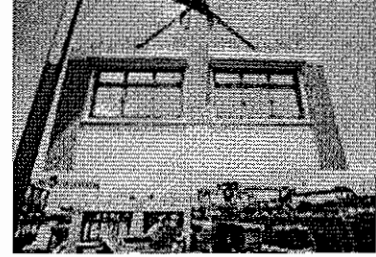


Our subsidiary in Singapore, Sunway Concrete Products (S), manufactures and supplies precast concrete products for the building sector in Singapore, primarily for the HDB public housing projects as well as for private sector development projects. We have also been involved as a supplier of precast IBS components for the DBSS HDB public housing projects and private development projects that are jointly developed by the Sunway Group.

We supply our precast concrete products primarily via main contractors who have been awarded main construction contracts from property developers. We act as sub-contractors to these main contractors, who undertake amongst others, the onsite assembly of precast concrete products. Main contractors may also undertake other construction activities such as earthworks, piling and mechanical, engineering and plumbing works.

6. BUSINESS OF OUR GROUP (CONT'D)

6.3.2.1 Our Precast Concrete Products

As at the LPD, our Group has manufactured and supplied precast concrete products primarily consisting of household shelters, architectural facades, prefabricated toilets, lift wells and covers, roof fascia, precast walls and columns, and precast beams. Our major precast concrete products are shown as follows:

<ul style="list-style-type: none"> Household shelters 	<ul style="list-style-type: none"> Residential / multi-storey car park staircase 	<ul style="list-style-type: none"> Prefabricated toilet 
<ul style="list-style-type: none"> Precast water tank 	<ul style="list-style-type: none"> Precast wall/column 	<ul style="list-style-type: none"> Refuse chute 
<ul style="list-style-type: none"> Facade 	<ul style="list-style-type: none"> Lift well and lift cover 	<ul style="list-style-type: none"> Precast beam 

6. BUSINESS OF OUR GROUP (CONT'D)

As at the LPD, we have completed the manufacture and supply of precast concrete products to the following major projects in Singapore:

Project and location	Client	Contract period	Value	
			(SGD'000)	(RM'000)*
DBSS @ Boon Keng	Straits Construction Co. (Pte) Ltd.	June 2008 – March 2010	22,838	62,122
Punggol East C20	Straits Construction Co. (Pte) Ltd.	June 2009 – August 2010	35,180	95,693
DBSS @ Toa Payoh	Straits Construction Co. (Pte) Ltd.	August 2009 – June 2011	54,500	148,245
Woodlands N5C21	Teambuild Engineering & Construction Pte Ltd	August 2010 – October 2011	21,810	59,325
Punggol West C19	China Jinye Engineering Corporation Limited (Singapore Branch)	September 2011 – June 2013	18,600	50,594
Bukit Merah RC37B	Fonda Global Engineering Pte Ltd	December 2011 – March 2013	18,000	48,962
Yishun N3C23	Straits Construction Singapore Pte Ltd	April 2012 – June 2013	34,871	94,853
Punggol West C23	Fonda Global Engineering Pte Ltd	May 2012 – September 2013	18,000	48,962
DBSS @ Yuan Ching	Straits Construction Singapore Pte Ltd	May 2012 – October 2013	19,522	53,102
Bukit Panjang N5C15	Master Contract Services Pte Ltd	September 2012 – January 2014	21,026	57,193

Note:

* Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015. (Source: Bloomberg L.P.)

6. BUSINESS OF OUR GROUP (CONT'D)

As at the LPD, we are involved in the manufacture and supply of precast concrete products for the following ongoing projects in Singapore:

Project and location	Client	Contract commencement	Value	
			(SGD'000)	(RM'000)*
Clementi N3C18B	Teambuild Engineering & Construction Pte Ltd	December 2012	19,500	53,042
Kallang Whampoa C23B	Singapore Piling & Civil Engineering Pte Ltd	December 2012	20,057	54,557
Punggol West C31	Progressive Builders Pte Ltd	March 2013	28,621	77,852
Sembawang N1C7 and 8	Right Construction Pte Ltd	November 2013	22,386	60,892
Bukit Merah RC53	Straits Construction Singapore Pte Ltd	December 2013	21,188	57,633
Bukit Merah C50	Straits Construction Singapore Pte Ltd	January 2014	30,607	83,254
Punggol West C36	Hi-Tek Construction Pte Ltd	February 2014	18,573	50,520

Note:

* Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015. (Source: Bloomberg L.P.)

6.4 COMPETITIVE STRENGTHS AND ADVANTAGES

We believe that our historical successes and future prospects are underpinned by our competitive strengths as follows:

6.4.1 We are one of the largest construction companies in Malaysia

According to the IMR, upon our Group's listing, we are one of the largest construction companies in Malaysia, as well as the largest pure play listed construction company in the country, based on our revenue of approximately RM1.9 billion in the FYE 31 December 2014. According to the IMR, a pure play construction player is a construction group and/or company that derives 90% or more of its revenue from construction and construction-related activities.

6. BUSINESS OF OUR GROUP (CONT'D)

Our Group's listing will further enhance our visibility in the construction sector in Malaysia as well as internationally, and provide access to local and international investors who favour investment exposure that capitalises on the growth in the construction sector. A pure play construction company would enjoy a greater correlation with any potential upswings in the construction industry and vice versa. As stated in the IMR Report, the construction industry in Malaysia is expected to enjoy a period of continued growth in the near future following the commencement of works such as the MRT Line 2 and several significant highway jobs.

In addition, as a pure play construction company, investors are assured that profits earned by the company will be mainly either returned to shareholders via dividends or reinvested in the construction business. There will be no uncertainties on how resources or capital might be allocated which may happen if we had other businesses like property or building materials. We believe investors value such focus in capital allocation which allows our management greater focus on our business. Such focus also allows our management to gain greater depth in their business and industry knowledge and to chart a firmer business direction for our Group.

6.4.2 We have an integrated business model providing end-to-end design and construction solutions

We provide a full range of integrated services and products across different phases of a project from project design to completion, and we support our design and build model with complementary services and products including foundation and geotechnical engineering services; mechanical, electrical and plumbing services; and manufacturing and supply of precast concrete products. Our integrated business model allows us to control the quality, cost and schedule of our projects, thereby helping us to improve overall build quality, reduce wastages and ensure timely project completion to maintain and enhance our profitability. In addition, our business has an operating scale that represents one of the largest in the construction industry in Malaysia, enabling us to maximise our economies of scale.

We have also implemented a series of best practices aimed at rationalising and consolidating management functions across our organisation, known as our Centres of Excellence, which will allow us to better realise synergies across our different business units to help improve operating efficiencies and maximise cost savings.

As an integrated construction company, we are well-positioned to bid for and undertake an expansive and varied portfolio of large and complex projects, including overseas opportunities in other emerging markets, allowing us to effectively diversify our operational risks and ensuring sustainable development of our Group.

6.4.3 We have diversified construction capabilities across various sub – segments of the construction sector

We are registered with the CIDB as a Grade '7' construction company, the highest classification accorded by CIDB, which allows us to tender for contracts of unlimited value. Further, our Certificates of Procurement of Government Work issued by CIDB entitles us to bid for Government and Government-related projects. Similarly in Singapore, we are registered with the BCA as a 'L6' contractor capable of undertaking precast concrete works of unlimited values.

6. BUSINESS OF OUR GROUP (CONT'D)

We own a diversified portfolio in the construction sector, allowing us to effectively diversify our operational risks. Our capabilities across the various sub – segments of the construction sector include infrastructure such as highways, bridges and rail transportation; residential such as houses, villas, and condominiums; commercial and institutional buildings such as office towers, shopping malls and government buildings; and purpose – built or specialty buildings such as convention centres, theme parks and CUFs.

The expertise and experience gained from the wide range of projects undertaken over the years allows our Group the flexibility to bid for contracts that yield higher profitability, which reduces the risk of relying on the performance of any one particular construction sub-segment. Coupled with our integrated business model and our diversified capabilities across various sub-segments of the construction sector, it makes us an end-to-end total construction solutions provider, while giving us the flexibility and robustness to react to changing market conditions.

6.4.4 We have an established and proven track record, including successful international experience

Over the last 30 years, we have completed a diverse range of projects including major infrastructure projects, landmark and iconic building projects, townships and mixed development projects, as well as specialist engineering projects. This experience has provided us with in-depth industry knowledge and strong technical capabilities. We have developed a diversified customer base and have achieved significant strides in the local construction industry, as well as expanded our business internationally. Please refer to Section 6.3 of this Prospectus for a list of our major projects, which showcases our proven construction track record.

We have laid the groundwork in positioning ourselves as a trusted and reliable construction services company through the successful delivery of building and civil/infrastructure projects for government and private clients domestically and internationally. Our established track record and project references in Malaysia and our international credentials will support our Group's future growth and ensure our continued sustainability. Please refer to Section 6.1.6 of this Prospectus for a write-up on the history of our international expansion.

6.4.5 We have strong brand recognition

We are a recognised player in the construction industry in Malaysia due to our proven operating history and established brand recognition over the years. Our brand name, "Sunway", has a heritage of over 30 years and is synonymous with Malaysia's construction industry. Our success in the construction sector has been recognised and rewarded with several awards and accolades, including:

- Builder of the Year at the MCIEA in 2003, 2005 and 2013;
- Prominent Player Award at the MCIEA in 2013;
- CEO of the Year at the MCIEA in 2006 and 2013;

6. BUSINESS OF OUR GROUP (CONT'D)

- International Achievement Award at the MCIEA in 2010 and 2012;
- Information Communication Technology Award at the MCIEA in 2008;
- Industry Excellence Award (Services) by Ministry of International Trade and Industry in 2014; and
- Five – star SCORE rating for the year 2015 under CIDB's SCORE Programme.

We have and will be able to continuously leverage on the "Sunway" brand when bidding for contracts locally and internationally. Through our proven success and brand heritage, we are well recognised as a reputable and trusted construction company.

6.4.6 We have strong synergies with our holding company, Sunway

As a major property company in Malaysia, Sunway generated revenues of approximately RM1.8 billion in the FYE 31 December 2014 from its property development and property investment divisions.

Over the years, our Group has constructed many of Sunway's key developments in Bandar Sunway including Sunway Pyramid Shopping Mall, Sunway Resort Hotel, Sunway Medical Center, Sunway University, and Sunway Pinnacle. In recent years, we have been involved in the construction of Sunway Velocity Phase 1A comprising service apartments and offices and Phase 2 comprising Sunway Velocity Shopping Mall. In Sunway Iskandar, we are currently undertaking the construction for Phase 1 of the Citrine mixed development project.

By retaining at least 51.0% stake in our Group, Sunway continues to maintain its interest in the business direction and financial performance of our Group. Sunway is in a position to provide bedrock orders to our Group, even in the eventuality of a downcycle in the construction sector. For each of its property projects, Sunway will usually invite contractors to tender for the construction works including our Company. Should our Company remain competitive, Sunway is in a position to award a reasonable amount of jobs to our Company annually even if there are no other jobs in the market. In addition, for selected strategic projects, Sunway may appoint our Company from the outset based on mutually agreed pricing and terms. Strategic projects include the construction of shopping malls, hospitals, education campuses, theme parks, office towers and hotels and resorts that are part of Sunway's township developments. It would be in Sunway's interest to keep such technical knowledge within the broader Sunway Group (comprising Sunway and our Group) to maintain competitive business advantage. Furthermore, these developments may include design inputs from Sunway's other business divisions as they are the ultimate users of these properties, hence our Group's involvement from the outset ensures that these projects progress as smoothly and seamlessly as possible, which may be more difficult to achieve if the projects involve external construction companies. In the past, our Group has built Sunway Pyramid Shopping Mall, Sunway Medical Center, Sunway University campus, Monash University Malaysia campus and Sunway Resort Hotel. Currently, our Group is also constructing Sunway Velocity Shopping Mall and Sunway Pyramid Phase 3 for Sunway. In Johor, it has also been strategic for Sunway to award its residential development, Citrine at Sunway Iskandar, to our Group to ensure timely completion. All transactions with Sunway will be in accordance with procedures established by our Group for recurrent related party transactions as set out in Section 10 of this Prospectus.

6. BUSINESS OF OUR GROUP (CONT'D)

For the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, our Group generated revenues of RM372.1 million, RM622.8 million and RM567.5 million respectively from the Sunway Group that comprised 25.7%, 33.9% and 30.2% of our Group's revenue for the respective financial periods. For the same financial years, our Group generated gross profit of RM47.8 million, RM66.8 million and RM137.9 million respectively from the Sunway Group that comprised 16.9%, 19.8%, and 34.9% of our Group's gross profit for the respective financial periods.

In turn, our Group offers Sunway a competitive advantage in property development by providing input on design optimisation and better assurance on quality and timeliness, if selected.

6.4.7 Our senior management and key management personnel have extensive experience in the construction industry

Our senior management and key management personnel have extensive management skills, operating experience and industry expertise. All of our key management personnel have substantial industry experience, and thus have intricate knowledge of the operations of our construction business. Please refer to Sections 8.2.2 and 8.4.2 of this Prospectus for the profiles of our Directors and key management personnel respectively.

Our senior management team has also spent a significant part of their careers at our Group, and thus has been instrumental in the growth and success of our business. Additionally, they each possess different functional expertise, and these complementary skills have been critical to the management efficiency of our Group.

Our management team is equipped with the critical industry knowledge required to take advantage of market opportunities, formulate sound business strategies, assess and manage risks, and implement measures relating to management, operations and production, all of which are expected to increase our overall profit and maximise shareholder value. We also have senior management personnel who have or are currently sitting on the board of directors of several industry associations.

The combination of our management and technical teams' collective experience and knowledge of the construction industry, together with our highly qualified employees, have been, and will continue to be, a solid foundation to our success. Our Group will continue its rapid growth under the leadership of our key management team.

6. BUSINESS OF OUR GROUP (CONT'D)

6.4.8 We are well positioned to capture attractive opportunities in the construction industry in Malaysia and Singapore

According to the IMR, the growth in the construction sector in Malaysia is underlined by its GDP value, where construction GDP has grown from approximately RM19.3 billion in 2009 to RM29.6 billion in 2013 at a CAGR of 11.3%, with its contribution to total national GDP having increased from 3.1% to 3.8% in the same period. In terms of value of projects awarded, the construction industry is expected to grow from an estimated RM130.7 billion in 2013 to RM191.1 billion in 2017 at a CAGR of 10.0%, mainly spurred by government driven infrastructure projects under the Economic Transformation Programme such as the Klang Valley MRT Project, High Speed Rail Project and LRT extension projects. The growth in the infrastructure construction industry will be further driven by initiatives in Budget 2015 that was announced on 10 October 2014, where a total of approximately RM75.0 billion worth of infrastructure projects have been earmarked to commence in 2015, as follows:

- Construction of the 59 km Sungai Besi – Ulu Klang Expressway at a total construction cost of RM5.3 billion;
- Construction of the 276 km West Coast Expressway from Taiping to Banting at a total construction cost of RM5.0 billion;
- Construction of the 47 km Damansara – Shah Alam Highway at a total construction cost of RM4.2 billion;
- Construction of the 36 km Eastern Klang Valley Expressway at a total construction cost of RM1.6 billion;
- Construction of the 56 km Second MRT Line from Selayang to Putrajaya at an estimated cost of RM23.0 billion;
- Construction of LRT 3 Project, which will link Bandar Utama to Shah Alam and Klang, at an estimated cost of RM9.0 billion; and
- Construction of the 1,663 km Pan – Borneo Highway comprising 936 km in Sarawak and 727 km in Sabah at a total construction cost of RM27.0 billion.

Revisions to Budget 2015 saw the Malaysian government allocating additional funds to assist citizens that were affected by the recent floods that hit Malaysia in late 2014. These measures include:

- The Government has provided an initial allocation of RM500.0 million for rehabilitation works and welfare programmes for flood victims. This is in addition to the existing allocation to the National Security Council, bringing the total to RM787.0 million; and
- Provision of RM893.0 million under Budget 2015 for flood mitigation projects.

6. BUSINESS OF OUR GROUP (CONT'D)

In addition, the Malaysian government launched five economic corridors during the 9MP in an effort to promote balanced economic development throughout the country. These corridors, namely the East Coast Economic Region, Northern Corridor Economic Region, Iskandar Malaysia, the Sarawak Corridor of Renewable Energy and the Sabah Development Corridor, have attracted committed investments, including investments in infrastructure development, of approximately RM53.4 billion as of 2013, of which an estimated 50.0% have been realised.

In May 2015, the Government tabled the 11MP (2016 – 2020) which outlined the nation's development expenditure until 2020. Under the 11MP, the construction sector is estimated to expand by 10.3% per annum during the 11MP period. This is attributed to continued civil engineering works and a growing residential subsector to fulfil the demand for housing, particularly from the middle-income group. Demand for affordable housing by the low-income group will also remain favourable, which will be supported by several Government initiatives, such as Program Perumahan Rakyat 1Malaysia ("PR1MA"), Rumah Idaman Rakyat and Rumah Mesra Rakyat. Other subsectors such as civil engineering and non-residential will remain robust in line with the development of major projects such as the Tun Razak Exchange, KL118 Tower, RAPID and the Pan-Borneo Highway.

The construction industry in Singapore, measured in terms of value of contracts awarded, grew from SGD22.5 billion in 2009 to SGD35.8 billion in 2013 at a CAGR of 12.3%. The Urban Redevelopment Authority of Singapore has introduced the Concept Plan 2011 and the Master Plan 2014 with aims to promote the social well-being and increase the standard of living in Singapore. Some of the identified projects under these plans include the Garden in a City project and the upgrading and construction of bus stops. In addition, the Healthcare 2020 Masterplan will continue to make healthcare more accessible to the citizens. More hospitals are in the midst of construction and are expected to commence operations within the next five years, including Ng Teng Fong General Hospital, Jurong Community Hospital and Sengkang General and Community Hospitals.

The Singapore government also has plans to continue to invest heavily on land transportation to upgrade and enhance the transportation infrastructure. The Land Transport Authority intends to increase the country's MRT network to 360 km by 2030, consisting of projects such as the Jurong Region line and Cross Island line as well as the Thomson line. Apart from that, there are also initiatives driven by the Singapore government to further develop the tourism industry in Singapore. The Singapore government through the Singapore Tourism Board aims to place emphasis in growing the tourism industry in Singapore. As such, it is expected that there will be greater focus on the development of new tourist destinations over the forecast period starting with the new Changi Terminal 4 airport.

As a major player in the construction sector, we are well positioned to capture opportunities in the sector, and our growth is expected to grow in tandem with the growth in the construction industry. Our integrated model and diversified portfolio make us competitively placed to derive benefits from this growth which will drive the long term sustainability of our Group.

6. BUSINESS OF OUR GROUP (CONT'D)

6.5 FUTURE PLANS AND BUSINESS STRATEGIES

We aim to strengthen our position as a competitive and progressive total construction solutions provider. The following strategies will help us to leverage on our strengths to capture future growth opportunities in Malaysia and Singapore, enhance our core competitiveness and maintain our industry position in Malaysia and Singapore.

6.5.1 Continue to enhance our leading position and increase our market share in Malaysia's construction industry

According to the IMR Report, we are one of the largest construction companies in Malaysia, with a market share of 2.2% in 2013 based on the total value of projects awarded to our Group in the FYE 31 December 2013 versus the total value of projects awarded in the construction sector during the same period. In 2013, the total value of construction projects awarded in Malaysia was registered at RM130.7 billion. During this same period, our Company was awarded projects amounting to RM2.9 billion, of which RM1.8 billion was secured from external customers and the remaining RM1.1 billion was secured from Sunway Group, and thereby garnered a market share of 2.2% in Malaysia. In the FYE 31 December 2014, we were awarded with RM758.3 million worth of projects in Malaysia. We plan to strengthen our leading position in Malaysia's construction industry by ensuring steady growth of our operations in the construction of large scale and complex building and civil/infrastructure projects, and we aim to increase our overall share of the domestic market.

According to the IMR, and as outlined in Section 6.4.8 of this Prospectus, the outlook of the construction sector in Malaysia remain strong, on the back of large government driven infrastructure projects including projects under the Economic Transformation Programme, initiatives announced in Budget 2015 and the revised Budget 2015, as well as developments within the economic growth corridors.

We intend to capture the opportunities created by these national development projects, expand our domestic market reach and select projects that generate higher profitability. The overall growth prospects in Malaysia will enable us to maintain strong growth and strengthen our leading position in the domestic building and infrastructure construction industry.

We will continue our focus on the construction industry in Malaysia where our growth prospects appear promising in both the private and public sectors on the back of the anticipated industry growth and announced construction projects. Specifically, we intend to focus on large scale and complex projects, which we believe will allow us to better deploy our design technology and provide integrated solutions across different phases of a project from project design to completion. We have achieved significant strides in the construction industry in Malaysia, where we have successfully completed several major landmark projects of varying complexities, and we are confident that we can leverage on this experience and successful track record to capitalise on the opportunities in the construction industry in Malaysia.

6. BUSINESS OF OUR GROUP (CONT'D)

To increase our market share and presence, we will also be facilitated by fully utilising our construction techniques, taking advantage of economies of scale, using our capital effectively and procuring advanced equipment and facilities while improving our construction technology and consolidating our Group's resources. Leveraging our advantages as an integrated construction company, we will continue to reinforce our leading position in the industry.

6.5.2 Maintain our presence in Singapore and expand our manufacture and sale of precast concrete business in Malaysia

In Singapore, precast IBS components are widely used in the construction industry. As a result, our precast concrete business has primarily focused in Singapore, where we have been involved in supplying precast components for HDB and private sector projects. With future anticipated growth in the construction industry in Singapore, we are well positioned to maintain our overall business and market presence in Singapore.

According to the IMR, the construction industry in Singapore is expected to remain robust, driven primarily by residential development. According to the IMR, residential development formed the largest proportion of construction activities in Singapore at 45.0% in 2013. This is due to the growing demand for residential development which has not been adequately met due to limited land space available in the country. Public residential development, more commonly known as HDB condominiums, is generally more popular amongst residents in Singapore as compared to private residential development, housing approximately 80.0% of the population in Singapore. This is reflected in the strong growth in the residential development sector in Singapore, which increased from SGD6.7 billion in 2009 to SGD16.1 billion in 2013 at a CAGR of 24.5%, based on value of contracts awarded.

To steer the precast industry towards raising productivity, Singapore's Building and Construction Authority ("BCA") developed a masterplan for the development of multi-storey and higher density Integrated Construction and Prefabrication Hubs ("ICPHs") with priority given to ICPH investors to secure land with 30-year lease term. Besides housing production and storage of precast concrete components, these ICPHs could be used for other suitable construction-related activities, such as prefabrication of components, storage and maintenance of formwork, storage and maintenance of construction plant, equipment and machinery, foreign workers dormitory, etc. Unique to Singapore, the ICPH is a highly-automated, multi-storey factory for producing precast concrete building elements such as staircases, plus volumetric modules such as bathrooms. This is part of BCA's initiative to introduce highly productive technology and mechanism into the construction industry. We have not decided whether we will invest to set up an ICPH in Singapore. If we do invest in the ICPH, it will solidify our position in the Singapore precast market with our increased efficiency and automation. However, even if we do not invest in the ICPH and is unable to renew our lease and secure a premise in Singapore, we will be able to supply to our customers in Singapore from our plants in Senai and/or our soon to be established plant in Sunway Iskandar.

6. BUSINESS OF OUR GROUP (CONT'D)

We also intend to grow our precast concrete business in Malaysia. With our track record and experience in precast IBS in Singapore, we intend to expand our presence in Malaysia by leveraging on the growth in the precast concrete market. We intend to expand our precast concrete operations to Sunway Iskandar in 2015, where we will be establishing a precast concrete production plant with nine production lines and total annual capacity of 93,150 m³. The construction of this plant will be carried out in two phases, where the first phase consisting of four production lines is targeted to commence commercial operations by February 2016 and have an annual production capacity of 41,400 m³. The second phase of construction will equip this plant with the remaining five production lines with an annual production capacity of 51,750 m³ and is targeted for commercial operations by August 2016. We intend to manufacture facades, parapets, air-conditioner ledges, walls, refuse chutes, service ducts, roof fascias, non-prestressed planks, beams, columns, and household shelters in this plant.

According to the IMR, the industry size for concrete products in Malaysia, based on estimated production volume, increased from 30.7 million MT in 2005 to 33.8 million MT in 2013 and subsequently 35.4 million MT in 2014, and is expected to grow to 39.1 million MT in 2017, with precast concrete products accounting for an average of approximately 23.7% annually of total concrete products. The IMR further expects the percentage contribution of precast concrete products to total concrete products to grow further as end-users become more aware of the advantages it holds over concrete. Moving forward, we intend to leverage on our experience built from our successful IBS business in Singapore for further penetration into the domestic IBS market. In addition, we also plan to promote the use of IBS components to projects planned by the property division of our holding company, Sunway.

The expansion of our precast business in Malaysia and Singapore will continue to enhance our Group earnings. Capitalising on 20 years of precast concrete experience, specifically in IBS components, we are strategically poised to gain further inroads into the precast market and strengthen our position as a major precast concrete industry player.

6.5.3 Expand our external income from foundation and geotechnical engineering services, and mechanical, electrical and plumbing services, to enhance our Group's revenue streams

Our foundation and geotechnical engineering services accounted for approximately 14.8% of our Group's total revenue in the FYE 31 December 2014. Our mechanical, electrical and plumbing services accounted for approximately 16.2% of our Group's total revenue in the FYE 31 December 2014.

While we have historically bundled our foundation and geotechnical engineering services; and mechanical, electrical and plumbing services, with our building and civil/infrastructure construction services to ensure that our clients benefit from engaging an integrated construction solutions provider, we also provide these as standalone services to external customers. As a result, these businesses generate revenues and profits independently, and have developed their own market presence in the construction industry. Evidence of our market presence include our respective Grade '7' licenses from CIDB for Sunway Geotechnics (M) and Sunway Engineering, the awards received by Sunway Geotechnics (M) and Sunway Engineering from various parties as listed in Section 6.2.2, as well as ISO certification obtained by Sunway Engineering. In addition, Sunway Geotechnics (M), by itself, has an outstanding order book of RM254.2 million as at 31 December 2014, which proves its ability to secure contracts on its own.

6. BUSINESS OF OUR GROUP (CONT'D)

We intend to expand within the foundation and geotechnical engineering services, and mechanical, electrical and plumbing services market segments by offering more standalone services to external customers. We expect opportunities to continue to emerge throughout Malaysia as a result of the continued growth in the construction sector, and we shall strive to increase our Group's revenue from these services by active bidding for opportunities in these segments.

In the foundation and geotechnical engineering services business segment, we intend to focus our efforts on large building and civil/infrastructure construction services projects, where we will be able to leverage on our in-house technical expertise as well as capitalise on our large fleet of 22 boring rigs and other foundation and geotechnical engineering services machinery and equipment.

As for the mechanical, electrical and plumbing services business segment, we plan to focus on purpose-built or specialty projects for external income, such as purpose-built CUFs. We will leverage on the experience and credentials gained from our successfully completed projects including the Putrajaya Gas District Cooling Plant and Bio-XCell Central Utility Facility, where we utilised our specialist engineering skills in the design and construction of chilled water systems, industrial wastewater treatment and industrial steam generation systems.

We will leverage on our capabilities and internal resources to expand our presence in these markets, and build upon our track record and industry reputation to secure new and more technically complex projects. By increasing our tendering activities in the foundation and geotechnical engineering services, and mechanical, electrical and plumbing services market segments, we will be in a position to further enhance our Group's overall revenue and profitability.

6.5.4 Increase our use of technology and automation efforts to further improve our core competitiveness

The core design technology that we use, namely the VDC, which is a combination of third-party software tools, will facilitate our ability to produce innovative designs and construction solutions, thereby meeting the demand of the construction sector and ensuring the continued development of our Group. The benefits of VDC includes 3D model visualisation of the building or structure, which becomes 4D when project scheduling is integrated, and becomes 5D with the integration of cost elements into the model. Please refer to Section 6.15 of this Prospectus for details on VDC.

We have successfully incorporated the 3D facet of VDC in our operations and have delivered several design and build projects such as Sunway Pinnacle, Sunway Pyramid Phase 3 and Sunway Velocity Phase 2 using 3D VDC. We are presently studying the application and deployment of 4D and 5D in our construction operations for implementation in 2015. The successful deployment of 4D and 5D VDC will thrust our Group into more advanced levels of operational efficiencies.

6. BUSINESS OF OUR GROUP (CONT'D)

Additionally, we also intend to intensify automation in our precast concrete business, specifically to study the adoption of automation of plant processes to increase productivity and optimise cost. In June 2010, the Government of Singapore announced an allocation of SGD250.0 million via the BCA Construction Productivity and Capability Fund to incentivise the mechanisation, upgrading of workforce skill level and capacity building of construction firms. We have previously leveraged SGD159,000 on this fund to increase plant automation and mechanisation. Moving forward, we expect to continue to improve the productivity and efficiencies in our precast concrete business by using internally generated funds.

6.5.5 Selectively pursue growth opportunities overseas and enter new markets

Our operations are primarily focused in Malaysia, contributing approximately 84.7%, 84.4% and 86.4% of our Group's revenue in the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 respectively. Our secondary market is Singapore which accounted for approximately 13.9%, 14.6% and 13.6% of our revenue in the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 respectively.

We will continually analyse demographic and other economic data to determine the regions and products in which we could most profitably expand our operations. We intend to progressively develop our market presence regionally in Southeast Asia, in both building and civil/infrastructure construction services. Our membership in the ASEAN Constructors Federation allows us open dialogues with our construction industry counterparts in the ASEAN countries to keep abreast of opportunities that are available in these markets. The construction industry in Southeast Asia is expected to witness growth in the coming years on the back of significant public investments in large-scale transportation infrastructure construction projects, private sector investment and overall economic development.

We will also continue to selectively expand our presence in the Middle East, in particular UAE. Our past international track record of successfully delivering projects in UAE and India will serve as strong testimonies of our capabilities as an integrated construction industry player and allow us to compete effectively for projects overseas. In particular, we will continue to work closely with our overseas project partners, with whom we have successfully delivered projects in the past, to explore and pursue opportunities in these markets.

6.5.6 Enhance profitability through effective, ongoing cost reduction initiatives

We plan to further increase our profitability through the following ongoing cost reduction initiatives:

- Improving cost structure from continued focus on technology upgrade and maintenance programs: We intend to continue to focus on improving and upgrading our operating facilities and technologies and streamlining our operational processes to achieve savings in design cost, construction cost, repair and maintenance costs, and other relevant operating costs.

6. BUSINESS OF OUR GROUP (CONT'D)

- Minimising exposure to raw material price volatility through various measures: To minimise our exposure to raw material price volatility, we plan to proactively seek ways to secure stable supply of raw materials as well as manage rising costs. We may enter into favourable supply contracts for key raw materials with certain suppliers that offer acceptable prices as well as leverage on bulk purchases.
- Improving capital structure to reduce financing cost: Upon our Listing, we will have direct access to the capital market, which will facilitate our efforts to continually improve our capital structure to fund our operations and capital investments in order to achieve additional cost efficiency and financial flexibility.
- Improving overall efficiency and productivity through TQM: Our Group-wide TQM initiative, focusing on quality, safety, health and the environment will help us drive and improve efficiencies and productivity over the long-term, with the overall aim of enhancing our margins.

6.6 PRINCIPAL MARKETS

Our Group's revenue by business segment and geographical is disclosed in Sections 11.2.2(i)(a) and 11.2.2(i)(c) of this Prospectus respectively.

6.7 MAJOR CUSTOMERS

Our major customers (being those contributing more than 10% of our total revenue) for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 were Putrajaya Holdings Sdn Bhd, IDR Assets Sdn Bhd, Iskandar Malaysia Studios Sdn Bhd, Syarikat Prasarana Negara Berhad and MMC Gamuda KVMRT (PDP) Sdn Bhd.

Our Group was engaged by these customers for the delivery of building and civil/infrastructure construction services projects in Malaysia, where specifically over the FYE 31 December 2012, FYE 31 December 2013, FYE 31 December 2014, we were involved in the following projects:

- Putrajaya Holdings Sdn Bhd – building construction services for The Everly Hotel Putrajaya, and civil/infrastructure construction services for Putrajaya Precinct 7 and Precinct 8;
- IDR Assets Sdn Bhd – building and civil/infrastructure construction services for Legoland Malaysia Theme Park Package 4 and Legoland Water Theme Park in Pulau, Johor;
- Iskandar Malaysia Studios Sdn Bhd – building and civil/infrastructure construction services as well as mechanical and electrical works for Pinewood Iskandar Malaysia Studios in Pulau, Johor;
- Syarikat Prasarana Negara Berhad – civil/infrastructure construction services for LRT Package B (Kelana Jaya Line Extension) and Package A piling works (Kelana Jaya Line Extension), and BRT – Sunway Line; and

6. BUSINESS OF OUR GROUP (CONT'D)

- MMC Gamuda KVMRT (PDP) Sdn Bhd – civil/infrastructure construction services for Klang Valley MRT Package V4, viaduct guideway and associated works from Section 17 Petaling Jaya to Semantan Portal.

The fluctuation in the percentages of revenue contribution amongst our customers varies from year to year as a result of the nature of our business being conducted on a project basis. We may not secure similar projects in terms of size and scope with the same customer every year.

We are not dependent on these customers as we have a wide customer base with whom we have established close business relationships. Besides the major customers mentioned above and the Sunway Group, our Group's construction services business had 18 other local customers comprising government-linked companies and private clients. In total, the major customers mentioned above, 18 other local customers and Sunway Group contributed to 100% of the revenue of our construction services business in Malaysia in the FYE 31 December 2014. Further, our Group's precast concrete business had 26 customers, all of whom are foreign private clients that contributed to 13.5% of the revenue of our precast concrete business in Singapore for the FYE 31 December 2014. These 18 other local customers of our construction services business and 26 customers of our precast concrete business are all external clients (i.e. not part of Sunway Group) and also exclude clients that have been named in the table below as our major customers. Collectively for our construction services and precast concrete businesses, we have had an average length of relationship of between four and five years with these customers.

The following are the revenue contributions from our major customers:

Major customer	Average length of relationship	FYE 31 December 2012		FYE 31 December 2013		FYE 31 December 2014	
		RM'000	%	RM'000	%	RM'000	%
Putrajaya Holdings Sdn Bhd	> 10 years	147,422	10.1	22,882	1.2	6,582	0.3
IDR Assets Sdn Bhd	5 years	183,452	12.6	60,525	3.3	-	-
Iskandar Malaysia Studios Sdn Bhd	4 years	109,984	7.6	186,249	10.1	34,892	1.9
Syarikat Prasarana Negara Berhad	4 years	81,658	5.6	281,453	15.3	420,741	22.4
MMC Gamuda KVMRT (PDP) Sdn Bhd	3 years	25,948	1.8	154,377	8.4	210,269	11.2

6. BUSINESS OF OUR GROUP (CONT'D)

6.8 MAJOR SUPPLIERS

We do not have major suppliers (being those contributing more than 10% of our total purchases) for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 respectively.

Our Group's purchases from our suppliers vary from year to year depending on the specific requirements of our projects. Our usual practice is to accept quotes and tenders from several suppliers and engage the services of those who are able to meet the project time schedule and can consistently provide favourable terms with regard to the quality of materials and services provided, reliability of service, and purchase terms and conditions.

6.9 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS

Our purchases comprise expenditure on raw materials, including building materials used for our business. The principal building materials we use are steel bars and ready-mixed concrete that comprised 42.2% and 26.0% respectively of our total purchases of raw materials for the FYE 31 December 2014.

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

Additionally, we engage our subcontractors for various labour-intensive works and specialist trade works as well as hire of plant and machinery. Although our Group is supported by a large fleet of machinery and equipment, it remains insufficient to meet our Group's total requirements, and as such, a substantial part of our Group's machinery and equipment needs are rented/leased from external third parties when required. The amount that we incur for third party machinery and equipment rental/lease fluctuates depending on the number of projects we have in progress. This is part of our management's deliberate strategy to ensure maximum utilisation of our own machinery and equipment to ensure that our Group is not burdened with carrying idle machinery and equipment in the event of a reduction in projects. However, for strategic reasons, our Group owns specialist machinery such as launch girders to ensure timely completion of projects. Please refer to Section 11.2.1(ii) of this Prospectus for further details on our costs.

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

We maintain long term relationships with most of our suppliers.

6. BUSINESS OF OUR GROUP (CONT'D)

The following are the major types of raw materials purchased by our Group:

Purchase category	FYE 31 December 2012		FYE 31 December 2013		FYE 31 December 2014	
	RM'000	% of total raw materials costs	RM'000	% of total raw materials costs	RM'000	% of total raw materials costs
Steel bars	96,328	39.6	136,193	43.0	128,827	42.2
Ready-mixed concrete	58,079	23.9	78,313	24.8	79,527	26.0
Repair and maintenance/ spare parts	4,706	1.9	16,279	5.2	10,453	3.4
Fuels and lubricants	9,494	3.9	20,927	6.6	19,894	6.5
Electrical/ cable/ lighting and accessories	4,110	1.7	5,419	1.7	2,658	0.9
Reinforced concrete pile/ pile joints/ pile shoes	7,948	3.3	-	-	4,413	1.5
Metal sheet plate/ sheet pile/ beam/ pipe	-	-	15,617	4.9	10,645	3.5
Wire mesh	27,257	11.2	-	-	23,013	7.5
Others*	35,332	14.5	43,647	13.8	25,872	8.5
Total	243,254	100.0	316,395	100.0	305,302	100.0

Note:

* 'Others' include steel mesh, cement, walcrete, survey equipment, pipe and fittings, hardware, form work/ form tie/ scaffolding, precast concrete components and moulds.

6. BUSINESS OF OUR GROUP (CONT'D)

6.10 PROCESS FLOW OF SERVICE DELIVERY
(i) Building and Civil/Infrastructure Construction Services

The main activities that take place when we offer our building and civil/infrastructure construction services for commercial and infrastructure development projects are:

(a) Tenders

We participate in tenders either via direct or indirect invitations, where indirect invitations refer to tender postings in the media. In selected cases, we are required to complete a pre-qualification exercise before participating in the tender exercise. Our tender department is responsible for preparing the proposal and costing for the tender, and will collaborate with other departments in our Group in completing the submission. The completed proposal and tender documents will be approved by our Managing Director before submission to the client.

We may be invited by the client to present our proposal, or provide clarification on technical details or commercial terms. If we are successful and our proposal is accepted by the client, in most cases the client will present us with a letter of award prior to signing of a contract.

(b) Pre-construction

A project manager is assigned to each project, and will be responsible for assembling a project team to oversee the management and implementation of all aspects of the project, such as construction works, quality control, safety, health and environment, time management and project costing. In the pre-construction phase, detailed planning activities will be carried out to ensure successful delivery of the project, and our planning activities are project design, preparation of project plan, project budget, quality plan, construction methodology and resource requirement. The project team is responsible for submitting and procuring the relevant approvals and permits from local authorities. Our project team will mobilise a team on-site and be based on-site throughout the construction period.

(c) Procurement

Our procurement team is responsible for sourcing quotations from our pre-approved suppliers, and upon identification of the supplier(s) that meets our cost and quality requirements, will issue purchasing documents with details of required materials. Our supply chain and contracts management team is also responsible for sourcing and appointing subcontractors that meet our cost and quality requirements from our list of pre-approved subcontractors to provide services such as the supply of labour, supply and installation of materials, machinery and equipment, and specialised trade services. This team is also responsible for carrying our periodical audits and assessments on our current and potential suppliers and subcontractors for inclusion in our approved supplier and subcontractor list.

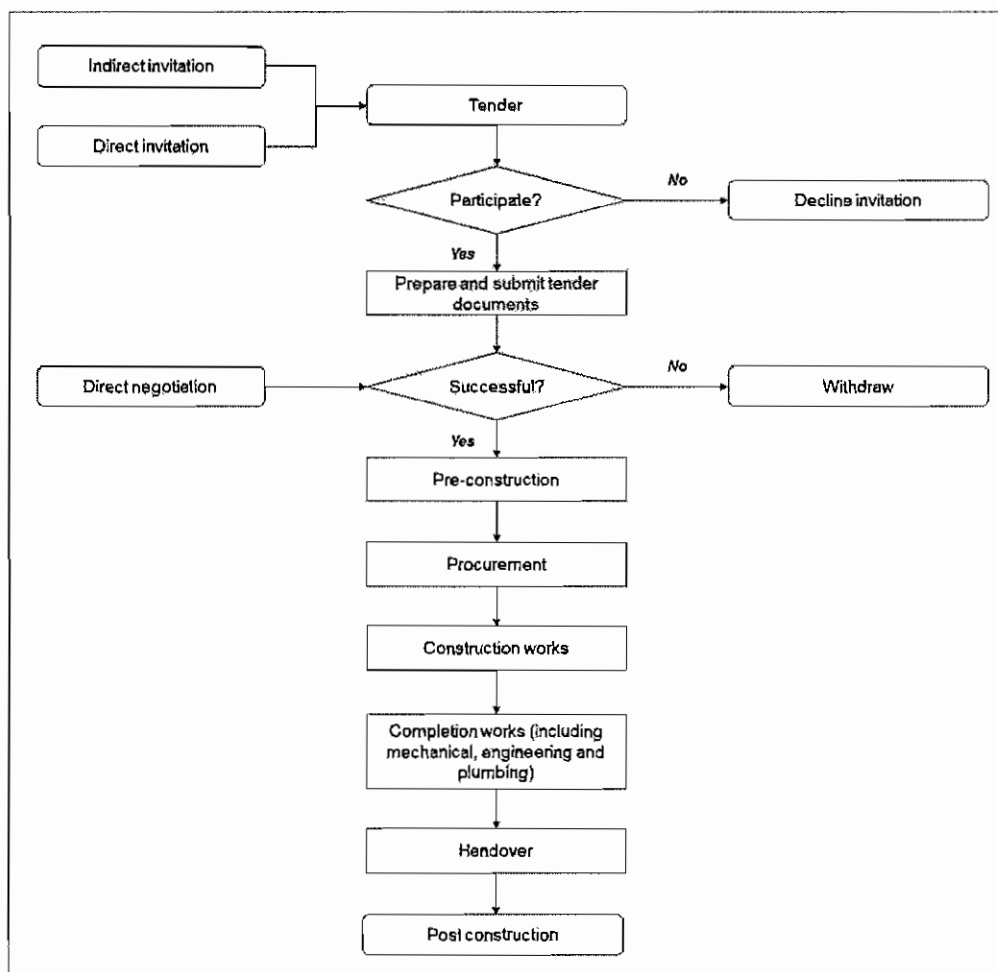
6. BUSINESS OF OUR GROUP (CONT'D)

(d) Construction Works

We will commence construction work once we have obtained the required approvals from local authorities. Our project team will act as site administrators throughout the construction works phase. During the construction works phase, we carry out activities including foundation and geotechnical engineering, construction and installation works, site meetings and daily safety, health and environmental briefings, requisition of construction materials, handling of construction materials, coordination with subcontractors, inspection, testing and commissioning, and maintenance and servicing of equipment and machinery.

(e) Post Construction

Our team will carry out final inspection, testing and commissioning at the end of construction works and prior to demobilising resources from the construction site. The project manager is responsible for assembling final project documentation such as project costing, blueprints, and operations and maintenance manuals where a complete set of project documents will be presented to the client during the handover stage. In the event that defects are detected during the defects liability period, we will immediately assign a team to investigate and rectify the issue.



6. BUSINESS OF OUR GROUP (CONT'D)

(ii) Manufacturing of Precast Concrete Products

Precast concrete is produced by casting concrete in a steel mould, which is then cured in an offsite controlled environment, transported to the construction site and lifted into place

(a) Mould Preparation and Reinforcement

We check the base mould for level and flatness before assembling the mould for panel casting. Our quality control/production team will ensure that the dimensions of the mould are within the specified tolerances. The mould is inspected and cleaned to be free from debris prior to the application of form oil or mould release agent over the mould surface. Our team will ensure that all joints and edges of the mould, bolts, stoppers, tie rods, side props and rubber seals are intact and properly secure. The mould is then reinforced using rebars, wire mesh or prestressing strands, and where necessary, we use wires to secure these reinforcements.

A final inspection is carried out before casting, where we check and verify that all details comply with drawings.

(b) Concrete Slump Test

A concrete slump test is carried out to assess the workability of the concrete mix before pouring the concrete into the mould.

(c) Casting

Concrete is cast in the mould and compacted within the mould using an internal poker or external vibration to eliminate potential flaws such as air pockets. Test cubes of precast concretes are performed on fresh, hardened or old concrete to assess its strength, and must be performed before demoulding.

(d) Demoulding

The resultant stiffened concrete is lifted from the mould after it achieves the targeted strength and its surface has hardened sufficiently. The concrete will then undergo curing. Curing extends the hydration of cement which continues to strengthen the concrete.

(e) Quality Control Inspection

The finished product is inspected for dimension, protruding bars and connection detail. Product identification is done by way of barcoding, which contains pertinent information such as our company name, panel marking, casting date and project name.

(f) Storage

The final end-products are stored at the adjacent storage while awaiting delivery to our customer's premises or the construction site.

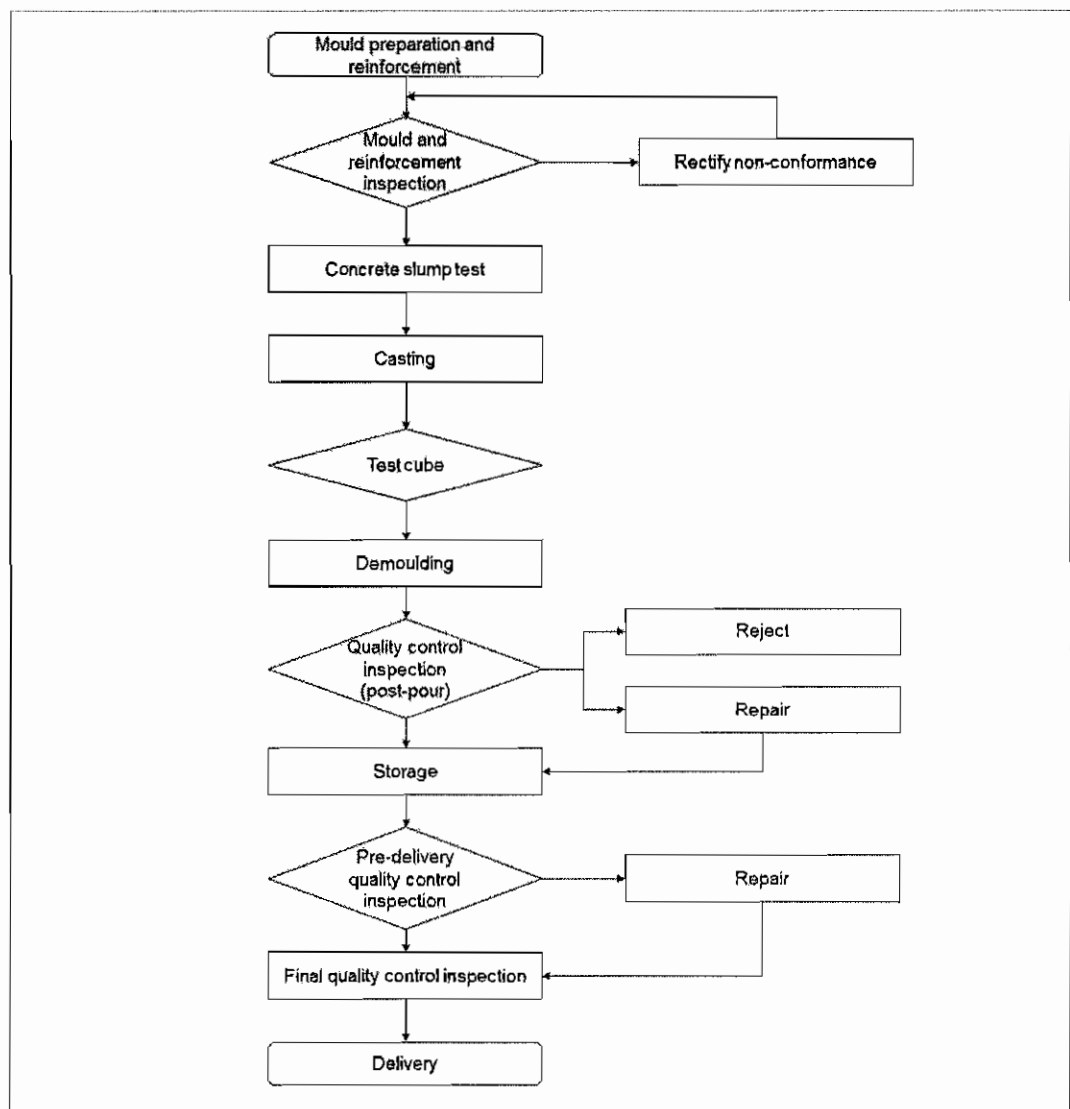
6. BUSINESS OF OUR GROUP (CONT'D)

(g) Pre-delivery and Final Quality Control Inspection

We carry out pre-delivery and final quality control inspection on the products prior to delivery to ensure the finished products are free from defects and meet our clients' specifications. At this phase, all finished precast concrete components undergo a final inspection for dimension, protruding bars and connection detail based on approved shop drawings.

(h) Delivery

Finished products are delivered to our customer's premises or to construction sites based on delivery instructions provided by our clients. We leverage on our barcoding system to generate delivery orders for our customers.



6. BUSINESS OF OUR GROUP (CONT'D)**6.11 PRODUCTION CAPACITY AND UTILISATION RATES**

We operate precast concrete manufacturing plants for the manufacturing of various precast concrete components including household shelters, architectural facades, prefabricated toilets, lift wells and covers, roof fascia, precast walls and columns, and precast beams.

As at the LPD, the details of our precast concrete plants are as follows:

Location	Main products
Senai, Johor, Malaysia	Prestressed planks for residential projects, service ducts, refuse chutes, parapet, air conditioner ledges
Tampines, Singapore	Columns, facades, walls, civil defence shelters, multi-storey car park planks, water tanks

Our production capacities, actual production volumes and utilisation rates for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 respectively are as depicted below:

FYE	Maximum average annual capacity (m ³)	Actual production (m ³)	Utilisation rate (%)
Senai, Johor, Malaysia⁽¹⁾			
FYE 31 December 2012	62,000 ⁽²⁾	2,411	3.9
FYE 31 December 2013	62,000 ⁽²⁾	16,983	27.4
FYE 31 December 2014	65,600 ⁽³⁾	25,993	39.6
Tampines, Singapore			
FYE 31 December 2012	145,000 ⁽⁴⁾	105,515	72.8
FYE 31 December 2013	145,000 ⁽⁴⁾	92,878	64.1
FYE 31 December 2014	124,000 ⁽⁵⁾	90,673	73.1

Maximum average annual capacity assumptions:

- (1) Plant commenced commercial operations in October 2012.
- (2) Based on six production lines casting an estimated 34.5 m³ per line per day over 300 working days.
- (3) Based on six production lines casting an estimated 34.5 m³ per line per day over 300 working days and three production lines casting an estimated 16.1 m³ per line per day over 75 working days.
- (4) Based on 14 production lines casting an estimated 34.5 m³ per line per day over 300 working days.
- (5) Based on 12 production lines casting an estimated 34.5 m³ per line per day over 300 working days.

6. BUSINESS OF OUR GROUP (CONT'D)

We have expanded our precast concrete manufacturing capacity in Senai, Johor, through the installation of an additional three production lines that commenced commercial operations in October 2014. This is expected to raise the maximum average annual capacity for this plant to approximately 76,000 m³ in the FYE 31 December 2015. These additional three lines in our precast concrete plant in Senai, Johor, have replaced the Tampines plant in the production of selected products. Our plants in Senai and Tampines are intended to manufacture different precast concrete components. However, depending on demand, our plants in Senai and Tampines may manufacture similar products.

We are expanding our precast concrete operations to Sunway Iskandar in 2015, where we will be establishing a precast concrete production plant with nine production lines and total annual capacity of 93,150 m³. The construction of this plant will be carried out in two phases, where the first phase consisting of four production lines is targeted to commence commercial operations by February 2016 and have an annual production capacity of 41,400 m³. The second phase of construction will equip this plant with the remaining five production lines with an annual production capacity of 51,750 m³ and is targeted for commercial operations by August 2016. We intend to manufacture facades, parapets, air-conditioner ledges, walls, refuse chutes, service ducts, roof fascias, non-prestressed planks, beams, columns, and household shelters in this plant.

6.12 QUALITY ASSURANCE MANAGEMENT

Our Group places strong emphasis on quality management to ensure that the quality of our projects comply with relevant regulations and to maintain our reputation and market standing. In 2009, we developed and implemented an internal integrated management system, the QESH Management System to optimise resources and standardise processes throughout our organisation for both domestic and overseas projects. Our Quality, Environmental, Safety and Health Management System meets the requirements of international standards, and thus our Group's products and services are well defined at every stage of construction in terms of quality, environmental, safety and health requirements.

We adopted the Kaizen philosophy of innovation and efficiency in 2007 which allowed us to adopt advanced technologies in our operations, such as in the system formwork technology that enhances productivity and efficiency. In January 2010, our Group piloted an internal TQM initiative, which focuses on prioritising quality, safety, health and the environment in our business. In 2014, we formalised and implemented TQM initiatives in our operations.

To ensure the quality of our construction projects, our Group ensures that our subcontractors, technical consultants and other building professionals have the relevant experience and proven track records. For our construction projects, at each stage of the construction up to project hand-over, we conduct regular inspections to ensure that each stage is constructed according to the specifications and the prescribed procedures and methods.

6. BUSINESS OF OUR GROUP (CONT'D)

As a testament to our quality commitment, we, via our subsidiaries SunCon, Sunway Builders, Sunway Geotechnics (M), Sunway Innopave, Sunway Engineering and Sunway Concrete Products (S), have been awarded the following ISO9001:2008 certifications:

Year first achieved	Current validity period	Certification	Scope	Awarding body
SunCon				
1997	13 July 2012 – 25 June 2015	ISO9001:2008	Provision of design management and construction services for building and civil engineering works	SIRIM QAS International Sdn Bhd
2009	1 September 2012 – 2 September 2015	ISO9001:2008	Provision of design management and construction services for building and civil engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
Sunway Builders				
2009	1 September 2012 – 2 September 2015	ISO9001:2008	Provision of design management and construction services for building and civil engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
Sunway Geotechnics (M)				
2015	16 February 2015 – 15 February 2018	ISO9001:2008	Provision of design management and construction services for geotechnical engineering works	SIRIM QAS International Sdn Bhd
Sunway Innopave				
2009	1 September 2012 – 2 September 2015	ISO9001:2008	Provision of design management and construction services for building and civil engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
Sunway Engineering				
2011	21 December 2014 – 20 December 2017	ISO9001:2008	Provision of design management and construction services for mechanical, electrical and information technology engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
Sunway Concrete Products (S)				
2000	12 November 2013 – 11 November 2016	ISO9001:2008	Design, production and supply of precast components	TUV SUD PBS Pte Ltd
Sunway Precast Industries				
2014	30 October 2014 – 29 October 2017	ISO9001:2008	Production and supply of precast components	Guardian Independent Certification Pte Ltd

6. BUSINESS OF OUR GROUP (CONT'D)

Additionally, our precast concrete business has also secured the following industry accreditations:

Year first achieved	Current validity period	Certification	Scope	Awarding body
Sunway Concrete Products (S)				
2010	22 September 2014 – 21 September 2015	Precaster Accreditation Scheme	Category PC 1	Singapore Concrete Institute
2011	11 December 2013 – 30 March 2017	RMCC SS EN 206-1:2009, SS544: Part 1 and 2:2009, and SAC CT 06:2011	Ready-mixed concrete products	TUV SUD PBS Pte Ltd
Sunway Precast Industries				
2014	20 September 2014 – 30 June 2016	RMCC SS EN 206-1:2009, SS544: Part 1 and 2:2009, and SAC CT 06:2014	Ready-mixed concrete products	Guardian Independent Certification Pte Ltd

Our team is strengthened by BCA Green Mark Managers and LEED accredited professionals.

6.13 OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT

Our Group is committed to complying with all relevant occupational safety, health and environmental requirements. In our continuous effort towards system improvement, we commenced with the implementation of a structured safety, health and environmental management system in. We have to-date, been certified by SIRIM QAS International Sdn Bhd and IQ Net for OHSAS18001 and ISO14001, where the details of our certification are as follows:

Year first achieved	Current validity period	Certification	Scope	Awarding body
SunCon				
2001	11 September 2013 – 10 September 2016	OHSAS 18001:2007	Provision of construction services for building and civil engineering works (excluding works undertaken by subsidiaries of Sunway Construction Sdn Bhd)	SIRIM QAS International Sdn Bhd and IQ Net
2009	29 August 2012 – 13 August 2015	ISO 14001:2004	Provision of design management and construction services for building and engineering works	SIRIM QAS International Sdn Bhd and IQ Net

6. BUSINESS OF OUR GROUP (CONT'D)

Year first achieved	Current validity period	Certification	Scope	Awarding body
Sunway Geotechnics (M)				
2015	16 February 2015 – 15 February 2018	ISO14001:2004	Provision of design management and construction services for geotechnical engineering works	SIRIM QAS International Sdn Bhd
2015	16 February 2015 – 15 February 2018	ISO18001:2007	Provision of design management and construction services for geotechnical engineering works	SIRIM QAS International Sdn Bhd
Sunway Engineering				
2011	21 December 2014 – 20 December 2017	ISO14001:2004	Provision of design management and construction services for mechanical, electrical and information technology engineering works	Bureau Veritas Certification (Malaysia) Sdn Bhd
Sunway Concrete Products (S)				
2009	8 October 2012 – 7 October 2015	OHSAS 18001:2007	Design, production and supply of precast components	TUV SUD PBS Pte Ltd
2012	7 February 2015 – 6 February 2018	ISO 14001:2004	Design, production and supply of precast components	TUV SUD PBS Pte Ltd

Additionally, our precast concrete business has also secured the bizSAFE Level Star certification in Singapore.

Year first achieved	Current validity period	Certification	Scope	Awarding body
Sunway Concrete Products (S)				
2010	15 July 2013 – 7 July 2016	bizSAFE Level Star	Not applicable	WSH Council

6. BUSINESS OF OUR GROUP (CONT'D)

The nature of our operations creates inevitable risks and hazards, not only to those who work with these risks, but also to the public. We also generate air pollution, noise, hazardous materials, polluted water and solid wastes, which are common byproducts of our processes. To ensure that the safety and health aspects of all parties and the sustainability of the environment is safeguarded, we are subject to relevant laws and regulations in Malaysia on occupational safety, health and environmental protection, including, but not limited to, Factory and Machinery Act 1967, Environmental Quality Act 1974 and Occupational Safety and Health Act 1994. Our Group is committed to complying with these relevant laws and regulations in Malaysia on occupational safety, health and environmental protection. As such, we have established an Environmental, Safety and Health Centre of Excellence based at our head office with officers located in both our head office and on all project sites, who are responsible for:

- advising, establishing, evaluating, monitoring, enforcing policies and procedures to ensure the Group's operations are in compliance with all local legislation with regards to environmental, safety and health;
- reviewing, standardising and implementing environmental, safety and health management systems within the Group;
- supervising and examining safety and health control measures for all construction activities carried out by our Group and subcontractors engaged by our Group;
- monitoring compliance with statutory environmental protection laws relating to air, water, noise and solid waste pollution;
- regulating labour, hygiene and safety conditions; and
- monitoring the Group's environmental, safety and health performance.

We impose safety measures at all stages of our operations in order to minimise the possibility of work-related accidents and injuries. As a responsible contractor, we also strive to ensure that the safety of the public is protected through prudent considerations and decisions during the implementation of safety measures. We also conduct extensive environmental monitoring to ensure that the sustainability of the environment is well preserved despite the nature of our activities at the project site. To top it up, we conduct regular internal safety and environmental inspections to ensure that all environmental, safety and health practices and implementations at project sites are aligned with our Group's policy, procedures, objectives and targets.

We also monitor the safety and environmental protection practices of our subcontractors' operations as we value them as our business partners. We believe that safe practices are essential in ensuring employee safety, and thus we conduct regular safety training sessions and provide safety education for all our employees. We have established safety standards in connection with matters such as purchasing, installation and operation of new equipment and machineries, construction of new facilities and the renovation of existing facilities. We invest in training our employees that are involved with formulating and implementing measures to comply with occupational health, safety and environmental protection issues, and assist such personnel in attaining certificates to ensure they are qualified and have the appropriate expertise to handle such matters.

6. BUSINESS OF OUR GROUP (CONT'D)

In 2009, we developed and implemented our integrated QESH management system known as QESH Policy. Our QESH Policy aims to:

- strive towards zero life loss at all work sites;
- achieve monthly inspection score of 75% and above;
- achieve three milestones of 3.9 million, 7.0 million and 10.0 million man-hours without lost-time incidents company-wide; and
- to prevent environmental pollution, managing construction waste and conserving resources through systematic environmental aspects and impacts evaluation, implementing operational controls and trainings.

For the FYE 31 December 2014, we had the following results under the QESH Policy:

- two lives lost;
- OSH monthly inspection score of approximately 78%;
- approximately 4.9 million man-hours without lost-time incidents;
- zero compound and fines from the relevant authorities;
- environmental monthly inspection score of approximately 71%; and
- implemented segregation of construction waste at designated areas continually at all project sites and successfully conducted annual "Reuse, Reduce and Recycle" campaign at project sites and head office.

The QESH Policy allows our Group to optimise resources and standardise processes throughout our Group for implementation in both local and overseas projects, and defines our products and services at every stage of construction in terms of environmental, safety and health requirements, in order to better satisfy the requirements and expectations of our customers. As a result of the implementation of a structured and integrated quality environmental, safety and health management system, and our initiative towards continuous improvement, our Group was able to achieve the following milestones:

- Achieved 5 Star Ratings for Safety and Health Assessment System in Construction championed by CIDB for project Klang Valley MRT Package V4, viaduct guideway and associated works from Section 17 Petaling Jaya to Semantan Portal, in 2014;
- Achieved 4 Star Ratings for Safety and Health Assessment System in Construction for various projects including Parcel 7 and 8 Phase 2 Package A, Putrajaya, and The Everly Hotel Putrajaya in 2011;

6. BUSINESS OF OUR GROUP (CONT'D)

- MSOSH Gold Class II Award 2009 for project Parcel 17, Ministry of Housing and Local Government and Ministry of Women, Family and Community Development, Putrajaya; and
- National Occupational Safety and Health Excellence Award 2005.

6.14 R&D

In 2009, we commenced R&D studies to adopt the VDC technology, a computer-aided design and modelling tool that covers all aspects of design, build and project management. The VDC, comprising third – party BIM and IPD software tools, enables the integration of design, scheduling, estimation and fabrication processes. We have relied on the VDC technology to deliver Sunway Pinnacle and Sunway Pyramid Phase 3 in Bandar Sunway, Sunway Velocity Shopping Mall in Kuala Lumpur, and The Everly Hotel Putrajaya. We also leverage on VDC for the fabrication of precast reinforced concrete structures.

Our Group invested approximately RM4.5 million, RM5.0 million and RM6.2 million on R&D which formed 0.3% of our revenue for each of the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 respectively. This was primarily invested in the development and adoption of VDC in our construction operations. Notwithstanding this, our Group has invested a total of RM28.2 million from FYE 31 December 2010 to FYE 31 December 2014 on salaries, staff-related expenses, information technology software and hardware cost and consultancy costs to establish our VDC team and operations.

Our VDC team is presently in the midst of the R&D of 4D and 5D integration into our construction operations to enhance project delivery management, through ensuring faster delivery, cost-effective procurement and reducing project risks. The use of VDC will contribute to shorter construction period for projects, and thus contribute to cost savings on labour. While this time saving is presently still marginal, greater savings can be anticipated when VDC is sufficiently developed over a longer period of time.

As the adoption of VDC is still presently in its infancy and awareness of its benefits have yet to be fully appreciated by the market, we thereby do not impose a premium for the deployment of VDC in our existing projects. However, we believe that the use of VDC will provide our Group with an advantage when tendering for new contracts as the awareness and adoption of VDC develops progressively. We believe this is possible as presently certain clients are mandating the adoption of BIM as a pre-requisite, and BIM is an essential component of VDC. Please refer to Section 6.15 for a detailed description of VDC.

We are also intensifying R&D in our precast business where we can study the adoption of automation of plant processes to increase productivity and optimise cost. In June 2010, the Government of Singapore announced an allocation of SGD250 million via the BCA Construction Productivity and Capability Fund to incentivise the mechanisation, upgrading of workforce skill level and capacity building of construction firms. We have previously leveraged SGD159,000 on this fund to increase plant automation, and mechanisation. Moving forward, we expect to continue to improve the productivity and efficiencies in our precast concrete business by using internally generated funds.

6. BUSINESS OF OUR GROUP (CONT'D)

We recognise the importance of R&D to ensure we remain competitive and sustain our continuous growth. Our key ongoing and future R&D projects are as follows:

R&D project	Description	Year commenced research	Expected completion
Ongoing R&D projects			
Sunway Velocity Shopping Mall – Integration of 4D and 5D VDC into our construction operations	To ensure faster delivery, cost-effective procurement and reduce project risks	2013	December 2015
Sunway Medical Centre (Cancer Centre)	Mechanical, electrical and plumbing automated computer aided manufacturing from 3D model for ACMV duct fabrication to increase work productivity and reduce wastage	2013	December 2015
Future R&D projects			
Automation of precast plant processes	To lower labour and material cost to improve work efficiency	2016	2017

6.15 TECHNOLOGIES USED

The main technology used in our business is the VDC technology. We commenced our research and development activities on VDC in 2009. Our Group formally adopted and implemented the VDC technology extensively in our projects beginning in 2012.

The VDC is an advanced digital project management tool that promotes the exchange of information and upfront collaboration involving multiple facets of the construction phase. It is an integrated approach of managing design, construction and facility management using software information models throughout the project lifecycle, enabling the sharing of knowledge and resources in a digital representation where design, schedule and cost can be integrated at all phases and simulated digitally prior to the physical construction of a project. The VDC, which is a combination of third-party BIM and IPD software tools, provides a total solution for project management where:

- the BIM allows parametric and geometric digital data, integrated design, scheduling, estimation, and fabrication process to be stored in an integrated platform; and
- the IPD facilitates inter-party collaboration to enable the information to flow freely and transparently across multiple parties involved in the project, such as architects, engineers and contractors, at any stage to give a reliable basis for decision making throughout the project life cycle.

6. BUSINESS OF OUR GROUP (CONT'D)

The VDC enables the integration of design, scheduling, estimation and fabrication processes. The 3D BIM model enables effective coordination among architects, structural engineers, and mechanical, engineering and plumbing engineers, eliminating clashes at an early design stage. The 4D model allows project planning and scheduling, calculating progress in physical development and timeline, while the 5D model enables automated quantities take-off, accurate cost estimation and real time cost control.

The key benefit of BIM is 3D model visualisation with accurate parametric data resulting in effective design, where 3D models of the building or structure to be constructed provides three-dimensional perspectives of the building or structure. When project scheduling is integrated to the 3D model, it becomes 4D VDC. The integration of cost elements makes it 5D VDC. VDC can ensure faster delivery, cost-effective procurement, increase yield potential and reduce project risks. VDC also helps us reuse data for future operation and maintenance. Through the IPD, an integrated supply chain throughout the project development can be achieved, driving work productivity and efficiency. Project stakeholders actively participate in early decision making before costs of changes escalate during physical construction.

A description of the 3D, 4D, 5D and fabrication application in the VDC are as described below:

Application	Description
3D	The 3D application in VDC is a comprehensive parametric model that allows all parties to share coordinated and transparent information digitally. It encompasses models from architectural, structural, mechanical, electrical, plumbing and interior design trades. From 3D models, comprehensive visualisation enables a detailed spatial study to be conducted, where the detailed design and technology tools facilitate design coordination for all trades, and detects and prevents clashes, thus resulting in a faster construction process with minimal wastage. Coordinated 3D models are further developed into detailed as-built information for stakeholders upon project completion. Mechanical, engineering and plumbing specifications in as-built models further improve facility management, ultimately reducing operational costs in a project lifecycle.
4D	The 4D application in VDC refers to time integrated 3D models, where the technology allows for construction scheduling, and creates construction simulations that help planners to identify potential workflow conflicts. The VDC leverages on 4D with builders providing upfront constructability input and ensuring timely completion of buildings.
5D	<p>The 5D application in VDC integrates cost into the modeling to improve productivity and competitiveness by expediting feasibility studies, design development, tendering and project execution. Using a comprehensive cost library, model-based quantity take-off provides accurate estimation and fast feedback. This allows stakeholders to perform cost scenario analysis for effective decision making. With accurate model-based quantities, cost effective procurement can be achieved by consolidating Group procurement to leverage on economies-of-scale and just-in-time resources deliveries.</p> <p>Synchronisation between 4D scheduling and 5D cost information optimises project resource planning and work progress monitoring which ultimately reduces project cost. At the project execution phase, the 5D system is a versatile project management dashboard, providing transparency for real time cost control.</p>

6. BUSINESS OF OUR GROUP (CONT'D)

Application	Description
Fabrication	Our VDC adoption extends to the fabrication of precast concrete structures by our precast concrete business. Design and fabrication processes utilise the BIM to enable fast generation of shop drawings and material schedules, which are then used by our production team. Our main objective is to improve productivity through real-time information exchange and upfront collaboration among project stakeholders.

Our VDC team is proficient in project planning, technical design, construction, project management, quantity surveying and IT development. As at the LPD, we have delivered the following major projects using the VDC technology:

Project	Use of VDC	Customer	Contract period
The Everly Hotel Putrajaya	<ul style="list-style-type: none"> 3D for trade coordination and as-built model preparation 	Putrajaya Holdings Sdn Bhd	October 2009 – October 2012
Sunway Pinnacle	<ul style="list-style-type: none"> 3D for trade coordination and construction drawing preparation 4D for construction simulation 	Sunway Pinnacle Sdn Bhd	May 2010 – December 2013
Avant Parc, Singapore	<ul style="list-style-type: none"> 3D for trade coordination and as-built model preparation 4D for construction simulation 	Sunway Land Pte Ltd	July 2011 – May 2013

We will be leveraging on the VDC technology to deliver the following projects over 2015:

Project	Use of VDC	Customer	Commencement period
Sunway Pyramid Phase 3 Hotel and retail podium	<ul style="list-style-type: none"> 3D for trade coordination 4D for construction simulation 	Sunway Forum Hotel Sdn Bhd	March 2013
Sunway Velocity Shopping Mall	<ul style="list-style-type: none"> 3D for trade coordination 4D for construction simulation 5D for estimation and quantity take-off 	Sunway Velocity Mall Sdn Bhd	March 2013
Parcel F Putrajaya Office buildings and podium parking	<ul style="list-style-type: none"> 3D for trade coordination 4D for construction simulation 5D for estimation and quantity take-off 	Putrajaya Holdings Sdn Bhd	February 2014

6. BUSINESS OF OUR GROUP (CONT'D)

6.16 BUSINESS DEVELOPMENT, MARKETING AND SALES

We source for new projects through public and private tenders through our Commercial Department, as well as through referrals and recommendations from our clients and consultants from existing and past projects. Our business development efforts are primarily focused on fostering close business relationships with existing and prospective customers include private sector companies, public-listed companies, government-linked corporations and agencies under the Federal and State Governments in Malaysia, concessionaires and infrastructure project companies. Additionally, we also maintain business relationship with consultants and professionals such as engineers and architects who would be in a position to refer projects to us.

Our business development efforts are strengthened by our track record and reputation in the construction industry, evidenced by the various building and civil/infrastructure construction services projects that we have delivered and awards garnered by our Group in recognition of our achievements.

6.17 CYCLICALITY AND SEASONALITY

The construction industry is cyclical in nature and dependent on a nation's general economic conditions. The construction industry typically moves in tandem with the economy, where strong economic growth coupled with fiscal stimulus by the Government spurs the growth of the construction industry.

The construction industry in Malaysia is not seasonal in nature.

6.18 INTERRUPTION TO BUSINESS

We did not experience any interruptions to our business which had significant impact on the operations of our Group over the past 12 months prior to the LPD.

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6. BUSINESS OF OUR GROUP (CONT'D)**6.19 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED**

Details of the approvals, major licences and permits obtained by us for the business and operations of our Group are as follows:

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No	Conditions Imposed	Status of Compliance
SunCon	Ministry of Finance	15.9.2012 – 14.9.2015	Certificate of registration of contractor in the field of supply/service under the following heads/sub-heads: 080101, 090101, 100101, 110201, 110302, 130101, 130201, 130202, 140101 and 221401	K22084254101 050498/357-02139310	Not applicable	Not applicable
	Construction Industry Development Board Malaysia	4.2.2013 – 3.2.2016	Certificate of registration as a contractor under Grade G7, categories B, CE, and ME: (a) B – B02, B04, B01, B10, B24, B05, B13 (b) CE – CE03, CE11, CE06, CE08, CE34, CE30, CE43, CE42, CE31, CE 36, CE05, CE23, CE02, CE01, CE17, CE24, CE04, CE10, CE19, CE20, CE21 (c) ME – M15, E10, M01, M19, M18, M03	080801A/1960 319-WP000698	Not applicable	Not applicable
	Construction Industry Development Board Malaysia	4.2.2013 – 3.2.2016	Certificate of registration for the procurement of Government Projects as a contractor under Grade G7, categories B, CE, and ME	A068357/1960 319-WP000698	Not applicable	Not applicable

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	Construction Industry Development Board Malaysia	4.2.2013 – 3.2.2016	Certificate of registration as an International Contractor under the following categories and specialization: (a) B – B02, B04, B01, B10, B24, B05, B13 (b) CE – CE03, CE11, CE06, CE08, CE34, CE30, CE43, CE42, CE31, CE05, CE23, CE02, CE01, CE17, CE24, CE04, CE10, CE19, CE20, CE21, CE36 (c) ME – M15, E10, M01, M19, M03	A0568/196031 9-WP000698	Not applicable	Not applicable
	National Water Services Commission	6.9.2014 – 5.9.2017	Permit IPA Type C1 (Water Supply) to carry out works in Peninsula Malaysia, Wilayah Persekutuan Putrajaya and Labuan	51890/SPAN/ EKS/(PT)/800 -2C/1/07/388	Not applicable	Not applicable
	National Water Services Commission	31.12.2012 – 30.12.2015	Permit IPA Type C1 (Sewerage) to carry out works in Peninsula Malaysia, Wilayah Persekutuan Putrajaya and Labuan	38190/SPAN/ EKS/(PT)/800 -2C/1/07/388	Not applicable	Not applicable
Sunway Precast Industries	Ministry of Trade and Industry Malaysia	From 17.09.2013 onwards	Manufacturing licence to manufacture precast products at PTD 103226, H.S.(D) 61810, Mukim Senai, Kulajaya, Johor Darul Takzim	A019207/A03 2693	Not applicable	Not applicable
Sunway Geotechnics (M)	Construction Industry Development Board Malaysia	4.6.2014 – 3.6.2016	Certificate of registration as a contractor under Grade G7, under the following categories and specialization: (a) B – B05 (b) CE- CE10, CE21	145072A/0120 031208- SL090948	Not applicable	Not applicable

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
Sunway Engineering	Ministry of Finance	20.11.2012 – 19.11.2015	Certificate of registration of contractor in the field of supply/service under the following heads/sub-heads: 050101, 050102, 060501, 120601, 120602, 140301, 140302, 140503, 210101, 210102, 210103, 210108, 210201, 220301, 220401, 220402, 220501, 220502, 220503, 220505, 220507, 220601	K22087089541 076815/357-02142914	Not applicable	Not applicable
	Construction Industry Development Board Malaysia	16.6.2014 – 25.3.2017	Certificate of registration as a contractor under Grade G7, categories B, CE, and ME: (a) B – B16, B04, B10, B24, B27 (b) CE – CE16, CE39, CE17, CE31, CE38, CE21, CE20, CE19, CE27 (c) ME – E07, M11, M15, M07, M04, M02, M01, E10, E03, M09, M10, M19, M12, E11, E09, E01, M06, E06, E05, E04, E02, M14, E08, E14, M05, M20, M18, M17	145280A/1970 416-SL028884	Not applicable	Not applicable
	Construction Industry Development Board Malaysia	16.6.2014 – 25.3.2017	Certificate of registration for the procurement of Government Projects as a contractor under Grade G7, categories B, CE and ME	A071519/1970 416-SL028884	Not applicable	Not applicable

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	Construction Industry Development Board Malaysia	16.6.2014 – 25.3.2017	Certificate of registration as an International Contractor under the following categories and specialization: (a) B – B16, B04, B10, B24, B27 (b) CE – CE16, CE39, CE17, CE31, CE38, CE21, CE20, CE19, CE27 (c) ME – E07, M11, M15, M07, M04, M02, M01, E10, E03, M09, M10, M19, M12, E11, E09, E01, M06, E06, E05, E04, E02, M14, E08, E14, M05, M20, M18, M17	A0602/197041 6-SL028884	Not applicable	Not applicable
	National Water Services Commission	28.1.2015 – 27.1.2016	Permit IPA Type D (Water Supply) to carry out works in Selangor Darul Ehsan	53039/SPAN/ EKS/(PT)/800 - 2D/1/10/1526	Not applicable	Not applicable
	National Water Services Commission	28.1.2015 – 27.1.2016	Permit IPA Type D (Sewerage) to carry out works in Selangor Darul Ehsan	53040/SPAN/ EKS/(PT)/800 - 2D/1/10/1526	Not applicable	Not applicable
	National Water Services Commission	28.1.2015 – 27.1.2016	Permit IPA Type C2 (Water Supply) to carry out works in Peninsula Malaysia, Wilayah Persekutuan Putrajaya and Labuan	53037/SPAN/ EKS/(PT)/800 - 2C/1/10/1526	Not applicable	Not applicable
	National Water Services Commission	28.1.2015 – 27.1.2016	Permit IPA Type C2 (Sewerage) to carry out works in Peninsula Malaysia, Wilayah Persekutuan Putrajaya and Labuan	53038/SPAN/ EKS/(PT)/800 - 2C/1/10/1526	Not applicable	Not applicable

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
Sunway Concrete Products (S)	National Water Services Commission	23.12.2014 – 22.12.2015	Permit IPA Type C1 (Water Supply) to carry out works in Peninsula Malaysia, Wilayah Persekutuan Putrajaya and Labuan	53416/SPAN/ EKS/(PT)/800 - 2C/1/10/1526	Not applicable	Not applicable
	Energy Commission	10.2.2014 – 9.2.2016	Certificate of registration as an electrical contractor to carry out works at Level 9, Menara Sunway, Jalan Lagoan Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor under Class A	3702/(TKL)K E/341887W/2 014	Not applicable	Not applicable
	Building and Construction Authority	23.8.2012 - 1.9.2015	1. General Building – C3 2. Civil Engineering – C3 3. Concrete Repairs – L1 4. Pre-cast Concrete work – L6 Ready-Mix Concrete – L6	1. CWO1 2. CW02 3. CR05 4. CR10 5. SY01B	Not applicable	Not applicable
	Building and Construction Authority	15.7.2012 – 15.7.2015	Certificate of Licence for General Builder Class 2	Not applicable	Not applicable	Not applicable
	Building and Construction Authority	15.7.2012 – 15.7.2015	Certificate of Licence for Specialist Builder (Pre-cast Concrete Work)	Not applicable	Not applicable	Not applicable
	Building and Construction Authority	5.12.2013 – 4.12.2018	Periodical Inspection of Building	Not applicable	Not applicable	Not applicable

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	Energy Market Authority	19.4.2015 – 18.4.2016	Electrical Installation Licence	E/84405	This licence is to be displayed in a conspicuous position on the switchboard or in the switch room.	Not applicable
	Ministry of Manpower	2.6.2015 – 2.6.2017	Certificate of registration to act as Workplace safety and health officer	028-073-00705	Not applicable	Not applicable
	Ministry of Manpower	31.8.2014 – 31.8.2016	Certificate of registration to operate the crane	084-007-00268	Not applicable	Not applicable
	National Environmental Agency	28.3.2008 – 30.4.2017	Licence for us of scheduled premises to operate a concrete batching plant	A-2008/-009	The emission of air impurities shall comply with the standards stipulated in the Environmental Protection and Management (Air Impurities) Regulations. The occupier shall maintain the control equipment installed in or on the premises in good order. The occupier shall operate any control equipment installed in or on the premises in good manner during the production process.	

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					<p>The occupier shall use fuel with sulphur content not exceeding 0.005% by weight.</p> <p>The occupier shall not, without the written permission of the Director of Environmental Protection:</p> <p>(a) alter the method of operation of any trade, industry, process, fuel burning equipment or control equipment or industrial plant in or on the premise;</p> <p>(b) install, alter or replace any fuel burning equipment or control equipment or industrial plant in or on the premises; and</p> <p>(c) Erect or alter the height or dimension of any chimney through which air impurities may be emitted from the premises.</p>	

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					<p>In addition, Sunway Concrete Products (S) Pte Ltd shall:</p> <p>(a) install and operate an efficient dust extraction and collection systems for the removal of dust from the silos during the cement pumping operation such that it would not have emission into the atmosphere.</p> <p>(b) maintain and operate the dust extraction and collection systems in an efficient manner at all times.</p> <p>(c) wrap the concrete discharge area with canvas sheets; and</p> <p>(d) install water sprinkler nozzles at the concrete discharge area.</p>	

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	Singapore Civil Defence Force	1.11.2014 – 31.10.2015	Licence to store petroleum and inflammable materials and respective quantity Petroleum (Diesel) – 15,000 litres Flammable Materials (Gases) – 105 kg	FS24182012	The licence is granted subject to the Fire-Safety Act 1993 and the regulations relating to the purpose of the storage of petroleum and inflammable materials.	Not applicable
	TUV SUD PSB Pte Ltd	8.10.2012 – 7.10.2015	Certificate for the compliance for the establishment and appliance of an Occupational Health & Safety Management System for Design, Production and Supply of Precast Components	BS OHSAS 18001:2007	Not applicable	Not applicable
	TUV SUD PSB Pte Ltd	12.11.2013 – 11.11.2016	Certificate for the compliance for the establishment and appliance of an Quality Management System for Design, Production and Supply of Precast Components	ISO 9001:2008	Not applicable	Not applicable
	TUV SUD PSB Pte Ltd	7.2.2015 – 6.2.2018	Certificate for the compliance for the establishment and appliance of an Environmental Management System for Design, Production and Supply of Precast Components	ISO14001:2004	Not applicable	Not applicable
	TUV SUD PSB Pte Ltd	11.12.2013 – 30.3.2017	Certificate of Conformity (Ready-Mixed Concrete Certification)	RMC0004	Not applicable	Not applicable
Sunway Innopave	Department of Municipal Affairs of Abu Dhabi, UAE	18.11.2013 – 17.11.2015	Certificate of Classification of Contractors – Category sixth	20757/5078	Not applicable	Not applicable

6. BUSINESS OF OUR GROUP (CONT'D)

6.20 BRAND NAMES, PATENTS, TRADEMARKS, TECHNICAL ASSISTANCE AGREEMENTS, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS

Save as disclosed below, as at the LPD, we do not have any other brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights for our business operations:

- (a) Our Company has on 7 November 2014 entered into a trade mark licence agreement (as varied and supplemented by a supplemental letter agreement dated 29 December 2014) with Sunway where Sunway has agreed to grant us a non-exclusive licence for our Company and our subsidiaries (including subsidiaries to be incorporated or acquired in the future) to use the trademarks as set out in the table below in connection with our business in respect of the goods/services registered/applied for, whichever is relevant, in all countries and territories worldwide, in perpetuity unless otherwise terminated pursuant to the terms contained therein.

The annual licence fee of RM2,000 is subject to annual review by Sunway, and exclusive of goods and services tax and such goods and services tax shall be paid by our Company in addition to the licence fee of RM2,000 at the same time as the payment of the licence fee.

Sunway is entitled to terminate the trade mark licence agreement upon 30 days' written notice to our Company in the event of Sunway ceasing to hold less than 51% of our issued and paid-up share capital.

In addition, any party shall be entitled to issue a notice to the other party terminating the trade mark licence agreement upon the occurrence of the following events and the party has (i) failed to remedy that material breach within 30 days following its receipt of written notice of such breach or (ii) if the material breach is not amenable to remedy within 30 days, failed to remedy such breach within 45 days following its receipt of written notice of such breach, provided that such party is using diligent good faith efforts to remedy such breach during such period:




- (a) such party has committed a material breach of the trade mark licence agreement;
- (b) if a receiver, receiver and manager, trustee, judicial manager or similar official is appointed over any of the assets or undertaking of such party;
- (c) if such party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; or
- (d) if an application or order is made for the winding up or dissolution of such party or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of such party otherwise than for the purpose of an amalgamation or reconstruction.

Sunway does not have any right to refuse to renew the licence if there is no subsisting breach on the part of our Company of the terms of the trade mark licence agreement.




6. BUSINESS OF OUR GROUP (CONT'D)

No.	Trade Mark	Description	Class	Region	Applicant / Proprietor
1.	 SUNWAY  SUNWAY  SUNWAY	<p>Services relating to financial and monetary affairs, lease and hire-purchase, financing services, insurance services, general insurance underwriting services, capital investment services, property investment and investment holding services (financial services), real estate agency, rental and lease of real estate, sale of commercial house properties, administration and management of properties, all included in Class 36.</p> <p>Quarrying services, asphaltting, mining extraction, construction of building, building construction supervision, undertaking piling and structural works, electric appliance installation and repair, installation, repair and maintenance of computer hardware & computers, installation and repair of machinery and site equipment used in construction of buildings, property development, repairs and installation services, property maintenance, construction, renovation, refurbishment, maintenance and repair of buildings, houses, condominiums, apartments, flats, residential, industrial and commercial properties, development of properties, land and buildings, landscaping (construction), building project management on site building project management, on site project management relating to the construction of buildings, civil engineering construction, consultancy and advisory services relating to all aforesaid services, all included in Class 37.</p>	36 & 37	Malaysia	Sunway
2.	SUNCON	<p>Real estate services comprising management and rental of properties, included in class 36.</p> <p>Property and housing development services; construction of building, building construction supervision, undertaking piling and structural works; electric appliance installation and repair; mechanical engineering works, installation and repair services; rental of machinery and site equipment used in construction of buildings, all included in class 37.</p>	36 & 37	Malaysia	Sunway

6. BUSINESS OF OUR GROUP (CONT'D)

No.	Trade Mark	Description	Class	Region	Applicant / Proprietor
3.	 SUNWAY  SUNWAY  SUNWAY	Quarrying services; asphaltting; mining extraction; construction of building; building construction supervision; undertaking piling and structural works; electric appliance installation and repair; installation, repair and maintenance of computer hardware & computers; installation and repair of mechanical engineering equipment; rental of machinery and site equipment used in construction of buildings; property development, repairs and installation services; commercial retail property development services; property maintenance; construction, renovation, refurbishment, maintenance and repair of buildings, houses, condominiums, apartments, flats, residential, industrial and commercial properties; development of properties, land and buildings; landscaping construction; building project management; on site building project management; on site project management relating to the construction of buildings; civil engineering construction; consultancy and advisory services relating to all the aforesaid services in Class 37.	37	India	Sunway
4.	SUNCON	<p>Real estate services comprising management and rental of properties, included in Class 36.</p> <p>Property and housing development services; construction of building, building construction supervision, undertaking piling and structural works; electric appliance installation and repair; mechanical engineering works, installation and repair services; rental of machinery and site equipment used in construction of buildings, all included in Class 37.</p>	36 & 37	Singapore	Sunway

6. BUSINESS OF OUR GROUP (CONT'D)

No.	Trade Mark	Description	Class	Region	Applicant / Proprietor
5.	  	<p>Services relating to financial and monetary affairs, lease and hire-purchase, financing services, insurance services, general insurance underwriting services, capital investment services, property investment and investment holding services (financial services), real estate agency, rental and lease of real estate, sale of commercial house properties, administration and management of properties, all included in Class 36.</p> <p>Quarrying services, asphaltting, mining extraction, construction of building, building construction supervision, undertaking piling and structural works, electric appliance installation and repair, installation, repair and maintenance of computer hardware & computers, installation and repair of machinery and site equipment used in construction of buildings, property development, repairs and installation services, property maintenance, construction, renovation, refurbishment, maintenance and repair of buildings, houses, condominiums, apartments, flats, residential, industrial and commercial properties, development of properties, land and buildings, landscaping (construction), building project management on site building project management, on site project management relating to the construction of buildings, civil engineering construction, consultancy and advisory services relating to all aforesaid services, all included in Class 37.</p>	36 & 37	Singapore	Sunway

6.21 DEPENDENCY ON PATENTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR ARRANGEMENTS

Save for the licences as disclosed in Sections 6.19 and 6.20 of this Prospectus, we are not dependent on any other patents, licences, industrial, commercial or financial contracts or arrangements that could materially affect our business or profitability.

6. BUSINESS OF OUR GROUP (CONT'D)**6.22 INFORMATION ON LAND AND BUILDINGS****6.22.1 Summary of Property Owned by Our Group**

A summary of the material property owned by our Group is as follows:

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description of use and existing use	Category of land use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Sunway Precast Industries	(a) Title no. H.S. (D) 61810, Lot no. PTD 103226, Mukim Senai, Daerah Kulaijaya, Johor Darul Takzim (Lot no. PTD 103226)	18, Jalan Idaman 1/1, Taman Perindustrian Senai, 81400 Senai, Johor Bahru, Johor	Freehold	Open yard with production line, workers' canteen and power substation for precast manufacturing activity and storage of precast concrete products	Category of land use: Manufacturing/ Industrial Express conditions: For Lot no. PTD 103226: Tanah ini hendaklah digunakan sebagai kawasan Industri Sederhana untuk tujuan perusahaan Concrete Casting Yard dan kegunaan lain berkaitan dengannya, mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan.	7.1.2015	3 years	Built up area: 262,231 Land area: 475,409	15,547,455	Nil

6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of land use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
	(b) Geran 232953, Lot no. 39632, Mukim Senai, Daerah Kulaijaya, Johor Darul Takzim (Lot no. 39632)				For Lot no. 39632 and Lot no. 39633: Tanah ini hendaklah digunakan sebagai kawasan Industri untuk Perusahaan Ringan sebanyak 1 ½ tingkat dan lain-lain kegunaan yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.					
	(c) Geran 232958, Lot no. 39633, Mukim Senai, Daerah Kulaijaya, Johor Darul Takzim (Lot no. 39633)				For Lot no. PTD 103226, Lot no. 39632 and Lot no. 39633: (i) Segala kekotoran dan pencemaran akibat aktiviti ini hendaklah disalurkan ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.					

6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Tamouh Investments LLC*	Sector: RT1 Plot No.: C1 Building No.: 12 (A2) Unit No.: 501 Floor No.: 5	Unit 501, Level 5, Tamouh Tower, Marina Square, Al Reem Island, Abu Dhabi	Freehold	Description: A whole office unit located on level 5 of the office tower. The unit is currently unoccupied Use: It is a commercial property with intention to rent or sell by Sunway Engineering	(ii) Segala dasar dan syarat yang ditetapkan dan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.	9.2.2011	4 years	16,759 (entire floor)	AED18,434,900 ^A (equivalent to approximately RM18,339,038 [#])	Nil

6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Tamouh Investments LLC*	Sector: RT1 Plot No.: C1 Building No.: 12 (A2) Unit No.: 701 Floor No.: 7	Unit 701, Level 7, Tamouh Tower, Marina Square, Al Reem Island, Abu Dhabi	Freehold	Description: A whole office unit located on level 7 of the office tower. The unit is currently unoccupied Use: It is a commercial property with intention to rent or sell by Sunway Engineering	For office use only	9.2.2011	4 years	16,759 (entire floor)	AED18,434,900 ^A (equivalent to approximately RM18,339,038 [#])	Nil

6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Tamouh Investments LLC*	Sector: RT1 Plot No.: C1 Building No.: 12 (A2) Unit No.: 901 Floor No.: 9	Unit 901, Level 9, Tamouh Tower, Marina Square, Al Reem Island, Abu Dhabi	Freehold	Description: A whole office unit located on level 9 of the office tower. The unit is currently unoccupied Use: It is a commercial property with intention to rent or sell by Sunway Engineering	For office use only	9.2.2011	4 years	16,759 (entire floor)	AED18,434,900 [^] (equivalent to approximately RM18,339,038 [#])	Nil

Notes:

* Sunway Engineering is currently the beneficial owner of the office units. The office units were obtained through a settlement arrangement between ISZL Consortium and Al Tamouh Investments LLC vide a settlement agreement dated 23 April 2014 entered between IJM Construction Sdn Bhd, Sunway Builders, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd, collectively as the holders of the entire interest of ISZL Consortium and Al Tamouh Investments LLC and the respective sale and purchase agreements all dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC. Such sale and purchase transactions were completed on 29 January 2015 in accordance with the terms of the sale and purchase agreements referred to in Section 15.4(iv) of this Prospectus.

[^] For information purposes, the purchase consideration amount stated therein is extracted from the relevant sale and purchase agreements referred to in Section 15.4(iv) of this Prospectus.

[#] Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015 (Source: Bloomberg L.P.).

6. BUSINESS OF OUR GROUP (CONT'D)**6.22.2 Summary of Properties Leased or Tenanted by Our Group**

A summary of the material properties leased or tenanted by our Group for our operations are as follows:

Tenant	Registered owner	Postal address	Tenure / Expiry of lease	Description and existing use	Total built up area and land area (sq. ft.)	Yearly rental (RM) (unless otherwise stated)
SunCon	RHB Trustees Berhad as trustee for Sunway Real Estate Investment Trust	1.2A, 7.3, 8.3 and 9.3A, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor	2 years / 1.1.2014 – 31.12.2015	1 office unit each at the 1 st floor, 7 th floor, 8 th floor and 9 th floor of a 20-storey office block for office use	Aggregate built up area for 4 office units: 25,735 Land area: Not applicable	1,569,342.00 (aggregate rental for 4 office units)
SunCon	6 individual owners ⁽¹⁾	A-01-03, A-01-06, A-01-07, A-02-03, A-02-3A, A-02-05, A-02-07, A-02-08, A-02-09, A-03-03 and A-03-07, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur	3 years / 1.10.2012 – 30.9.2015	3 office units at the 1 st floor, 6 office units at the 2 nd floor and 2 office units at the 3 rd floor of a 4-storey office block for office use	Aggregate built up area for 11 office units: 18,989 Land area: Not applicable	543,600.00 (aggregate rental for 11 office units)
SunCon	6 individual owners ⁽²⁾	A-01-3A, A-01-05, A-03-3A, A-03-05, A-03-06 and A-03-08, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur	1 year with an option to renew for another year / 1.10.2014 – 30.9.2015	2 office units at the 1 st floor and 4 office units at the 3 rd floor of a 4-storey office block for office use	Aggregate built up area for 6 office units: 10,358 Land area: Not applicable	356,880 (aggregate rental for 6 office units)
SunCon	3 joint owners ⁽³⁾	A-02-06, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur	1 year / 1.10.2014 – 30.9.2015	1 office unit at the 2 nd floor of a 4-storey office block for office use	Built up area: 1,726 Land area: Not applicable	57,600

6. BUSINESS OF OUR GROUP (CONT'D)

Tenant	Registered owner	Postal address	Tenure / Expiry of lease	Description of existing use and	Total built up area and land area (sq. ft.)	Yearly rental (RM) (unless otherwise stated)
SunCon	Sunway Paving Solutions Sdn Bhd	Lot 10071, Mukim of Batang Kali, 44300 Daerah Hulu Selangor, Selangor	2 years / 1.1.2015 – 31.12.2016	A portion of a parcel of industrial land for purpose of storage of system formwork	Built up area: Not applicable Land area: 468,871.1	843,968.40
Sunway Geotechnics (M)	Sunway Paving Solutions Sdn Bhd	Lot 10071, Mukim of Batang Kali, 44300 Daerah Hulu Selangor, Selangor	2 years / 1.1.2015 – 31.12.2016	A portion of a parcel of industrial land for purpose of storage of plant and machinery	Built up area: Not applicable Land area: 280,666	505,198.80
SunCon	Sunway Lagoon Sdn Bhd	Lot PT. 11, Jalan Subang 1, Off Persiaran Subang, 47600 Subang Jaya, Selangor	3 years / 1.7.2014 – 30.6.2017	A parcel of industrial land for purpose of machinery storage and maintenance	Built up area: Not applicable Land area: 77,537	163,680.00
SunCon	Sunway Integrated Properties Sdn Bhd	Lot PT. 897, Jalan Subang 1, Off Persiaran Subang, 47600 Subang Jaya, Selangor	2 years with an option to renew for another 2 years / 1.6.2014 – 31.5.2016	A parcel of industrial land for purpose of machinery storage and maintenance	Built up area: Not applicable Land area: 128,981.2	272,400.00
Sunway Concrete Products (S)	The Housing and Development Board	Lot MK29-1896V, 4, Tampines Industrial Street 62, Singapore 528817	Private Leasehold Estate: Commencement date: 1.5.2007 Tenure: 10 years less 1 day / 1.5.2007 – 30.4.2017 Reversionary Estate: Commencement date: 1.5.1997 Tenure: 20 years - Expires on 30.4.2017	Yard for precast manufacturing activity and storage of precast concrete products	Built up area: Not applicable Land area: 163,772.9	SGD532,101.00 (RM1,447,367.93 ⁽⁴⁾)

6. BUSINESS OF OUR GROUP (CONT'D)

Tenant	Registered owner	Postal address	Tenure / Expiry of lease	Description of existing use	Total built up area and land area (sq. ft.)	Yearly rental (RM) (unless otherwise stated)
Sunway Concrete Products (S)	The Housing and Development Board	Lot MK29-1897P, 4, Tampines Industrial Street 62, Singapore 528817	Private Leasehold Estate: Commencement date: 1.5.2007 Tenure: 10 years less 1 day / 1.5.2007 – 30.4.2017 Reversionary Estate: Commencement date: 1.5.1997 Tenure: 20 years - Expires on 30.4.2017	Yard for precast manufacturing activity and storage of precast concrete products	Built up area: Not applicable Land area: 163,772.9	SGD532,101.00 (RM1,447,367.93 ⁽⁴⁾)

Notes:

- (1) Six individual owners are Tan Jwin Hxen, Lai Hoong Sung & Yap Lee Koon (joint owners), LIC Industries Sdn Bhd, Chan Swee Lan, Dasa Sentosa Sdn Bhd and Sarabjeet Singh respectively.
- (2) Six individual owners are Loo Man Shong, Lim Tong Seng, Mong Lap Chee, Simon Ling Siang Hock, Heng Chip Hian and Leong Choon Meng respectively.
- (3) Three joint owners are Teh Tsui Ling, Tommy Lee Chee Yeow and Choo Yang Yee respectively.
- (4) Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015. (Source: Bloomberg L.P.)

The above properties leased or tenanted by our Group have been issued with the relevant certificate of fitness for occupation or equivalent (where applicable) as at the date of this Prospectus.

As at the date of this Prospectus, our Group is not in breach of any law, rules and building regulations in relation to the use of the properties above. Our Directors wish to highlight that, with respect to the land and buildings owned and leased by our Group as stated above, there are no environmental issues that may materially affect our Group's operations and utilisation of the above properties.

6. BUSINESS OF OUR GROUP (CONT'D)**6.22.3 Material Tangible Fixed Assets Other than Property**

Save as disclosed below, as at the date of this Prospectus, our Group does not have any other material tangible fixed assets:

No.	Description	No. of Units	Date of Acquisition	Depreciation rate No. of Years	Net Book Value as at 31 December 2014 RM'000
1.	Boring machine	23	Since July 2007 to January 2014	7	42,896
2.	Launcher	5	Since October 2012 to 2014	10	18,630
3.	Tower crane	16	Since December 2011 to May 2013	10	12,416
4.	Excavator	25	Since December 2011 to November 2014	10	6,579
5.	Formwork	25,000 m ²	Since October 2008 to 2014	5	14,827
				Total	95,348

6.22.4 Material Plans to Construct, Expand or Improve Facilities

As at the date of this Prospectus, our Group does not have any other material plans to construct, expand or improve our facilities.

6. BUSINESS OF OUR GROUP (CONT'D)

6.23 INSURANCE

Our Group maintains insurance coverage at levels that are customary in the businesses in which we operate to protect against various losses and liabilities that may arise from the risks of our construction projects. These risks include physical loss of, or damage to, our equipment and equipment belonging to third parties, physical injuries suffered by our employees as a result of accidental work hazards, and any liabilities arising from our operation. We generally maintain relevant insurance policies such as contractors' all risk insurance, fire insurance, workers' insurance and public liability insurance in Malaysia and in other jurisdictions in which we operate. We also review our insurance policies and coverage regularly to ensure there is adequate coverage on our assets, employees and construction projects in order to manage any losses which may arise for our project needs.

For the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, we incurred an aggregate of RM6.9 million, RM10.2 million and RM8.2 million respectively in insurance policy premiums.

6.24 PROSPECTS OF OUR GROUP

Premised on our key competitive strengths and advantages highlighted in Section 6.4 of this Prospectus, our future plans and strategies highlighted in Section 6.5 and the prospects and outlook of the construction industry as set out in Section 7 of this Prospectus, our Board is of the view that we will enjoy positive growth and favourable prospects in the long-term.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT

(Prepared for inclusion in this Prospectus)

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)
Suite 23-3, Level 23, Office Suite, Menara 1MK,
1 Jalan Kiara, Mont' Kiara,
50480 Kuala Lumpur, Malaysia.
T +603 6211 2121

SMITH ZANDER

9 JUN 2015

The Board of Directors
SUNWAY CONSTRUCTION GROUP BERHAD
Level 16, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
Malaysia

Dear Sirs,

Executive Summary of the Independent Market Research Report on the Construction and Precast Concrete Industries in Malaysia and Singapore in relation to the Proposed Offering of SCG Shares ("Offering") and its Listing of and Quotation for the Entire Issued and Paid-up Ordinary Share Capital of SCG on the Main Market of Bursa Malaysia Securities Berhad

This Executive Summary of the Independent Market Research Report on the Construction and Precast Concrete Industries in Malaysia and Singapore is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus of SUNWAY CONSTRUCTION GROUP BERHAD.

For and on behalf of SMITH ZANDER:



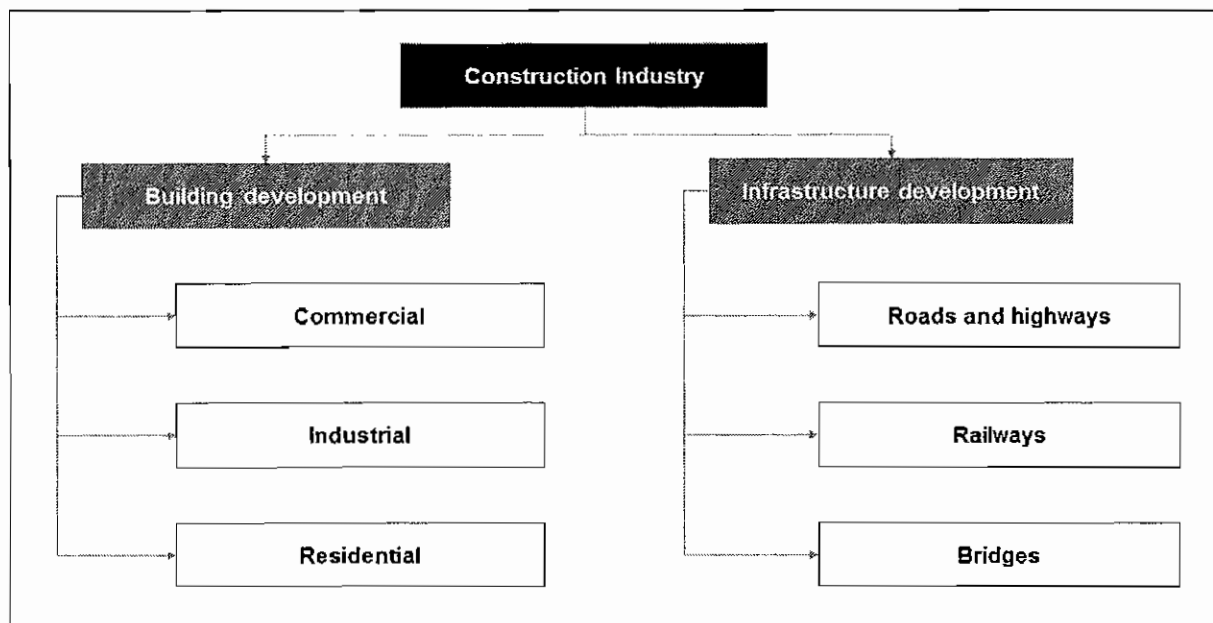
DENNIS TAN
MANAGING PARTNER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER****1 DEFINITION AND SEGMENTATION**

The construction industry can broadly be divided into two (2) key major segments, namely the construction of buildings and infrastructure, where the construction of buildings is then further categorised into three (3) categories, namely commercial, residential and industrial:

- Commercial buildings are used for business purposes and this includes office buildings, warehouses, hotels, retail outlets and other institutional or purpose-built buildings such as convention centres, resorts (including theme parks), and educational and medical institutions;
- Industrial properties are buildings or structures where industrial or manufacturing activities are carried out, and includes factories and production plants; and
- Residential buildings are intended for dwelling purposes.

The construction of infrastructure refers to any form of development of public assets used for purposes such as transportation, utilities management and communication, recreation and community use. This includes road and highway networks, jetties, transportation transit systems (i.e. commuter rail systems, mass rapid transit, light rail transit, subways and bus transportation) and drainage systems.

Construction industry – industry segmentation ^a

^a The examples above are not exhaustive

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Typically, the construction industry constitutes civil works, structural works, and mechanical, electrical and plumbing ("MEP") works. Civil and structural works comprises all design and build activities, including foundation and geotechnical works. Design and build activities include, but are not restricted to, design development, foundation and geotechnical works, construction and installation works, quality control, safety, health and environmental monitoring, finishing works including MEP and commissioning and

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

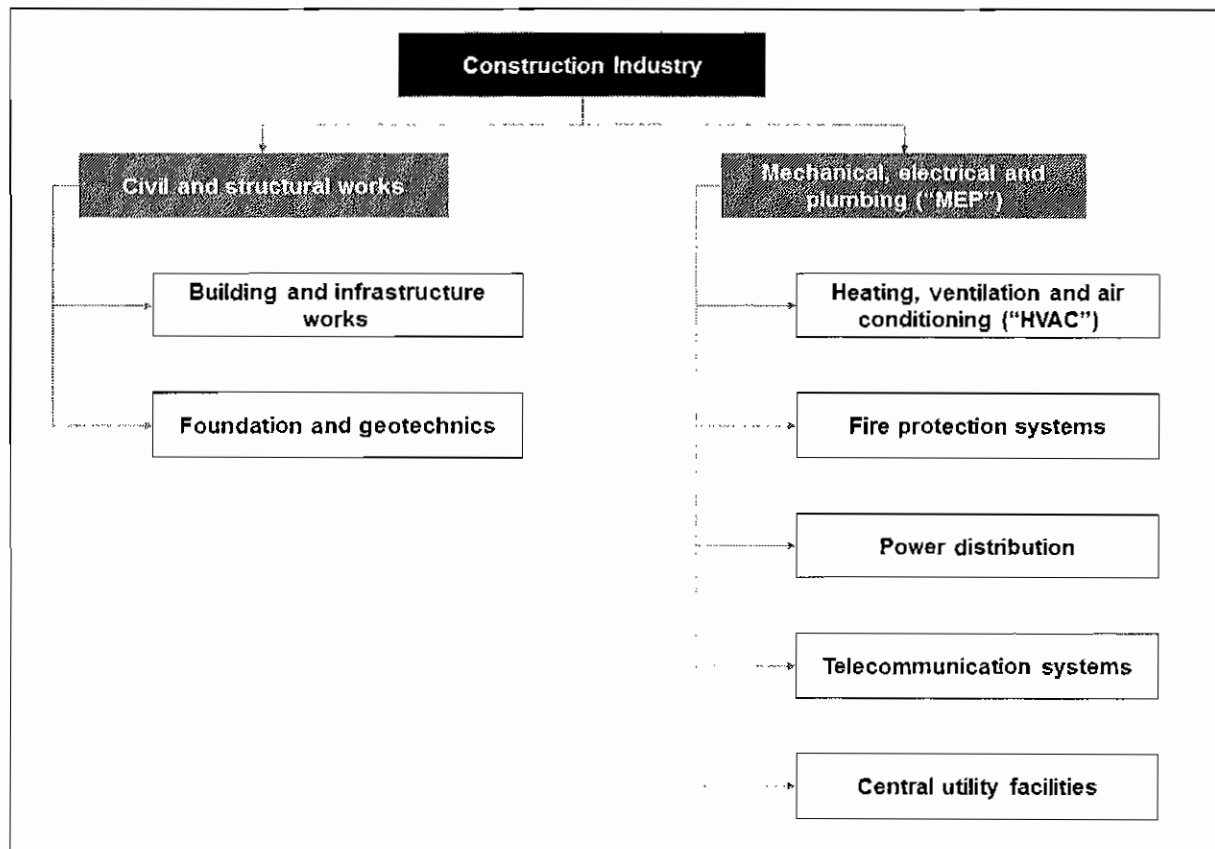
SMITH ZANDER

handover. The main building materials utilised in civil and structural works include cement and concrete, and steel due to its durability and resistance as well as cost-effectiveness.

Foundation and geotechnical works pertain to the groundwork and foundation building based on a study of the geological structure and earth materials on the construction site and its influence on foundation and geotechnical works, and the study of groundwater regime and its influence on wall stability and integrity of the foundation and geotechnical works. Foundations are designed and constructed for structures of various sizes, including high-rise buildings, bridges, and medium to large commercial buildings. Shallow and deep foundations are built for above-ground structures depending on load bearing capacity, soil settlement and ground movement beneath the foundations. Retaining structures include earth-filled dams and retaining walls.

MEP works is a significant component in construction, and industry players that provide this service are trade specialists. MEP specialists are involved in the design and/or installation of heating, ventilation and air conditioning ("HVAC"), fire protection systems, power distribution, telecommunication systems and central utility facilities. Central utility facilities are erected for utility generation, transmission and distribution, and utilities produced and distributed here can include compressed air, chilled water, steam, hot water and electricity. Central utility facilities may also be erected to manage the collection and disposal of solid waste.

Construction industry – key components and building blocks ^a



^a The examples above are not exhaustive

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

The construction industry is supported by a strong and robust building materials industry. The production of building materials is typically an established and stable growth industry owing to the fact that demand for building and infrastructure development is driven by public and private expenditure. Building materials encompass natural substances such as clay, rock, wood and sand, and manufactured materials such as cement, concrete, glass, metals and plastics. Building materials from both natural substances and manufactured materials are used for the purposes of building, infrastructure and social amenities development.

Concrete is typically made from Portland cement that is combined with aggregates. While concrete has high compressive strength, it also exhibits low tensile strength. Thus in the application for construction, concrete is generally reinforced with steel bars or rods which provides it with strong tensile properties. The resultant concrete is known as reinforced concrete. Concrete is typically produced in the five (5) basic forms of ready-mix concrete, precast concrete, masonry, tilt-up and cement-based materials.

Precast concrete industry – definition and segmentation

READY-MIX	<ul style="list-style-type: none"> Concrete that is batched for delivery from a central plant instead of being mixed on the job site. Each batch of ready-mixed concrete is tailor-made according to the specifics of the contractor and is delivered to the contractor in cement mixers. The most common form of concrete.
PRECAST CONCRETE	<ul style="list-style-type: none"> Cast in a reusable mould in a factory setting under high quality control before transported to the construction site for installation. There are two (2) types of precast products: standard products and specialty products Standard products such as beams, decks, and railroad ties are can be produced in large volumes and stocked as inventory while awaiting sale. Specialty products are designed specifically and customised to order.
MASONRY	<ul style="list-style-type: none"> Standard rectangular concrete blocks measuring 8 inches x 8 inches x 16 inches (200 millimeters (”mm”) x 200 mm x 400 mm). Widely used to construct small and large structures that are economical, energy efficient, fire-resistant, and involve minimal maintenance.
TILT-UP	<ul style="list-style-type: none"> Also known as tilt-slab or tilt-wall. Concrete walls, columns or structural supports are formed horizontally on a concrete slab, and once cured, are tilted to a vertical position by a crane and braced into position while other structural components such as roofs, intermediate floors and walls are secured.
CEMENT-BASED MATERIALS	<ul style="list-style-type: none"> Represent products that defy the label of concrete but share many of its qualities Includes mortar, grout, terrazzo, soil-cement, roller-compacted concrete, flowable fill and cement-treated base.

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Ready-mix concrete is the most common of concrete types, generally because it was the earliest to be introduced to the construction industry. Ready-mix concrete does not only act as a binder, it also allows for on-site casting of concrete products such as concrete slabs and tilt-ups. Prior to the introduction of ready-mix concrete, end-users used to purchase their own cement and other raw materials for the production of concrete on-site.

With the constant evolution of the construction industry, precast concrete was later introduced to end-users. While ready-mix concrete still requires end-users to cast concrete products on-site, precast concrete

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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provides end-users with concrete products which have been casted off-site in a factory setting either according to their specifications or to standard specifications. There are many advantages in which precast concrete holds over other types of concrete, such as faster construction times, easier management of construction sites without having to monitor on-site production as well as lower transportation costs.

Precast concrete industry - advantages of precast concrete

Faster construction time	<ul style="list-style-type: none"> > Quicker erection of structural and ornamental parts as these parts can be produced in advance according to the specification required for each construction site > Construction schedule is less dependent on weather conditions as curing of concrete is not needed in this case
Easier management of construction site	<ul style="list-style-type: none"> > The volume of construction waste is reduced as the need for on-site precast concrete production operations have been eliminated > Elimination of the need for scaffoldings and temporary support structures and thus, reducing costs as well as health and safety hazards > More focus can be placed on other construction activities and thus, improving quality and labour costs
Ease of logistics and transportation	<ul style="list-style-type: none"> > Concrete, in its ready-mixed form, must be delivered within 90 minutes from its mixing, which limits the area a ready-mixed concrete plant can service > Concrete, in its ready-mixed form, must also be transported in a transit-mix truck, which is heavier than a lorry transporting precast concrete products and thus, transportation is kept to bare minimum to avoid hauling heavy loads on the road over longer distances

Source: Extracted from the independent market research report prepared by SMITH ZANDER

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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2 ANALYSIS OF THE CONSTRUCTION INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

Economic Contribution

The construction industry in Malaysia is largely influenced by the nation's economic development as the construction of buildings and infrastructure are essential for national development and progress. With economic development comes an increase in demand for residential, commercial and industrial properties due to the increase in the average income of the population as well as the increase in business activities. As these construction sub-segments (i.e. residential, commercial and industrial) develop, the infrastructure and social amenities supporting these developments must be likewise built or improved.

The mark of a country's economic development is reflected by its gross domestic production ("GDP") and employment rate achievements. From 2009 to 2013, the GDP for the construction industry in Malaysia increased from about RM19.3 billion to about RM29.6 billion, recording a compound annual growth rate ("CAGR") of 11.3%. Between 2009 and 2014, the construction industry contributed to between 3.0% and 4.0% of Malaysia's total GDP, increasing from 3.1% in 2009 to 3.9% in 2014, signifying its importance to overall economic development.

Construction industry in Malaysia – key economic statistics

Year	National GDP (RM million)	Construction industry GDP (RM million)	Construction industry's contribution to national GDP (%)
2009	629,885	19,270	3.1
2010	676,653	21,459	3.2
2011	711,351	22,464	3.2
2012	751,471	26,531	3.5
2013	787,611	29,554	3.8
2014p	835,040	32,984	3.9
CAGR 2009 – 2013	5.7%	11.3%	Not applicable

p - preliminary

Source: Extracted from the independent market research report prepared by SMITH ZANDER

The construction industry is a vital building block for the development of other economic activities in the country, including manufacturing, finance and business services as well as wholesale and retail trade, hotels and restaurants. In 2013, the manufacturing sector contributed approximately 24.5% to Malaysia's total GDP, while wholesale trade, retail trade, accommodation and restaurants collectively contributed approximately 16.9%, and finance, insurance, real estate and business services collectively contributed approximately 14.8%. In 2014, the manufacturing sector contributed approximately 24.6% to Malaysia's total GDP, while wholesale trade, retail trade, accommodation and restaurants collectively contributed approximately 15.4%, and finance, insurance, real estate and business services collectively contributed approximately 14.5%. In order for these economic activities to operate and thrive, buildings and structures such as industrial parks, office buildings, retail malls, hotels and restaurants must be erected.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

Globally, crude oil prices began witnessing a drop below the USD100 per barrel mark in September 2014 after nearly five (5) years of stability, raising concerns on the impact of lower oil prices on the construction industry in Malaysia. The combination of robust world crude oil supply growth and weak global demand has contributed to rising global inventories and falling crude oil prices.

Construction industry in Malaysia – global Brent crude oil prices

Month, year	Brent crude oil price (USD per barrel)
January 2014	107.42
February 2014	108.81
March 2014	107.40
April 2014	107.79
May 2014	109.68
June 2014	111.87
July 2014	106.98
August 2014	101.92
September 2014	97.34
October 2014	87.27
November 2014	78.44
December 2014	62.33

Source: Extracted from the independent market research report prepared by SMITH ZANDER

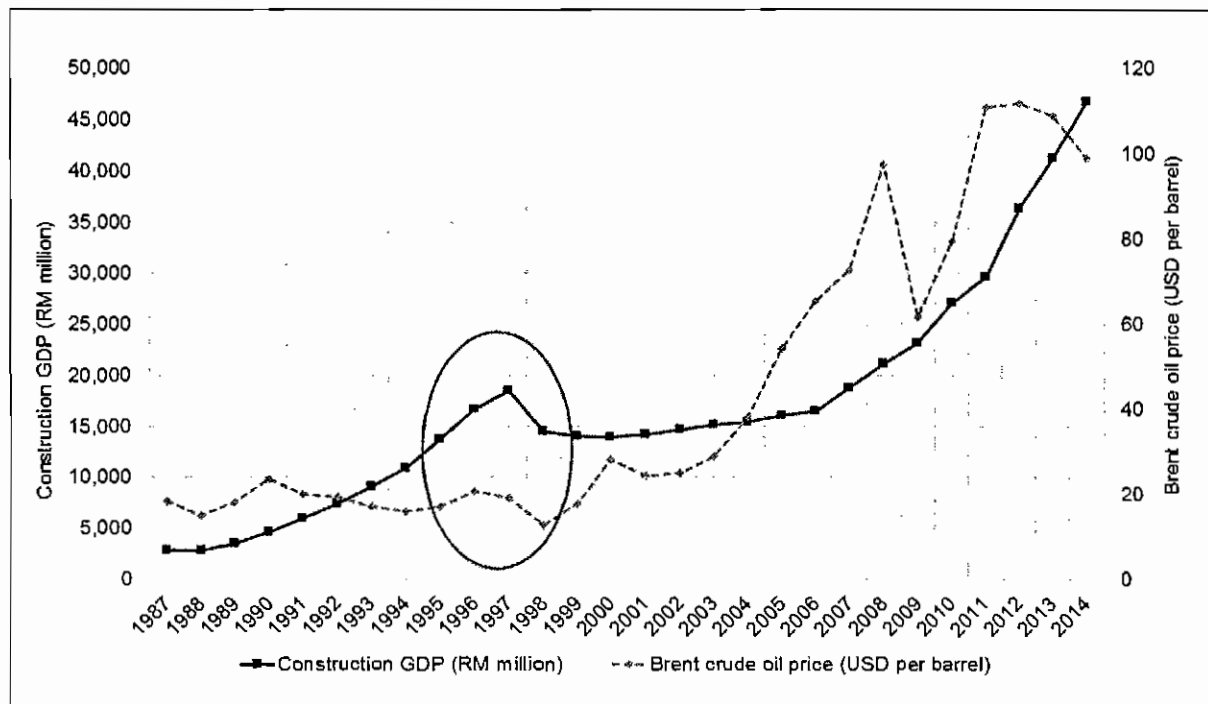
In assessing the impact of falling crude oil prices on Malaysia's construction industry, a longer term view of the country's construction industry performance benchmarked against crude oil prices is necessary. Over the period of 1987 to 2014, Malaysia's construction GDP increased from RM2.8 billion to RM46.8 billion. Malaysia's construction industry has witnessed a steady upward growth trend between 1987 and 2014, save for the year 1998 when the construction industry was affected by the impact of the Asian financial crisis. While growth in the construction industry moderated between 1998 and 2006, the industry's performance picked up and registered stronger growth commencing the year 2006, reaching RM46.8 billion in 2014.

Over the same period between 1987 and 2014, Brent crude oil prices increased from USD18.34 in 1987 to USD98.94 in 2014. During this period, Brent crude oil prices have fluctuated more drastically than the performance of the construction industry in Malaysia, as a result of global demand and supply factors, with dips in 1988, 1991, 1998, 2001 and 2009 arising from major regional and/or global economic slowdowns. The only corresponding dip in the performance of the construction industry in Malaysia was in 1998 during the Asian financial crisis, when both construction GDP in Malaysia and Brent crude oil prices dropped in tandem. In 2009, when Brent crude oil prices decreased drastically to USD61.86 from USD97.64 in the year before due to the United States sub-prime crisis, construction GDP in Malaysia continued to rise.

Based on this historical trend, save for the period during the Asian financial crisis in 1998, the construction industry in Malaysia has been predominantly resilient to fluctuations in global crude oil prices.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Construction industry in Malaysia – impact of global Brent crude oil prices on the construction industry in Malaysia ^a^a Malaysia's construction GDP is based on current prices

Source: Extracted from the independent market research report prepared by SMITH ZANDER

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER****Employment**

The construction industry has also contributed to the socio-economic development of Malaysia in terms of employment. Employees in the construction industry increased from about 10.9 million persons in 2009 to an estimated 13.6 million persons in 2014, indicating a growing construction industry that is in line with a developing country's manpower requirements. The percentage of employment in the construction industry hovered between 9.0% and 9.5% of total employment in Malaysia over the period of 2009 to 2014.

Construction industry in Malaysia – employment statistics

Year	Total employment ('000)	Employment in the construction industry ('000)	Percentage employment of the construction industry (%)
2009	10,897.3	1,015.9	9.3
2010	11,899.5	1,082.7	9.1
2011	12,284.4	1,133.6	9.2
2012	12,723.2	1,163.7	9.1
2013	13,210.0	1,244.1	9.4
2014 _p	13,576.3	1,225.6	9.0
CAGR 2009 – 2013	4.9%	5.2%	Not applicable

p - preliminary

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Value of Projects Awarded

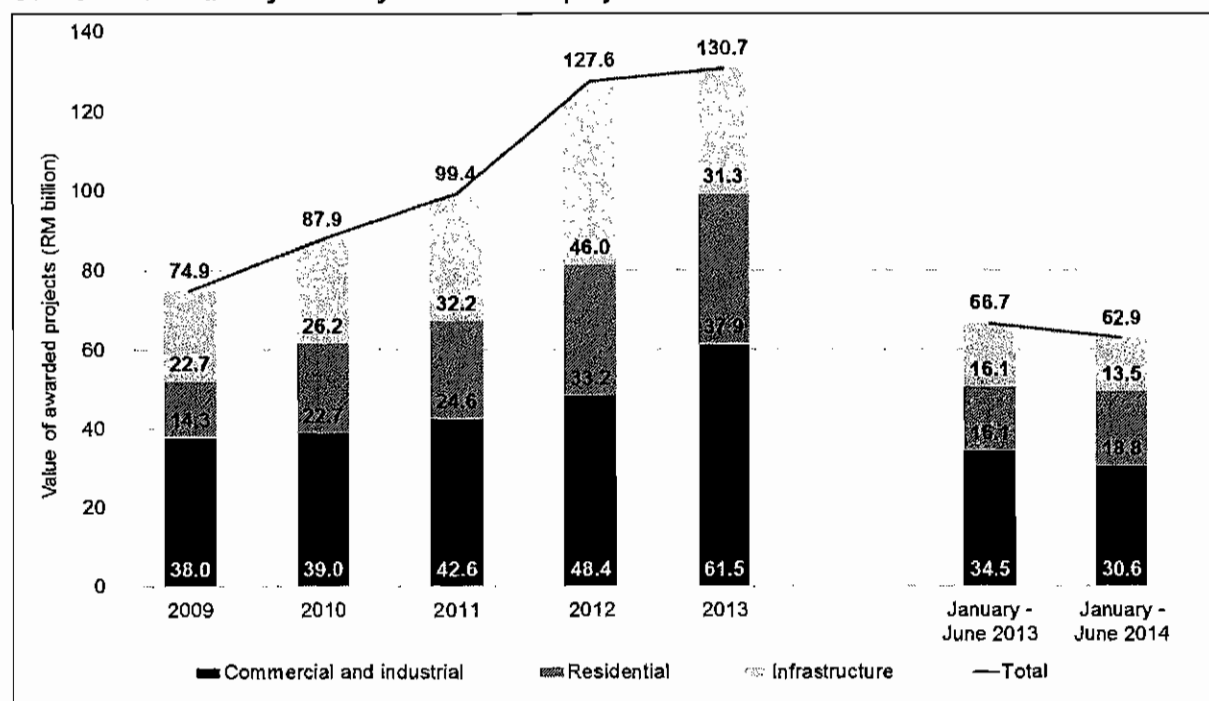
The vibrancy of the construction industry reflects the growth of a country's economy. The growth of the construction industry is typically cyclical as it follows relatively closely to the GDP growth of a country. A common measure of the construction industry is based on value of projects awarded during a certain period.

From 2009 to 2013, the construction industry in Malaysia, as measured by value of projects awarded, grew from RM74.9 billion to RM130.7 billion and recorded a CAGR of 14.9%. The industry experienced a slowdown in 2009 as public and private expenditure on construction activities were tightened due to the global financial crisis. However, the industry began rebounding in 2010 in a show of resilience as the Government of Malaysia and the private sector resumed spending on construction activities.

Residential construction activities registered the highest CAGR of 27.6%, increasing from RM14.3 billion in 2009 to RM37.9 billion in 2013 in terms of awarded project value. Commercial and industrial construction witnessed an impressive growth rate of 12.8% between 2009 and 2013 on the back of an increase in the supply of commercial office space.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Construction industry in Malaysia – value of projects awarded ^a^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

The infrastructure development sector of the construction industry is typically reliant on public funding from the Government of Malaysia. In terms of awarded project value, this sector increased at a rate of 8.4% from RM22.7 billion in 2009 to RM31.3 billion in 2013. Infrastructure and social amenities development was adversely affected by the global financial crisis in 2008 which prevailed over the next two (2) years. Nevertheless, with the implementation of the 10th Malaysian Plan ("10MP") and the Economic Transformation Programme ("ETP"), infrastructure and social amenities construction recovered in 2011 and 2012. In 2013, the Government was largely focused on seeing through several of the transportation-related infrastructure projects awarded in 2011 and 2012, hence resulting in lower construction values in terms of awarded projects during the period of 2013.

Moving forward, infrastructure and social amenities construction is also expected to continue to be strongly driven by public expenditure. The 10MP identifies 52 high impact projects worth RM63.0 billion which include the Pahang-Selangor Raw Water Transfer Project with an estimated project value of RM9.0 billion, the Light Rail Transit ("LRT") extension from Kelana Jaya station to Putra Heights, Subang Jaya with a maximum contract value of RM7.0 billion and the construction of the new Low Cost Carrier Terminal ("LCCT") with a gross development value ("GDV") of RM2.0 billion.

With the aim of further developing the country, the Government of Malaysia also announced future development plans under the ETP in January 2011. These plans include the construction of the Klang Valley MRT system, which is estimated to cost about RM55.0 billion and KL International Financial District Development which has a GDV of RM26.0 billion. Other plans under the ETP include the development of the Pengerang Independent Deepwater Petroleum Terminal ("PIDPT") and the Refinery and Petrochemical Integrated Development ("RAPID") in Johor, with an estimated cost of over RM60.0 billion, as well as

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

several power utilities plant development in Pahang, Perak and Terengganu which have an estimated combined total project value of RM500.0 million.

The Government has further approved six (6) toll highways for Selangor, namely Kinrara – Damansara Expressway ("KIDEX"), East Klang Valley Expressway ("EKVE"), Sungai Besi – Ulu Klang Expressway ("SUKE"), Damansara – Shah Alam Highway, Serdang Kinrara Putrajaya Expressway ("SKIP") and West Coast Highway ("LPB"), which collectively will require an investment of RM20.5 billion.

Construction industry in Malaysia – selected on-going and upcoming major infrastructure development projects

Location	Project	Type of infrastructure development	Estimated project value (RM billion)
Pahang and Selangor	Pahang – Selangor Raw Water Transfer Project	Utilities	9.0
Negeri Sembilan	Low Cost Carrier Terminal	Transportation	2.0
Selangor	LRT Extension Project	Transportation	7.0
	Klang Valley MRT System	Transportation	55.0
	KL International Financial District Development ("KLIFD")	Commercial	26.0
	KL bullet train to Singapore	Transportation	12.0
	Klang River Revitalisation	Commercial	18.0
	Kinrara – Damansara Expressway ("KIDEX")	Transportation	2.4
	East Klang Valley Expressway ("EKVE")	Transportation	1.6
	Sungai Besi – Ulu Klang Expressway ("SUKE")	Transportation	4.2
	Damansara – Shah Alam Highway	Transportation	4.3
	Serdang Kinrara Putrajaya Expressway ("SKIP")	Transportation	2.0
	West Coast Highway ("LPB")	Transportation	6.0
Johor	Pengerang Independent Deepwater Petroleum Terminal ("PIDPT")	Commercial	60.0
	Refinery and Petrochemical Integrated Development ("RAPID")		
Pahang	Ulu Jelai Hydropower Project	Utilities	0.5
Perak	Manjung Extension Development	Utilities	
Terengganu	Hulu Terengganu Hydroelectric Project	Utilities	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Apart from the initiatives driven by the Government to further develop infrastructure based on the nation's socio-economic needs, the Government through the Construction Industry Development Board ("CIDB") intends to further develop the construction industry in Malaysia to maintain its status as a healthy and self-sufficient industry. The CIDB implemented the Construction Industry Master Plan (2006-2015) in 2006, which includes seven (7) thrusts that aim to increase the industry's market size by expanding into new and unexplored foreign markets, and improve productivity, efficiency and cost-effectiveness of the domestic construction industry in order to provide comparative advantage to the economy.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

With these opportunities created by the Government of Malaysia to drive industry growth and socio-economic development, the construction industry is expected to grow strongly, particularly in line with the rolling out of large infrastructure and social amenities development projects. SMITH ZANDER projects the construction industry to grow from RM130.7 billion in 2013 to RM191.1 billion in 2017, based on awarded project value, at a CAGR of 10.0%. SMITH ZANDER estimates that the percentage contribution of infrastructure, commercial and residential development projects will not significantly change over the forecast period.

Competitive Landscape

The construction industry in Malaysia is competitive owing to the large pool of diversified and pure play industry players that compete for public and private residential, commercial and industrial, and infrastructure construction projects in the country. Based on its revenue of approximately RM1.9 billion in the FYE 31 December 2014, Sunway Construction Group Berhad ranks among the top five (5) construction companies in Malaysia, and upon its Listing, will be the largest pure play public listed construction company in Malaysia. For the purposes of this research report, SMITH ZANDER has adopted the premise that a pure play construction player is a construction group and/or company that derives 90.0% or more of its revenue from construction and construction-related activities, while diversified groups and/or companies derive less than 90.0% of their revenue from construction and construction-related activities, and are involved in other core businesses, which include, among others, property development, oil palm, tolls and other concessions, manufacturing and trading. The ranking of Sunway Construction Group Berhad is based on a comparison of its revenue in the FYE 31 December 2014 against the latest available revenues of the companies listed on the Construction Sector of the Main Market of Bursa Malaysia Securities Berhad, with the latest available revenues of these companies ranging from the FYE 31 December 2013 to the FYE 31 December 2014.

The following sets out the latest available revenues of the major construction groups and/or companies in Malaysia, with classifications indicating if they are pure play construction groups and/or companies, or diversified groups and/or companies.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Construction industry in Malaysia – financial performance of public listed construction industry players as at 31 May 2015

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities ^{a, b} (RM)
IJM Corporation Berhad ^b	Construction, property development, manufacturing and quarrying, plantation, infrastructure and investment holding	Diversified	31 March 2014	6,006,481,000	2,080,082,000
Sunway Construction Group Berhad ^b	Provision of construction services, manufacturing and sale of precast concrete products	Pure play	31 December 2014	1,880,707,000	1,880,707,000
WCT Holdings Berhad ^b	Civil engineering and construction, property development, property investment and management	Diversified	31 December 2014	1,662,222,000	1,210,582,000
Gamuda Berhad ^b	Engineering and construction, property development and club operations, water and expressway concessions	Diversified	31 July 2014	2,229,572,000	1,180,137,000
MMC Corporation Berhad ^b	Ports and logistics, energy and utilities, engineering and construction, others	Diversified	31 December 2014	8,765,501,000	1,082,513,000
Kimlun Corporation Berhad ^b	Construction, manufacturing of concrete products and trading of building materials, property development, investments	Diversified	31 December 2014	1,206,398,768	967,195,134

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities ^{a, b} (RM)
Eversendai Corporation Berhad ^b	Construction contracts	Pure play	31 December 2013	965,050,000	965,050,000
Mudajaya Group Berhad ^b	Construction contracts, property development, trading and plant hiring, manufacturing, others	Diversified	31 December 2014	1,050,805,000	849,756,000
Bina Puri Holdings Berhad ^b	Construction, property development, quarry and readymix concrete, polyol manufacturing, power supply	Diversified	31 December 2014	1,053,478,000	833,226,000
Muhibbah Engineering (M) Berhad ^b	Infrastructure construction, cranes, marine ship building and ship repair, concessions	Diversified	31 December 2014	1,733,620,000	717,089,000
TRC Synergy Berhad ^c	Construction activity, property development	Diversified	31 December 2014	814,955,887	706,833,597
Ahmad Zaki Resources Berhad ^b	Construction, trading in oil and gas and other related products, cultivation, other operations	Pure play	31 December 2014	662,358,562	601,120,555
Hock Seng Lee Berhad ^b	Construction, property development, others	Pure play	31 December 2014	604,721,309	572,767,959
Gadang Holdings Berhad ^b	Construction, property, utility, investment holding and others, plantation	Diversified	31 May 2014	544,945,855	442,192,822
Econpile Holdings Berhad ^c	General construction and piling works, others	Pure play	30 June 2014	418,687,750	418,681,600

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities ^{a, b} (RM)
Mitrajaya Holdings Berhad ^b	Construction, property development, manufacturing and trading, healthcare industries, others	Diversified	31 December 2014	520,204,899	370,674,000
Gabungan AQRS Berhad ^b	Property development, construction, others	Diversified	31 December 2014	534,163,223	325,222,557
Sycal Ventures Berhad ^b	Construction, property development, manufacturing and trading	Diversified	31 December 2014	406,183,000	291,859,000
Pesona Metro Holdings Berhad ^b	Construction works, manufacturing and trading of polyurethane, others	Pure play	31 December 2013	296,887,419	283,120,770
Fajarbaru Builder Group Berhad ^b	Investment holding, property development, construction, trading	Diversified	30 June 2014	313,581,595	244,034,030
Zelan Berhad ^b	Engineering and construction, property and development, investment, others	Pure play	31 March 2014	250,207,000	242,999,000
Ireka Corporation Berhad ^b	Construction, property development, trading and services, hospitality and leisure, investment holding	Diversified	31 March 2014	289,676,087	231,972,773
MTD ACPI Engineering Berhad ^b	Construction, manufacturing and related services, others	Diversified	31 March 2014	328,185,000	222,546,000
Prinsiptek Corporation Berhad ^b	Construction, property development, trading and others	Diversified	31 December 2014	302,158,621	198,541,410

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities ^{a, b} (RM)
Melati Ehsan Holdings Berhad ^b	Construction, trading, property development, others	Diversified	31 August 2014	323,143,107	168,388,471
Pintaras Jaya Berhad ^c	Piling, civil engineering and construction works, manufacturing	Diversified	30 June 2014	201,906,779	167,419,257
Protasco Berhad ^b	Construction contracts, engineering services, training and education, trading, property development, others	Diversified	31 December 2014	1,061,573,000	141,971,000
Zecon Berhad ^b	Construction, property development, toll concession, others	Diversified	30 June 2014	208,595,336	141,324,505
Ekovest Berhad ^b	Construction operations, property development, investment holding, toll operations	Diversified	30 June 2014	229,126,000	137,471,000
Jaks Resources Berhad ^b	Manufacturing, trading, construction, investment, property development	Diversified	31 December 2014	490,932,434	134,554,306
Ho Hup Construction Company Berhad ^b	Construction, property development, manufacturing, others	Diversified	31 December 2014	341,024,000	115,897,000
Merge Energy Berhad ^b	Investment holding, construction, property investment, trading, oil and gas, others	Pure play	31 January 2014	122,053,713	114,033,677

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities ^{a, b} (RM)
Triplc Berhad ^b	Property development, property construction, property investment, investment holding, others	Pure play	31 May 2014	108,393,964	107,295,838
Crest Builder Holdings Berhad ^b	Construction, investment holding, property development	Diversified	31 December 2014	207,391,620	98,255,715
TSR Capital Berhad ^b	Construction, manufacturing, investing, property	Diversified	31 December 2014	116,563,000	97,069,000
Lebtech Berhad ^c	Construction and trading of products	Pure play	31 December 2014	78,331,932	78,331,932
Bina Darulaman Berhad ^b	Property development, quarry and road paving, construction, operation of golf resort and hotel, trading	Diversified	31 December 2014	328,878,785	70,761,000
DKLS Industries Berhad ^b	Investment holding, construction, manufacturing, property development, others	Diversified	31 December 2014	210,980,797	66,045,692
PLB Engineering Berhad ^b	Construction, property development, trading, property letting, waste management, investment holding, others	Diversified	31 August 2014	191,729,605	66,001,000
Kumpulan Jetson Berhad ^b	Construction and property development, hostel management, manufacturing	Diversified	31 December 2014	159,057,918	45,984,444
Fututech Berhad ^b	Manufacturing, construction,	Diversified	31 December 2013	41,995,486	36,070,529

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities ^{a, b} (RM)
	properties, investment and others				
Benelac Holdings Berhad ^b	Land reclamation services, vessel chartering and marine transportation, shipbuilding, others	Diversified	30 June 2014	211,017,214	17,617,674
Brem Holding Berhad ^b	Civil engineering and construction, property development, property investments and investment holding, water supply and services	Diversified	31 March 2014	144,101,370	14,744,025
Ark Resources Berhad ^c	Construction, property development, investment	Pure play	31 December 2014	7,400,041	6,873,737
Kumpulan Europlus Berhad ^b	Manufacturing, construction, others	Diversified	31 March 2014	13,910,000	1,694,000

^a Due to differing segmental revenue definitions of industry players, this may include some revenue derived from businesses other than construction and revenue derived from outside Malaysia

^b Segmental revenue for construction and construction-related activities excludes inter-company or inter-segment revenue

^c Segmental revenue for construction and construction-related activities may include inter-company or inter-segment revenue

Source: Extracted from the independent market research report prepared by SMITH ZANDER

In 2013, Malaysia's construction industry, measured by the total value of projects awarded, was registered at RM130.7 billion. During this same period, Sunway Construction Group Berhad was awarded projects amounting to RM2.9 billion and thereby garnered a market share of 2.2% in Malaysia based on the total value of projects awarded. For the first half of 2014, Malaysia's construction industry, measured by the total value of projects awarded, was registered at RM62.9 billion. Sunway Construction Group Berhad was further awarded with projects amounting to RM758.3 million in 2014, of which RM332.7 million was secured in the first half of 2014 thereby resulting in a market share of 0.5%.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Demand Conditions – Key Demand Drivers**Government expenditure to drive infrastructure development generates demand for construction services**

In addition to the 10MP and ETP, the Government of Malaysia in the recent Budget 2015 announced the launch of the Eleventh Malaysia Plan ("11MP") commencing May 2015, and the formulation of the Malaysian National Development Strategy ("MyNDS"). MyNDS will be the vehicle for planning and preparation of programmes and projects under 11MP, with an emphasis on using limited resources optimally, with focus on high impact projects and programmes at low cost as well as efficient and rapid implementation. Budget 2016 which will be announced in the second half of 2015 will be the start to the final five (5) years of Malaysia's progress to achieving high-income advanced economy status by 2020.

Under Budget 2015, the Government announced several infrastructure projects that will result in greater demand for construction services. A total of approximately RM75.0 billion worth of highway infrastructure projects have been earmarked to commence in 2015.

Construction industry in Malaysia – infrastructure projects announced under Budget 2015

Measure	Project	Committed investment (RM billion)
Accelerating public and private investment	Construction of the 59 km Sungai Besi – Ulu Klang Expressway	5.3
	Construction of the 276 km West Coast Expressway from Taiping to Banting	5.0
	Construction of the 47 km Damansara – Shah Alam Highway	4.2
	Construction of the 36 km Eastern Klang Valley Expressway	1.6
	Upgrading the East Coast railway line along Gemas – Mentakab, Jerantut – Sungai Yu and Gua Musang – Tumpat	0.2
	Construction of the 56 km Second MRT Line from Selayang to Putrajaya	23.0
	LRT 3 Project, which will link Bandar Utama to Shah Alam and Klang	9.0
	Construction of the 1,663 km Pan-Borneo Highway comprising 936 km in Sarawak and 727 km in Sabah	27.0
	Pengerang Integrated Petroleum Complex ("PIPC") project	69.0
Increasing capacity of high-speed broadband	Build 1,000 new telecommunication towers and laying of undersea cables	Not available
Rural facilities and infrastructure	Construction of 635 km of rural roads including former logging roads in Sabah and Sarawak	1.0
	Implement electricity connection for 15,000 houses in Sabah and Sarawak	1.1
	Implement rural clean water supply for 7,500 houses	0.4

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

In January 2015, the Government of Malaysia announced a revision to Budget 2015 following the global decline in crude oil prices. Despite a revenue shortfall resulting from lower crude oil prices, the Government will take measures to ensure that economic growth remains on a strong trajectory. Specific to the construction industry, the Government is committed to ensuring that the developmental expenditure allocated under Budget 2015 will be maintained and spent on projects such as public housing, flood mitigation, water supply, electricity and public transport infrastructure. Under the Budget 2015 revisions, the Government intends to continue to undertake major infrastructure projects such as the Second MRT Line, LRT 3, Kuala Lumpur-Singapore High-Speed Rail and the Pan-Borneo Highway.

Construction industry in Malaysia – revisions to Budget 2015, specific to the construction industry

Strategy	Description
Ensuring balanced inclusive and sustainable economic growth	<ul style="list-style-type: none"> ▪ Frontload implementation of logistics and trade facilitation: <ul style="list-style-type: none"> • Improve last-mile connectivity to Port Klang including access road, railway network and traffic management system; • Upgrade Padang Besar railway terminal; • Improve operational efficiency of import and export processes; and • Establish a hub and spoke system for air transport ▪ To enhance private consumption, the Government will give priority to local class G1 (Class F), G2 (Class E) and G3 (Class D) contractors registered with CIDB to undertake reconstruction works in their respective flood affected areas.
Assisting the <i>rakyat</i> and business community as well as rebuilding infrastructure damaged by the floods	<p>The recent floods affected around 400,000 people nationwide. The latest estimate of damage to infrastructure is about RM2.9 billion. Among the measures that have been taken and will be implemented to assist flood victims include:</p> <ul style="list-style-type: none"> ▪ The Government has provided an initial allocation of RM500.0 million for rehabilitation works and welfare programmes for flood victims. This is in addition to the existing allocation to the National Security Council, bringing the total to RM787.0 million; ▪ Provide an initial allocation of RM800.0 million for repair and reconstruction of basic infrastructure such as schools, hospitals, roads and bridges; ▪ Provide RM893.0 million under Budget 2015 for flood mitigation projects; ▪ Build eight (8) feet stilt houses for those who have land and whose homes were damaged by the floods; and ▪ Handover 1,000 units of completed low cost houses in Gua Musang.

Source: Extracted from the independent market research report prepared by SMITH ZANDER

In May 2015, the Government tabled the 11MP (2016-2020) which outlined the nation's development expenditure until 2020. The development of the 11MP was guided by MyNDS which focuses on rapidly delivering high impact on both the capital and people economies at low cost to the Government. The capital economy focuses on GDP growth, big businesses, large investment projects, and financial markets, while the people economy focuses on what matters most to the people, which includes jobs, small businesses, the cost of living, family wellbeing, and social inclusion. The construction industry is expected to benefit from the 11MP due to higher demand for modern and efficient infrastructure. Under the 11MP, the construction sector is estimated to expand by 10.3% per annum during the 11MP period. This is attributed to continued civil engineering works and a growing residential subsector to fulfil the demand for housing, particularly from the middle-income group. Demand for affordable housing by the low-income group will also remain favourable, which will be supported by several Government initiatives, such as Program Perumahan Rakyat 1Malaysia ("PR1MA"), Rumah Idaman Rakyat and Rumah Mesra Rakyat. Other subsectors such as civil engineering and non-residential will remain robust in line with the

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

development of major projects such as the Tun Razak Exchange, KL118 Tower, RAPID and the Pan-Borneo Highway.

Construction industry in Malaysia – initiatives announced under 11MP, specific to the construction industry

Focus area	Description
Uplifting Bottom 40% ("B40") households towards a middle-class society	<ul style="list-style-type: none"> Increasing the provision of affordable housing <ul style="list-style-type: none"> The Government will continue to ensure that affordable homes are available to B40 households. Existing low cost flats and houses will be refurbished as part of a holistic campaign to improve the living conditions of the community. For poor households in rural areas, especially Orang Asli in Peninsular Malaysia and those living in Sabah and Sarawak, the Government will continue to provide housing with basic amenities through the construction of integrated settlements under Program Bantuan Rumah ("PBR"). The Program Perumahan Rakyat ("PPR") will be continued for poor households in urban areas. Increasing access to healthcare services <ul style="list-style-type: none"> In rural areas, more community clinics will be built to increase access to basic healthcare services.
Empowering communities for a productive and prosperous society	<ul style="list-style-type: none"> Increasing the provision of road, water and electricity supply <ul style="list-style-type: none"> New roads will be constructed and existing roads including ex-logging roads will be upgraded to improve connectivity, particularly in Sabah and Sarawak as well as Orang Asli settlements in Peninsular Malaysia. Priority will be given to the construction of roads connecting villages as well as linking villages with the nearest towns. During the 11MP, 3,000 km of paved roads will be constructed. The Rural Water Supply programme, to supply clean and treated water directly to each household, will be expanded and this will involve connecting households to the meter stands of the reticulation systems. In addition, alternative systems such as gravity feed, tube wells and rain water harvesting will be used in remote and isolated areas. Under the 11MP, 99.0% coverage of access of clean and treated water will be provided to rural houses reaching 90,000 additional houses. The Rural Electricity Supply programme will continue to focus on off-grid generation for remote and isolated areas. The alternative system of solar hybrid and mini hydro will be supported by micro and pico-grid to increase coverage. Under the 11MP, 99.0% coverage of access of electricity will be provided to rural houses reaching 36,800 additional houses.
Transforming rural areas to uplift wellbeing of rural communities	<ul style="list-style-type: none"> Revisiting regional economic corridor priorities and industry-focus <ul style="list-style-type: none"> The Border Economic Transformation Programme will enhance outcomes from regional economic development by bringing inclusive development and prosperity to the border regions of Malaysia. A range of large-scale economic growth projects and local income-generating opportunities will be developed, including the development of Lembah Chuping and Perlis Inland Port in Perlis, rubber-based downstream processing in Rubber City in Kedah, the construction of Plaza IMT-GT which is a retail plaza in Bukit Bunga, as well as the redevelopment of Kampung Laut in Tumpat, Kelantan. Improving connectivity and mobility <ul style="list-style-type: none"> Transportation networks will be improved to enhance connectivity and mobility in regional economic corridors. This includes the construction and upgrading of roads and highways such as the Pan Borneo Highway to link Sarawak Corridor of Renewable Energy ("SCORE") and Sabah Development Corridor ("SDC"); Central Spine Road and Kota Bharu-Kuala Krai Highway to increase connectivity in the East

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Focus area	Description
	Coast Economic Region ("ECER"). The completion of Mukah Airport is expected to accelerate development in Mukah and the surrounding areas within SCORE, with Mukah to be developed as a smart city as well as one of the growth nodes in SCORE.
Accelerating regional growth for better geographic balance	<ul style="list-style-type: none"> Strengthening institutional-based programmes for assets ownership <ul style="list-style-type: none"> Institutional-based programmes including Bumiputera real estate investment trust ("REIT") will continue to be strengthened to enhance Bumiputera ownership of large commercial and residential properties in strategic locations. Yayasan Wakaf Malaysia, state Islamic religious councils, and other Bumiputera-based institutions will collaborate to develop Malay reserve and waqf land to unlock value while retaining Bumiputera ownership.
Building an integrated need-based transport system	<ul style="list-style-type: none"> Prioritising regional connectivity for new highways <ul style="list-style-type: none"> To achieve a balanced economic development, highway development will be focused outside the Klang Valley and other urban areas. The 11MP will therefore focus on rural and rural-urban connectivity. The Pan Borneo Highway will promote better connectivity in Sabah and Sarawak. Further development of the Central Spine Road, Kota Kota Bharu-Kuala Krai Highway, and the Lebuhraya Pantai Timur will improve connectivity in Peninsular Malaysia and catalyse growth in the east coast region. The completion of the West Coast Expressway in 2019 will also provide better access to the west coast of Perak and Selangor. Increasing public transport modal share in cities <ul style="list-style-type: none"> Improving urban public transport remains critical for Malaysia as 75.0% of its population will be living in cities by 2020. The Klang Valley MRT system will become operational during the 11MP. The Klang Valley MRT Line 1 will traverse 51 km between Sungai Buloh and Kajang, through 31 stations serving about 1.2 million people with a daily expected ridership of 400,000. Construction on Klang Valley MRT Line 2 will also start in 2016 and is estimated to become operational by 2022. Additionally, construction on a LRT Line 3 connecting Bandar Utama to Klang, running over 36 km and serving 25 stations will start in 2016 with expected completion in 2020. Deploying roads and public transport to increase rural and rural-urban connectivity <ul style="list-style-type: none"> Rural roads linking the main road networks will continue to be given focus. These roads provide access to basic social amenities such as health, education, and other public services. Rural roads will also create economic opportunities for the residents and further alleviate poverty among the rural households. The Government will continue to enhance connectivity and safety of rural air services by improving short take-off and landing airstrips ("STOLports"). The construction of a new airport in Mukah will be completed in 2018 and the relocation of Lawas STOLport in Sarawak to a suitable site will be carried out. Upgrading air navigation system and airport infrastructure <ul style="list-style-type: none"> A new Kuala Lumpur Air Traffic Control Centre will be built at Kuala Lumpur International Airport to replace the National Control Centre at Subang, Selangor to improve aircraft movement capacity. In addition, the Communication, Navigation and Surveillance as well as the Air Traffic Management systems will be upgraded to improve efficiency of air navigation services. The Langkawi International Airport, Kedah and the Sultan Ismail Petra Airport, Kelantan will be upgraded to cater for the expected increase in passengers. Improving port accessibility and capacity <ul style="list-style-type: none"> Accessibility to major ports will be improved to cater for bigger vessels through channel deepening works. In addition, port operators will undertake capacity expansion, which includes building additional berths and wharfs. These

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Focus area	Description
	improvements will attract more international liners and mega vessels with capacity of 18,000 twenty-footer equivalent units ("TEUs") to call at these ports.
Encouraging sustainable energy use to support growth	<ul style="list-style-type: none"> ▪ Ensuring security of supply for gas <ul style="list-style-type: none"> • Gas supply security would be ensured through the construction of pipelines from the Malaysia-Thailand Joint Development Area to Kerteh, Terengganu; construction of the RGT-2 in Pengerang, Johor; and the commissioning of two (2) floating LNG units offshore Sabah and Sarawak with a capacity of 2.7 metric tonnes per annum. • Reliability of gas supply in Sabah will be improved with additional pipeline connections from offshore fields to demand centres in Federal Territory Labuan, as well as Kota Kinabalu and Kimanis in Sabah. Platforms will be connected through multiple links to provide alternative bypass options and provide capacity to users in the event of platform shutdowns. Improved connectivity for Federal Territory Labuan will be realised through the establishment of a pipeline connection between the Sabah-Sarawak Gas Pipeline and Federal Territory Labuan. ▪ Supporting the development of PIPC <ul style="list-style-type: none"> • RAPID within PIPC is a major development that will add 300,000 barrels per day of oil refining capacity in Malaysia during the 11MP. The facility will be able to produce EURO 4M and EURO 5 grade petrol, in addition to 7.7 metric tonnes per annum of various grades of specialised products such as synthetic rubber and high grade polymer by 2020. In addition, the complex will have a 1,220 megawatt ("MW") co-generation power plant of which 620 MW will be utilised by RAPID and the remaining 600 MW exported to the grid. The Government will provide support to construct essential infrastructure such as roads, drainage, and utilities for this development. Another investment in PIPC will be secured by the Johor Petroleum Development Corporation during the 11MP to complement existing investments by DIALOG-Vopak and PETRONAS. ▪ Improving efficiency and reliability of electricity supply <ul style="list-style-type: none"> • Construction of new power plants to produce 7,626 MW will be initiated to replace retiring plants and meet the growing peak demand. A number of 500 kilovolts ("kV") and 275 kV transmission projects to reinforce the grid systems will be completed to enhance the security of supply to major load demand centres. The additional generation capacity coupled with expanded transmission and distribution networks will improve the system average interruption duration index ("SAIDI") for Peninsular Malaysia, Sabah, and Sarawak.
Transforming construction	<ul style="list-style-type: none"> ▪ Enhancing knowledge content <ul style="list-style-type: none"> • The strategies to enhance knowledge content in the construction industry include increasing the quality of human capital, accelerating capacity and capability building of small and medium enterprises and Bumiputera contractors, and reducing the mismatch between labour demand and supply. Key initiatives include fostering greater collaboration between Construction Industry Development Board ("CIDB"), the respective professional boards, and training institutions to develop industry-relevant training modules. A structured skilled trade apprenticeship programme for specific courses such as safety supervisors, crane operators, and rotary drill operators will also be introduced to produce a highly skilled workforce. Small and medium enterprise capabilities will be enhanced, particularly Bumiputera contractors, with the support of key partners and the establishment of productivity CoE for sharing of best practices. Regular manpower planning will be undertaken to reduce the mismatch between labour demand and supply. The proportion of skilled foreign labour will be increased by streamlining entry requirements and introducing a new levy system. ▪ Driving productivity

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Focus area	Description
	<ul style="list-style-type: none"> The strategies to increase productivity in the construction sector will focus on increasing technology adoption and modernisation of construction methods as well as reducing dependency on low-skilled labour. The labour productivity of the sector is targeted to increase by about 1.6 times, from RM39,116 per worker in 2015 to RM61,939 per worker by 2020. A number of initiatives will be introduced to drive productivity, including expediting the adoption of the Industrial Building System ("IBS") by the industry through the revision of the public procurement policy and Uniform Building By-Laws and improving existing regulations to ease construction-related business processes. This effort, which started with Kuala Lumpur City Hall, will be expanded to other local authorities. The use of information and communication technology ("ICT") will be enhanced by providing a common platform to use building information modelling ("BIM") on a pay-per-use basis. Fostering sustainable practices <ul style="list-style-type: none"> In line with the growing need for green construction practices, strategies will be geared towards increasing the sustainability of built infrastructure. This will include inculcating green practices in the construction value chain and developing legislation that supports sustainable construction activities. Three (3) initiatives to foster environmental sustainability in the sector are: mandating compliance to sustainable waste management practices through EMS ISO 14001 certification; enhancing the current rating systems for buildings and developing new standards for infrastructure to promote sustainability; and enhancing the awareness and accountability of health, safety and environment, where health, safety and environment good practices will be made obligatory. The minimum level of construction workers' amenities will be raised in the code of practice and further mandated within standard contracts. Increasing the internationalisation of construction firms <ul style="list-style-type: none"> The strategies to increase the internationalisation of firms will focus on building capability and scale of firms by encouraging highperforming small and medium enterprises to forge partnerships with larger corporations or form multidisciplinary consortia when bidding for international projects. The public procurement policy will be reviewed to facilitate the formation of such consortia. In addition, firms will be encouraged to leverage free trade agreements and mutual recognition agreements, and provide feedback to the Government on challenges faced when venturing abroad to enable issues to be addressed at government-to-government level. The Services Export Fund ("SEF"), which covers activities such as tendering, negotiating, and conducting feasibility studies for international projects as well as export promotion activities, will assist construction firms to secure opportunities abroad.
Investing in competitive cities and regional economic corridors	<ul style="list-style-type: none"> Expanding transit-oriented development ("TOD") <ul style="list-style-type: none"> TOD refers to urban development concepts involving the mixed use of residential and commercial development to be pedestrian-friendly, designed with maximum access to public transport. City authorities will adopt TOD as part of the city's competitiveness master plan to provide mobility options to residents, add vibrancy to city spaces, reduce pollution and energy consumption by reducing commute times and increasing the use of public transport or walking, and also revitalise brownfield areas within the city. Efficient land use through TOD will be given priority along established public transport routes. Strengthening knowledge-based clusters <ul style="list-style-type: none"> Knowledge-based clusters will be developed to attract investment and talent. Knowledge-based clusters are physical hubs within the city that agglomerate industry-specific firms and talent, particularly for industries such as creative content, ICT, and professional services. Knowledge-intensive investments will be given

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Focus area	Description
	<p>priority in the selected cities. Institutions of higher learning and research institutes located in the cities will be the catalysts to create knowledge-based clusters.</p> <ul style="list-style-type: none"> ▪ Enhancing liveability <ul style="list-style-type: none"> • Cities need to be liveable and should create a conducive environment that attracts talent to live, study, work, and play in. Better city planning mechanisms will be developed, including land use zoning that promotes residential, commercial, and basic social amenities in close proximity to increase walkability. Sports, arts, and cultural facilities will be promoted through greater collaboration between related associations, corporate bodies, and non-governmental organisations. Emphasis will also be given to the quality, capacity, and reliability of public transport, social amenities, and telecommunications networks. Healthcare facilities and high-quality schools will be planned for and developed accordingly to meet local demand. Vibrant cultural attractions, food and beverage and retail spaces will be developed to create cities that are attractive to global talent. ▪ Adopting green-based development and practices <ul style="list-style-type: none"> • All these cities will place high importance on continuous sustainable growth by enhancing green-based development and optimising low carbon resources. Environment-friendly practices, such as green buildings, green lifestyles, and sustainable consumption and production, will be embedded within the development plans of these cities.

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Greater demand for residential, commercial and industrial properties results in demand for construction services

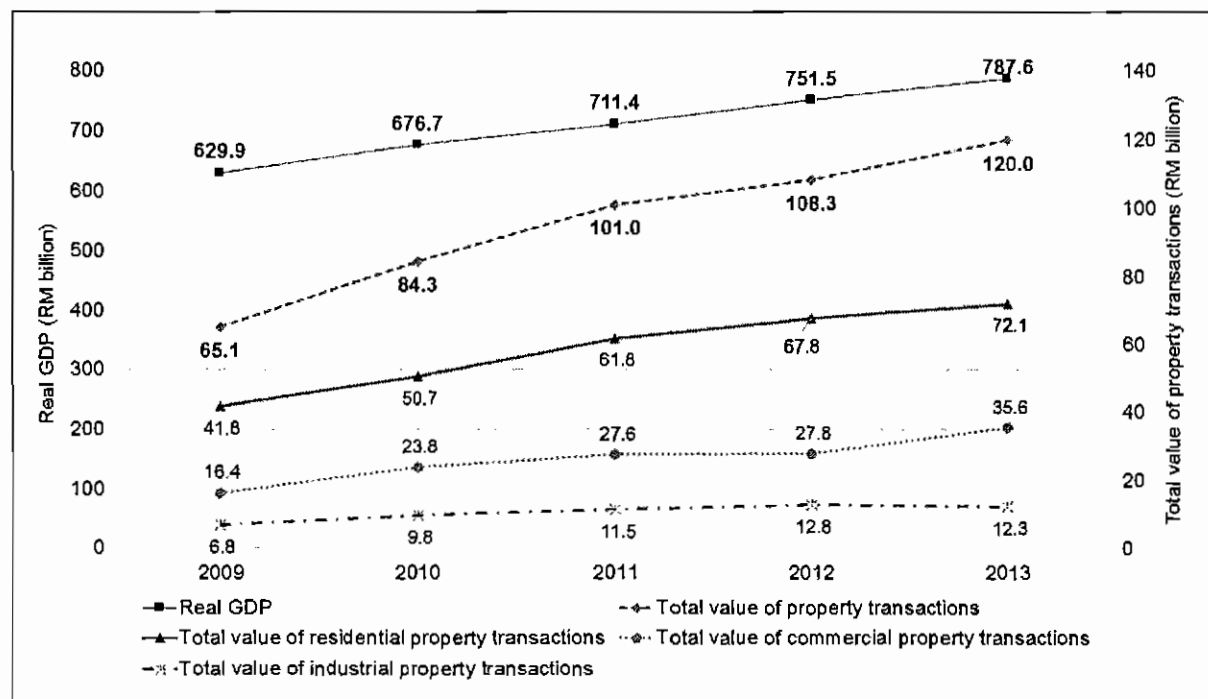
The key indicator that influences the property market is the stability of the nation's economy. A robust economy has a positive impact on the property market while a sluggish economy will likewise have a sluggish impact on property demand. Economic growth has the potential to contribute to increased disposable incomes among the population arising from higher employment and increased earnings for businesses and companies due to greater operating scale and wider market reach, consequently leading to increased demand for residential, commercial and industrial properties.

Economic growth is a catalyst for development and growth in the property market. Between 2009 and 2013, Malaysia's wealth, as depicted by its real GDP, increased from RM629.9 billion to RM787.6 billion. Total property transaction value increased from RM65.1 billion to RM120.0 billion between 2009 and 2013, where the highest growth rate of 21.4% was registered in the commercial property segment which expanded from RM16.4 billion to RM35.6 billion. The largest contributing property segment was the residential property segment that formed 60.1% of total property transaction value in 2013, followed by commercial property segment (29.6% of total property transaction value in 2013) and industrial property segment (10.3% of total property transaction value in 2013). Over the course of 2009 and 2013, the property market in Malaysia has moved in tandem with economic development.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Construction industry in Malaysia - economic impact on property transactions



Source: Extracted from the independent market research report prepared by SMITH ZANDER

Commercial property supply is expected to remain robust over the period of 2014 and 2015. Ongoing decentralisation of office developments, scarcity of land and plans to improve the public transportation system in Malaysia via the construction of the Klang Valley MRT System will be among the key factors that are expected to lead to a reduction in the share of office space in major city centres as new townships and business centres emerge outside these areas. Commercial retail space is expected to witness growth in the next three (3) to five (5) years as several mixed development projects that are expected to come onstream by 2017 have incorporated retail centres as key components.

From a geographical perspective, the property market in the Central region, and specifically Kuala Lumpur, is expected to be rejuvenated following the Government's move to construct the Klang Valley MRT System which will have structural impact on Kuala Lumpur's property market. The high multiplier impact from the RM43.0 billion investment to improve the city rail network for better connectivity and integration, as well as continued demand will drive opportunities in high density mixed developments and new suburban townships. Among the major upcoming commercial and mixed development projects that have been announced include the Tun Razak Exchange, MATRADE, redevelopment of Rubber Research Institute Malaysia ("RRIM") Sungai Buloh, Bandar Malaysia Sungai Besi and Kampung Baru.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Construction industry in Malaysia – selected upcoming major property developments in the Central region

Project	Type of development	Estimated land area (acres)	Estimated gross development value (RM billion)	Expected completion date
Tun Razak Exchange	Commercial	80.0	26.0	2028 (Phase 1 by 2017)
KLCC development - lot 167, lot 176 and lot 185	Mixed development (including a 64-storey office tower)	4.0	5.0	2017
MATRADE, Hartamas	Mixed development surrounding a convention centre	62.0	15.0	2020
Cochrane	Mixed development (mainly residential and retail)	50.0	10.0	Not available
Warisan Merdeka	Commercial (100-storey office tower)	19.0	5.0	2020
Bukit Bintang Commercial Centre	Mixed development	22.0	5.0	2020
Redevelopment of Rubber Research Institute Malaysia ("RRIM") Sungai Buloh	Mixed development (mainly residential)	2,330.0	10.0	2025
Bandar Malaysia Sungai Besi	Mixed development (mainly residential)	460.0	15.0	Not available
Kampung Baru	Mixed development (Malay reserve land)	375.0	20.0	Not available

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Specific to the state of Johor, the Comprehensive Development Plan ("CDP") (2006 – 2025) was launched for Iskandar Malaysia, encompassing the districts of Johor Bahru, Kulaijaya, Pontian and Kota Tinggi. Over the period of 2011 and 2015, Iskandar Malaysia intends to achieve the creation of 55,730 employment opportunities. This target is in line with the commencement of several jet catalyst projects under various flagship development zones. Nine (9) major economic clusters have been identified to spearhead the growth of Iskandar Malaysia and these clusters are electrical and electronics, petrochemicals and oleochemicals, food and agro-processing, logistics and related services, tourism, health services, educational services, financial services and creative industries. The implementation of these economic plans and targeted strategies under the respective plans, including infrastructure and transportation improvement, have great impact on socio-economic developments in Johor, and the anticipated business opportunities arising from these economic plans will have positive impact on commercial property supply and demand in Johor.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER****Growth prospects of end-user markets/industries drive demand for commercial and industrial properties and supporting infrastructure**

Malaysia's economy registered a 6.0% growth in 2014 supported by resilient domestic demand and augmented by a recovery in exports. This positive performance was underpinned by strong macroeconomic fundamentals and a diversified economic structure as well as a sound financial system. Private sector expenditure expanded 7.1% and contributed 52.5% to the economy. Private investment, in particular, surged 13.0% to RM78.7 billion during the first half of 2014 with its share to total investment increasing to 68.9%. In tandem with Government transformation initiatives, investment growth is expected to remain strong in 2015.

The services sector remains the driver of growth, contributing 55.3% to GDP in 2014. Given its importance, the Government has formulated the Services Sector Blueprint 2014 to further develop the sector and strengthen its competitiveness. In this respect, the Services Sector Blueprint focuses on four (4) areas, namely internationalisation which includes liberalisation and services exports; providing efficient tax and non-tax incentives; developing human capital; and implementing regulatory reform in the services sector. With the implementation of the Services Sector Blueprint, the services sector is targeted to achieve approximately 60.0% share of GDP by 2020, on par with developed economies.

A positive growth is also expected for the outlook for the manufacturing sector led by the export-oriented industries which are expected to record higher growth in line with the improvement in external demand. The continued implementation of various construction projects in Malaysia will support growth in the construction-related cluster. The construction sector is expected to continue recording high growth, albeit at a more moderate pace in 2015, as the completion of several large civil engineering projects will more than offset the progress in existing projects in the transport, utility, and oil and gas sectors.

The positive growth recorded in Malaysia's economy and the manufacturing sector would lead to an increase in the demand for commercial and industrial properties, and subsequently, the demand for infrastructure. The ETP (2011-2020) was launched in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. To achieve this, rapid urbanisation is required, and subsequently, the demand for supporting infrastructure is expected to increase in tandem to support economic growth targets.

Construction industry in Malaysia - anticipated economic growth of end-user markets/industries

	2014	2013	2014p
	% of GDP ¹	Annual change (%)	
Services	55.3	5.9	6.3
Manufacturing	24.6	3.5	6.2
Mining and quarrying	7.9	0.7	3.1
Agriculture	6.9	2.1	2.6
Construction	3.9	10.9	11.6
Real GDP	100.0	4.7	6.0

¹ Figures may not necessarily add up due to rounding and exclusion of import duties component

p Preliminary

f Forecast

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER****Economic growth corridors drive demand for comprehensive infrastructure development**

The scale and pattern of infrastructure development strategies formulated by the Government is driven by the recognition that infrastructure is vital for the nation's economic development. To this end, the Government's objective is to meet the nation's infrastructure needs arising from the growth and transformation of its economy. The Government views seriously its role of minimising infrastructure shortages in the country. Further to meeting the needs of modernised sectors of the economy, including the external sector, the Government is also driven to develop infrastructure to serve socio-economic ends. In this regard, the Government strives to provide infrastructure to promote the development of less developed regions in the country. Improving the accessibility of these regions is intended to result in a more balanced development of the country and reduce economic disparity.

In the Ninth Malaysia Plan ("9MP"), five (5) economic corridors were launched in an effort to promote balanced economic development throughout the country. These corridors, located in both Peninsular Malaysia and East Malaysia, have attracted significant investments of approximately RM53.4 billion in the first nine (9) months of 2013 of which only an estimated 50.0% of the investments have been realised during the period. Approximately RM27.8 billion of these committed investments remain unrealised and could potentially be implemented over the next few years.

Construction industry in Malaysia - cumulative investments in five (5) economic growth corridors

Corridor	Committed (RM billion)	Realised (RM billion)	Major projects recently completed and in progress
East Coast Economic Region ("ECER")	22.8	3.7	<ul style="list-style-type: none"> Kuantan Port expansion Kuantan Port City development Malaysia – China Kuantan Industrial Park Kuala Terengganu City Centre Kertih BioPolymer Park Automotive Industrial Hub, Pekan
Iskandar Malaysia	12.6	10.0	<ul style="list-style-type: none"> Pinewood Iskandar Malaysia Studios Gleneagles Medini Hospital Double Tree Hilton Pegasus International School
Northern Corridor Economic Region ("NCER")	7.2	7.2	<ul style="list-style-type: none"> Biotechnology Incubation Centre Aquaculture Development Complex, Selinsing Expansion Programme Edu Citi Tel
Sabah Development Corridor ("SDC")	8.6	3.0	<ul style="list-style-type: none"> Sabah Oil and Gas Terminal ("SOGT") and Sabah – Sarawak Gas Pipeline (SSGP) Sipitang Oil and Gas Industrial Park ("SOGIP – Phase 1 SAMUR") Kimanis Power Plant International Technology and Commercial Centre ("ITCC") Aeropod Sabah International Convention Centre ("SICC") Sabah Agro Industrial Precinct ("SAIP") Palm Oil Industrial Clusters ("POIC") at Lahad Datu and Sandakan
Sarawak Corridor of Renewable Energy ("SCORE")	2.2	1.7	<ul style="list-style-type: none"> Ferro alloy manufacturing plant Polycrystalline silicon manufacturing plant
Total	53.4	25.6	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

The development of these economic corridors as a result of the committed and realised investments is expected to be a significant impetus for the development of infrastructure in regions beyond the Klang Valley.

Increase in investments drive overall economic growth, and subsequently, demand for construction services

Malaysia continues to witness two-way capital flows, with foreign inflows remaining strong as a result of resilient growth prospects. In 2013, Malaysia attracted RM216.5 billion in approved direct investments in 5,669 projects that are expected to create 191,766 new jobs. Total investments in 2013 witnessed a year-on-year growth of 29.0%, with 14 mega-projects worth RM1.0 billion or more and 82 large projects worth RM100.0 million or more, where a majority of these mega-projects and large projects were in high-value, high-growth industries. FDI inflows continue to remain broad-based with significant inflows registered in high growth areas such as the oil and gas and communication services sectors. A portion of FDI is also channeled into projects under the ETP. Between 2009 and 2013, FDI inflows into Malaysia increased from RM5.1 billion to RM38.3 billion at a CAGR of 65.5%.

The ETP has a defined structure for the manufacturing and services sectors to contribute to Malaysia's continued growth through high impact projects and business opportunities across the economy. Malaysia's investment performance in 2013 supports the nation's goal in fulfilling the objectives of the ETP where it attracted a total of RM216.5 billion worth of investments, with RM89.9 billion under ETP projects (41.5% of total investments in 2013) and the remaining RM126.6 billion under non-ETP related projects.

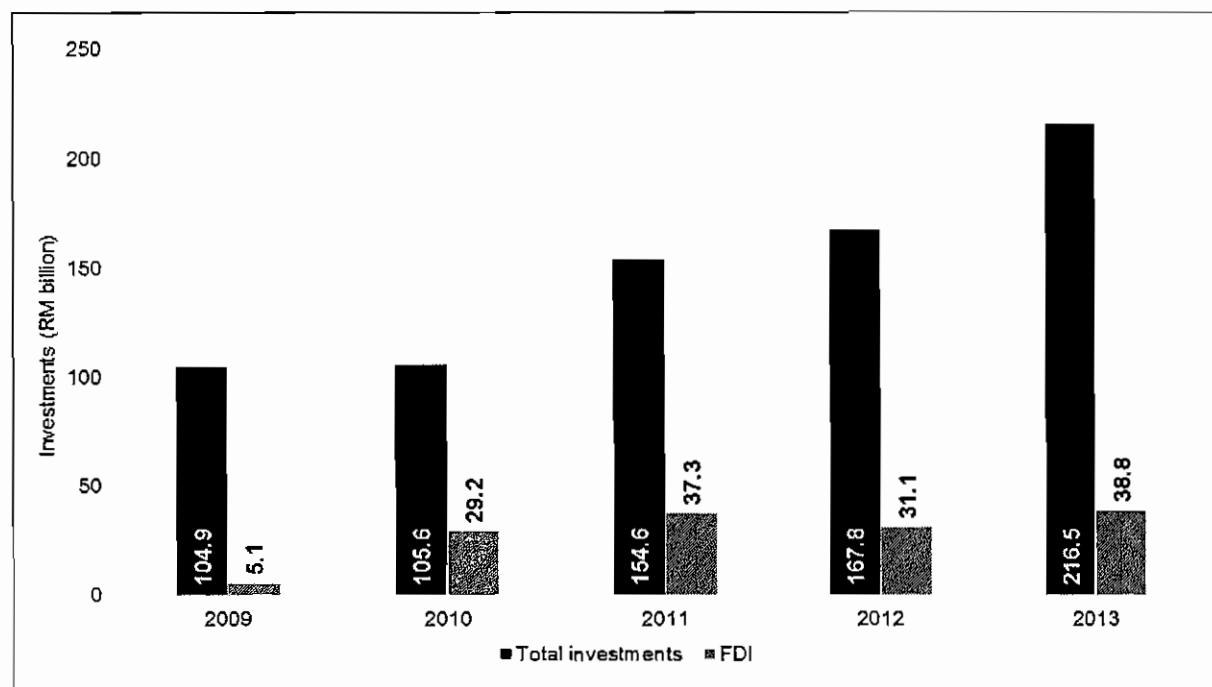
The services sector received investments of RM144.7 billion or 66.8% of total investments in 2013 from 4,796 projects that target to create 97,017 job opportunities, of which domestic investment accounted for RM125.7 billion (86.9%) and foreign investments accounted for RM19.0 billion (13.1%). The real estate segment was the main contributor of approved investments worth RM83.3 billion, followed by the power and utilities segment (RM9.1 billion), global operations hub segment (RM7.9 billion), transport (RM7.9 billion) and hotels and tourism (RM7.0 billion). The manufacturing sector attracted RM52.1 billion of investments in the same period from 787 projects, of which RM30.5 billion was foreign investments compared to RM21.6 billion worth of domestic investments. In 2013, the primary sector received RM19.7 billion of investments where foreign investments comprised RM10.0 billion and domestic investments comprised the remaining RM9.7 billion. The mining segment, agriculture segment and plantation and commodities segment received RM18.8 billion, RM558.8 million and RM330.6 million respectively in 2013.

In 2014, Malaysia targets to register approved investments of RM53.0 billion in manufacturing and RM64.0 billion in the services sector excluding real estate. As the nation strives to position itself as an ideal destination for investments into high value-added, high technology, knowledge-intensive and innovation-based industries, businesses and companies will need to grow in terms of current business practices and infrastructure and in order to expand in scale and reach. This signifies positively for the commercial and industrial property segments, and the infrastructure and social amenities development segments in Malaysia, where increased investments in business facilities are expected to witness growth resulting from increased total investments.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Construction industry in Malaysia - total investments and FDI inflows



Source: Extracted from the independent market research report prepared by SMITH ZANDER

Increasing disposable income and affluence of the population signifies growth opportunities for residential properties

Malaysia is an upper-middle income developing economy with aspirations to achieve developed status by the year 2020. Malaysia's GDP per capita increased by 29.8% from approximately RM25,385 in 2009 to RM33,132 in 2013 while purchasing power parity ("PPP") per capita income increased by 25.1% from approximately USD18,507 to USD22,104 during the same period. In 2014, Malaysia's GDP per capita further increased to RM35,399 while PPP per capita income increased to USD23,160. This increase in disposable income has led to a rise in a more affluent population that has greater spending power, creating demand for basic necessities and non-essential products. The increasing disposable income of Malaysia's population has a positive correlation on the demand for residential properties. During the same period of 2009 and 2013, the total value of residential property transactions increased from RM41.8 billion to RM72.1 billion. In 2014, the total value of residential property transactions was registered at RM82.1 billion.

Furthermore, in an effort to reduce the burden of the population and increase disposable income of the lower-income population, the Government has improved the *Bantuan Rakyat 1Malaysia* ("BR1M") to households and single individuals in line with a targeted subsidy programme whereby:

- BR1M to households with a monthly income of below RM3,000 will be increased from RM650 to RM950
- BR1M to households with a monthly income of between RM3,000 and RM4,000 will be increased from RM450 to RM750
- For single individuals aged 21 and above and with a monthly income not exceeding RM2,000, BR1M will be increased from RM200 to RM350

Malaysia launched the ETP (2011-2020) in 2010 with a goal to promote Malaysia into an inclusive and sustainable high-income country by the year 2020. The ETP is a comprehensive initiative comprising 131 high impact projects under 12 economic focus areas that have the potential to stimulate economic growth.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

The implementation of the ETP will allow Malaysia to be closer to achieving its goal of raising the disposable income of the population to approximately RM48,000 by 2020. In 2014, Malaysia achieved a GDP growth of 6.0%.

The potential growth opportunities for the residential property segment in Malaysia is underscored by the nation's economic potential as well as Government initiatives via economic plans, policies, programmes and stimulus, making Malaysia an attractive market for residential properties.

Key Supply Conditions**Rising cost of building materials and development costs impact construction costs**

The construction industry is expected to witness increased competition for raw materials and labour with the rollout of large infrastructure projects such as the MRT lines 2 and 3, high speed rail and six (6) toll highways for Selangor, which coincide with rising incoming supplies of properties in 2014/15 following strong launches in the last three (3) years. While some building material producers are expanding production capacity, major capacity enhancement projects take at least one (1) to two (2) years for completion. Recent hikes in fuel prices following subsidy withdrawals also will feed inflation as transportation costs increase. All of these factors could contribute to a rise in the cost of building materials.

Availability of land bank for future development

Large property developers acquire greenfield sites or large parcels of land to amass land bank in ensuring they have sufficient stock of land for future property developments. While holding a stockpile or bank of land can generate profits in a rising market, it can also lead to a downfall when real estate values contract, or when rising interest rates exceed holding costs.

The construction of infrastructure may require the government to acquire various private properties. Under the Land Acquisition Act 1960, a State authority may compulsorily acquire public property for any public purpose, for a purpose which the State authority considers beneficial to the economic development of Malaysia, and for mining, residential, agricultural, commercial, industrial, or recreational purposes, or a combination of such purposes. While the State authority is legally required to pay adequate compensation to the owner(s) of the private properties, the owner(s) may still be adverse to the compulsory land acquisition. Subsequently, this would result in a delay in the acquisition of the properties; a delay which may span over years. This delay would then delay the construction of the infrastructure in Malaysia.

Product/Service Substitution

There is no comparable substitute for construction services. However, industry players differentiate themselves through pricing, service specialisation and regional presence. Some construction industry players are able to offer bundled services, through the offering of integrated design, build, commissioning and completion expertise, or bundling of construction services together with building materials produced by their subsidiary and/or associate companies.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Reliance and Vulnerability to Imports

The construction industry in Malaysia has a certain degree of dependency on the imports of construction materials and metal and mineral products (such as steel, aluminium and copper) that are used to build residential, commercial and industrial properties. Malaysia's imports of construction materials and mineral products increased from RM3.4 billion to RM5.0 billion between 2009 and 2013 at a CAGR of 10.0% due to increased construction activities as a result of greater demand for properties. Between 2009 and 2013, the total value of awarded construction projects increased from RM74.9 billion to RM130.7 billion at a CAGR of 14.9%.

While building materials are subject to certain levels of imports, construction services are provided primarily by local construction companies, with the exception of selected large projects where foreign companies may be involved.

Imports of construction materials and mineral products ^a

Year	Import value (RM million)
2009	3,403.3
2010	4,339.7
2011	4,942.0
2012	4,909.0
2013	4,978.6
CAGR	10.0%

^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Relevant Laws and Regulations

The relevant laws and regulations pertaining to the construction of infrastructure, residential, commercial and industrial properties in Malaysia include, but are not limited to, the following:

Construction Industry Development Board Act 1994 (also known as Act 520)

The CIDB was established under the Construction Industry Development Board Act 1994 to promote, stimulate, regulate and standardise the construction industry, where specifically CIDB is granted power to accredit and register contractors and to cancel, suspend or reinstate the registration of any registered contractor. Under the Construction Industry Development Board Act 1994, no person is allowed to carry out and complete any construction works unless he is registered with the CIDB and holds a valid certification license issued by the CIDB. A penalty not exceeding RM50,000 shall be imposed on persons carrying out construction works without being registered by the CIDB. Persons that are carrying out construction works for the purpose of building a residence for his own use or who employs less than three (3) workers is exempt from registration with the CIDB. Persons/individuals, sole proprietors, partnerships, private limited companies, public limited companies and/or cooperatives must comply to and fulfil criteria prior to registration with CIDB.

The Certification of Registration issued by the CIDB is valid for a minimum period of one (1) year and a maximum term not exceeding three (3) years, unless cancelled, suspended or revoked earlier by the CIDB. There are three (3) categories of registrations, namely building construction, civil engineering construction and mechanical and electrical. The scope of registration can be further classified into seven (7) grades with each grade having different tendering capacity.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER****Construction industry in Malaysia – CIDB construction registration criteria**

Grade	Tendering capacity	Paid-up capital/ net capital worth (RM)	Personnel technical requirement	Registration fee per annum (RM)	Processing fee (RM)
G1	Not exceeding RM200,000	5,000	▪ Course certificate in construction-related fields/experience	20	50
G2	Not exceeding RM500,000	25,000	▪ Course certificate in construction-related fields/experience	80	
G3	Not exceeding RM1,000,000	50,000	▪ Course certificate in construction-related fields/experience	150	
G4	Not exceeding RM3,000,000	150,000	▪ 1 diploma holder in construction-related fields/degree holder with experience in construction works	350	
G5	Not exceeding RM5,000,000	250,000	▪ 1 degree holder in construction related fields or 1 diploma holder in construction-related fields/degree holder with minimum 5 years of experience in construction works	700	
G6	Not exceeding RM10,000,000	500,000	▪ 1 degree holder in construction related fields and 1 diploma holder in construction-related fields/degree holder, where 1 must possess minimum 3 years of experience in construction works	1,000	
G7	No limit	750,000	<ul style="list-style-type: none"> ▪ 1 degree holder in construction related fields and 1 diploma holder in construction-related fields/degree holder where both must possess minimum 5 years of experience in construction works; or ▪ 2 degree holders in construction related fields, where 1 must possess minimum 5 years of experience in construction works 	1,400	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

The Government had implemented the *Sistem Satu Pendaftaran Kontraktor* ("SSPK") with immediate effect from 15 October 2012. SSPK is a method that combines the registration procedures of CIDB and Construction Services Centre ("PKK"). Under the new system, all contractor licences issued by PKK in relation to participation in tenders called by the Malaysian Government authorities, statutory bodies, regulatory authorities or an entity that is otherwise regarded to be in the public sector are cancelled and replaced with *Sijil Perolehan Kerja Kerajaan* ("SPKK") issued by the CIDB. Nevertheless, the issuance of *Sijil Taraf Bumiputera* for the identification of *Bumiputera* status has remained under the control and supervision of PKK. The scope of registration for SPKK can be further classified into two (2) categories, namely civil engineering, building or mechanical and electrical with six (6) grades for each category. Each grade has different tendering capacity.

The Construction Industry Payment and Adjudication Act 2012

The Construction Industry Payment and Adjudication Act 2012 was enacted to facilitate regular and timely payment, provide a mechanism for speedy dispute resolution through adjudication, provide remedies for the recovery of payment in the construction industry, and provide for connected and incidental matters.

The Construction Industry Payment and Adjudication Act 2012 is applicable to all written construction contracts relating to construction works carried out wholly or partly in Malaysia, including construction contracts entered into by the Government. The Construction Industry Payment and Adjudication Act 2012 does not apply to construction contracts entered into by persons for construction works in respect of buildings less than four (4) storeys high and which is wholly intended for his occupation.

Mandatory Standards in Construction

The Department of Standards Malaysia ("STANDARDS MALAYSIA") develops, promulgates and promotes the adoption of Malaysian Standards ("MS"). STANDARDS MALAYSIA is responsible for policy and strategy and has appointed SIRIM Berhad to undertake implementation at the technical level. STANDARDS MALAYSIA has issued 48 mandatory standards for the building, construction and civil engineering category under ISC D, and eight (8) mandatory standards for mechanical engineering under ISC F. The ISC D primarily covers codes of practices and specifications for raw materials used in construction and ISC F includes safety rules for construction and installation.

Additionally, the CIDB in collaboration with other organisations including the Public Works Department, National Housing Department, Real Estate and Housing Developers' Association Malaysia ("REHDA"), Malaysian Institute of Architects, Master Builders Association Malaysia ("MBAM") and National House Buyers Association ("HBA") had issued its own construction industry standard known as CIS 7:2006 on Quality Assessment System for Building Construction Work. This standard specifies requirements on the quality of workmanship and assessment procedures for building construction work as part of the Quality Assessment System in Construction ("QLASSIC").

Factories and Machinery Act 1967

The Factories and Machinery Act 1967 provides for the control of factories with respect to matters relating to the safety, health and welfare of persons therein, the registration and inspection of machinery and for matters connected to it. The Factories and Machinery Act 1967 is applicable to the manufacturing, mining and quarrying, as well as construction industries.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

The Factories and Machinery Act 1967 mandates the appointment of Chief Inspector of Factories and Machinery and Deputy Chief Inspector of Factories and Machinery with the power to enter, inspect and examine any factory, and the machinery, plant and appliances contained therein. Failure to comply with any order lawfully provided by the inspecting Chief Inspector of Factories and Machinery or Deputy Chief Inspector of Factories and Machinery, or willful delay or willful withholding of information can result in a fine not exceeding RM5,000 or imprisonment of a term not exceeding two (2) years or both. The Factories and Machinery Act 1967 also makes specific provisions relating to the safety, health and welfare of employees in the manufacturing, mining and quarrying, as well as construction industries.

Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986

The Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986 applies to building operations and works relating to engineering construction undertaken as a trade or business. The Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986 makes specific provisions to ensure the safety of workers in construction. Failure to comply with the Factories and Machinery (Building Operations and Works of Engineering Construction) (Safety) Regulations 1986 shall result in a fine not exceeding RM2,000.

Employment Act 1955

The Employment Act 1955 stipulates the rights and welfare benefits that employees are entitled to, and which all employers are required to comply. The Employment Act also states that an employer is required to obtain a license to import legal foreign workers under the contract of services, and ensure their welfare and rights are fulfilled in terms of their wages, hours of work, rest days, and sick and annual leaves. The Ministry of Human Resource is responsible in monitoring and ensuring that companies are in compliance with the Employment Act 1965 and protects the welfare of employees.

Occupational Safety and Health Act 1994

All employers possess a general duty of care to the employees. In accordance with the Occupational Safety and Health Act 1994, employers need to ensure that the work site facilities and systems are practicable, safe and without risks or hazard to the employees' health and safety. It is also the obligation of the employer to provide employees with the training, knowledge, information and supervision, in providing a safe working environment without risks to their health, safety and welfare. The Department of Occupational Safety and Health ("DOSH") is authorised to ensure that companies have taken proper steps to ensure a safe working environment for their employees.

Environmental Quality Act 1974

The Department of Environment ("DOE") Malaysia is responsible for the implementation and monitoring of Malaysia's environmental regulations and policies. The Environmental Quality Act 1974 prohibits industrial activities which cause air, sound, soil, and water pollution without obtaining a valid license. Therefore, the burning of waste or rubbish or any open burning is prohibited without obtaining the necessary licenses or permits. Under this regulation, effluent is not permitted to be diluted, whether raw or treated, at any time or point after it is treated, without first obtaining a written authorisation which approves the effluent to be treated according to the terms and conditions of the authorisation.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER**Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987**

An environmental impact assessment study is mandatory for prescribed activities under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987. All prescribed activities need to obtain Environmental Impact Assessment ("EIA") approval from the Director General of Environment prior to the giving of approval by the relevant Federal or State Government authority for the implementation of the project. The approving authority is the Government Authority that has the task of deciding, whether or not a project should proceed. If a proposed venture is categorised as a prescribed activity under the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 1987 (Appendix B), an EIA study needs to be conducted and the environmental impact assessment report has to be submitted to the Director General of Environmental Quality for approval. The project is not allowed to proceed unless approval of the environmental impact assessment report has been granted.

The construction of airports, drainage and irrigation (including dams and manmade lakes), land reclamation, fishing harbours, housing development, infrastructure (including hospitals, industrial development for medium and heavy industries, expressways, highways and new townships), ports, oil and gas facilities (including refineries and depots), power plants, railways, mass rapid transport projects, resort and recreational development and water supply (including dams and impounding reservoirs) are classified as prescribed activities.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

3 ANALYSIS OF THE PRECAST CONCRETE INDUSTRY IN MALAYSIA

Industry Performance, Outlook and Prospects

The precast concrete industry in Malaysia is an important component of the construction industry as it acts as a key building material in both building and infrastructure development. As such, over the years, demand for precast concrete is seen to be subject to factors driving the construction industry including Government support as well as private expenditure fuelling the construction sector. As the growth of the construction industry is driven by the economic performance of the country, significant increases and decreases in the GDP of the country influences demand for precast concrete products.

In the context of building construction, precast concrete is a form of Industrial Building System ("IBS"), where IBS is a construction process that utilises techniques, products, components, or building systems which involve prefabricated components and onsite installation. In Malaysia, the main IBS products used for building and infrastructure development are precast concrete framing, panel and box systems; steel formwork systems; steel framing systems; prefabricated timber framing systems; and block work systems.

Precast concrete industry in Malaysia – main IBS products used in Malaysia

IBS product category	Product range
Precast concrete framing, panel and box systems	Precast columns, beams, slabs, three (3) dimensional components (balconies, staircases, toilets, lift chambers) and permanent concrete formwork
Steel formwork systems	Tunnel forms, beams and columns moulding forms and permanent steel formworks
Steel framing systems	Steel beams and columns, portal frames and roof trusses
Prefabricated timber framing systems	Timber frames and roof trusses
Block work systems	Interlocking concrete masonry units and lightweight concrete blocks

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Interest in the adoption of precast concrete in Malaysia dates as far back as the 1960s following the initiation of an IBS or prefabrication pilot project in 1964 aimed at speeding up the delivery times of low cost or affordable housing projects. In the early days, precast concrete solutions were used in the construction of several residential properties, including the 17-storey flats along Jalan Pekeliling, Kuala Lumpur, using precast concrete walls and plank slabs; six (6) blocks of 17 storey-flats, and three (3) blocks of 18 storey-flats at Jalan Rifle Range, Penang, using IBS precast concrete components and building systems; and Perbadanan Kemajuan Negeri Selangor's low cost housing and high cost bungalow projects comprising 3,000 residential units across the state of Selangor, using precast concrete technology.

Since the 1990s, precast concrete components were used for the construction of several large building and infrastructure development such as the Kuala Lumpur Convention Centre using steel framing and trusses with precast concrete slabs, LRT using steel structures and precast concrete hollow cores, Kuala Lumpur Sentral using steel structures and precast hollow cores, Kuala Lumpur Tower using climbing formwork and steel beams, Kuala Lumpur International Airport using steel roof structures and formwork system for slabs, Petronas Twin Towers using climbing formwork, steel beams and steel decking for slabs, several administration buildings in Putrajaya and Cyberjaya using precast concrete components, and the

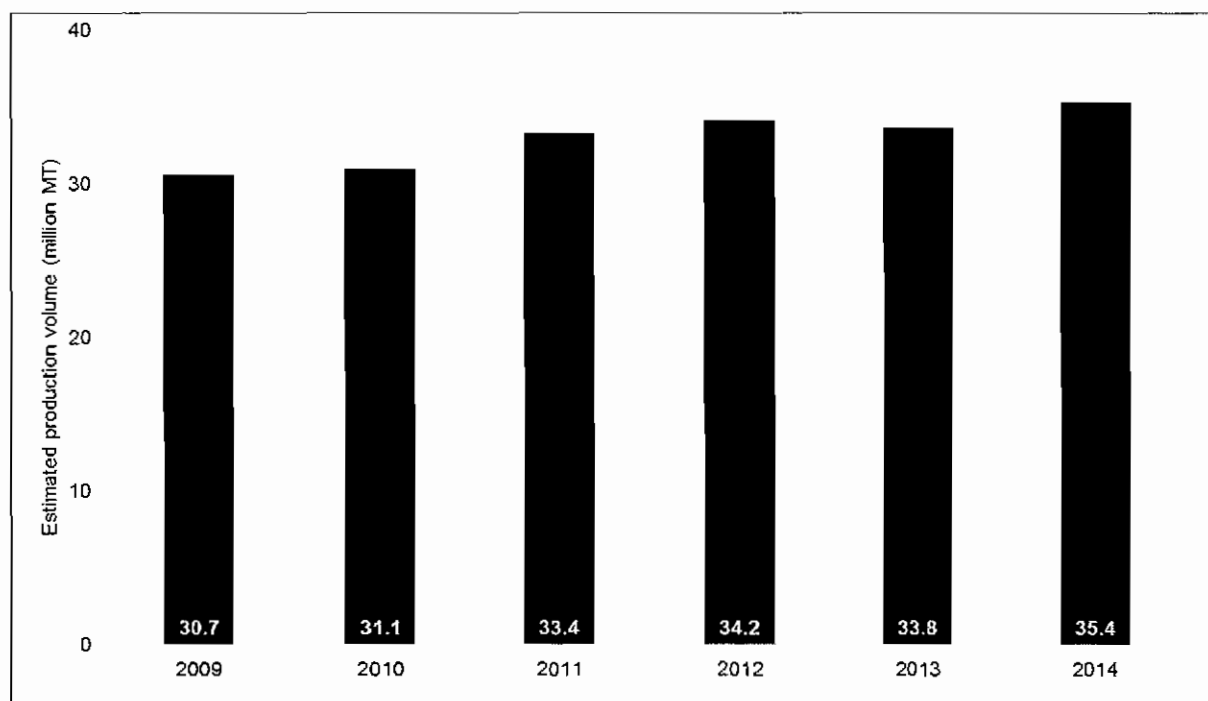
7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

electrification of double track project from Ipoh, Perak, to Padang Besar, Perlis, using precast concrete sleepers.

The industry size for concrete, including precast concrete products, based on estimated production volume, increased from an estimated 30.7 million metric tonnes ("MT") in 2009 to 33.8 million MT in 2013 at a CAGR of 2.4%. Concrete production volume, including precast concrete products, increased from an estimated 30.7 million MT in 2009 to 35.4 million MT in 2014 at a CAGR of 2.9%. This production volume is estimated based on cement output and includes total concrete products, including ready-mix concrete, precast concrete and other concrete products. Between 2010 and 2012, precast concrete products accounted for an annual average of 23.7% of total concrete products.

The demand for concrete was largely generated by the launch of several construction projects under the 10MP and the ETP. The positive wave from the launch and commencement of construction of projects under the 10MP and the ETP, and impact of these launches continued to be witnessed in 2011 and 2012. In 2013, the industry registered a slight decrease in demand for concrete as construction activities, particularly in infrastructure development, went through a period of consolidation as several major projects such as the Klang Valley MRT project and LRT 2 projects commenced that year.

Precast concrete industry in Malaysia – estimated concrete production volume, including precast concrete products



Source: Extracted from the independent market research report prepared by SMITH ZANDER

SMITH ZANDER forecasts the concrete industry, including precast concrete products, to grow from 35.4 million MT in 2014 to 39.1 million MT in 2017 representing a CAGR of 3.4%. SMITH ZANDER also expects the percentage contribution of precast concrete products to total concrete products to grow further as end-users become more aware of the advantages it holds over ready-mix concrete. Furthermore, the precast concrete products segment is also expected to benefit from the goals of the IBS Roadmap (2011 – 2015)

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

that mandates sustaining 70.0% IBS content for all public sector building projects through to 2015 and increasing the IBS content to 50.0% for private sector building projects by 2015.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

4 ANALYSIS OF THE CONSTRUCTION INDUSTRY IN SINGAPORE

Industry Performance, Outlook and Prospects

Economic Contribution

As the regional hub for the Association for Southeast Asian Nations ("ASEAN") region, Singapore's economy has illustrated stable and promising trends in the past. Between 2009 and 2013, the country's GDP grew at a healthy CAGR of 7.4%, from SGD279.9 billion in 2009 to SGD372.8 billion in 2013.

The economic growth in Singapore has consequently spurred the growth of its construction industry. As the construction industry is essential to sustaining the development of the country and supporting the growth of the other sectors such as manufacturing, trade, transportation, finance and business services, the construction industry in Singapore illustrated a healthy upward trend in light of the growth of these other major sectors in Singapore. The GDP for the construction industry in Singapore grew from SGD15.0 billion in 2009 to SGD17.2 billion in 2013 at a CAGR of 3.5%.

Construction industry in Singapore – key economic statistics ^a

Year	National GDP (SGD million)	Construction industry GDP (SGD million)	Construction industry's contribution to national GDP (%)
2009	279,858.0	14,997.4	5.4
2010	322,361.1	14,221.2	4.4
2011	344,712.4	14,826.9	4.3
2012	358,542.6	16,028.1	4.5
2013	372,813.9	17,227.5	4.6
CAGR	7.4%	3.5%	Not applicable

^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Employment

The construction industry also creates job opportunities in Singapore, thus contributing to the socio-economic development of the nation. The percentage of employees in the construction industry in Singapore grew from 12.6% to 13.7% over a span of five (5) years between 2009 and 2013. Total employees in the construction industry increased at a rate of 6.0% between 2009 and 2013.

Construction industry in Singapore – employment statistics ^a

Year	Total employment ('000)	Employment in the construction industry ('000)	Percentage employment in the construction industry (%)
2009	2,990.0	377.3	12.6
2010	3,105.9	380.7	12.3
2011	3,228.5	402.7	12.5

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Year	Total employment ('000)	Employment in the construction industry ('000)	Percentage employment in the construction industry (%)
2012	3,357.6	441.8	13.2
2013	3,493.8	477.1	13.7
CAGR	4.0%	6.0%	Not applicable

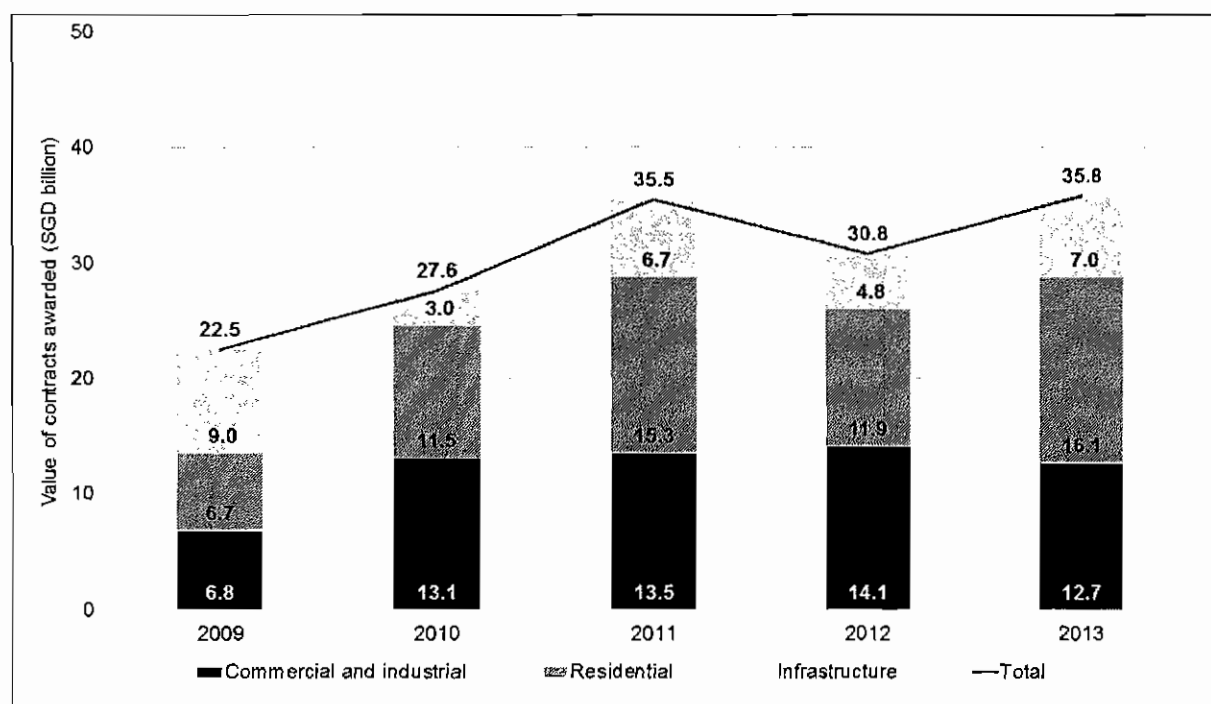
^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Value of Contracts Awarded

The construction industry in Singapore, measured in terms of value of contracts awarded, grew from SGD22.5 billion in 2009 to SGD35.8 billion in 2013 at a healthy CAGR of 12.3%. Singapore's awarded construction contract value witnessed a surge in 2010 compared to 2009 as the nation recovered from the global financial crisis, and construction activities resumed in the commercial and industrial, and residential property sectors. Construction demand in the subsequent years remained strong, underpinned by a growing economy. During this period, new homes were constructed across the island to meet demand, new offices were built as the nation strived to improve its position as a regional centre for trade and commerce, and new facilities were rolled-out to enhance the quality of life in the country.

Construction industry in Singapore – value of contracts awarded ^a



^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

The construction industry in Singapore is largely spurred by residential development. Home ownership has been a key pillar for nation building since Singapore's independence in 1965. Between 2009 and 2013, residential construction activities increased from SGD6.7 billion to SGD16.1 billion at a CAGR of 24.5%. In 2013, residential development formed the largest proportion of construction activities in Singapore at 45.0%. This is owing to the growing demand for residential development which has not been adequately met due to limited land space available in the country.

Public residential development in Singapore is spearheaded by the Housing & Development Board ("HDB") that plans and develops public housing townships to provide the population with quality homes and living environments. The HDB is a statutory body under Singapore's Ministry of National Development. Approximately 80.0% of the nation's housing stock is public sector, comprising HDB direct sales that is subsidised new public housing only available to Singaporean citizens, and the HDB secondary market that represents the resale of public housing after a number of years at current market prices. The latter is available to both citizens and permanent residents. The remaining stock is private housing market that is not subsidised or directly regulated by the Government of Singapore.

HDB also develops and maintains commercial and industrial properties, and car parks. To help build sustainable communities, HDB plans towns with a comprehensive range of facilities to meet residents' needs. These include recreational and community facilities such as neighbourhood parks and children's playgrounds in its housing estates.

Singapore's public housing system is a unique model where home ownership provides every person with a tangible stake in the nation. The Government provides mortgage financing for potential buyers in an effort to ensure that public housing remains affordable. Low-income families also receive additional assistance through the Additional Housing Grant to buy their first flat. Selected low-income families that are unable to afford homes are offered rental flats at heavily subsidised rates. Residents who have owned their properties for more than five (5) years are free to sell it in the open market. Throughout HDB townships, potential buyers have six (6) different flat types to choose from, and buyers have the option of customising the interior by choosing different features or materials.

Between 2009 and 2013, the total number of completed public housing units increased from 1,769 units to 12,744 units at a CAGR of 63.8%. Public housing was ramped up over the period of 2009 and 2013 as HDB sought to satisfy demand for new flats. Residential development projects were brought forward as affordable housing was an issue raised by the electorate in the May 2011 general elections. HDB raised the number of build-to-order ("BTO") units from the initial 22,000 units to 25,000 units commencing 2011 as an effort to stabilise housing demand following the Government's move of raising the income ceiling for those eligible for HDB and executive condominium flats. Under BTO, tenders for construction on identified sites will only be called after demand exceeds 70.0% of the total offered housing units.

Post the global financial crisis, HDB built more public housing units in newer towns such as Punggol, and additional flats in mature estates such as Kallang/Whampoa and Tampines to provide more choice and meet demand. In 2010, HDB launched 12 BTO exercises comprising 24 projects with a total of 17,284 units. HDB launched approximately 50,000 units over 2011 and 2012 across Singapore to meet the increasing demand for affordable housing. In 2011, HDB also launched My Waterway@Punggol, a sustainable green living township comprising 42,000 housing units and the rejuvenation and upgrading works under the Remaking our Heartland ("ROH") programme in East Coast, Jurong and Hougang. In 2013, HDB launched broad development plans for three (3) new housing areas, namely Bidadari, Tampines and Punggol Matilda.

In 2010, prospective buyers also had the option of purchasing properties from the private sector where households earning between SGD8,000 and SGD10,000 were allowed to buy new flats under the Design, Build & Sell Scheme ("DBSS") with a housing grant from Central Provident Fund ("CPF"). Six (6) new DBSS sites with 3,800 units were launched for sale to developers in Tampines, Bedok, Upper Serangoon, Yuan

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Ching, Clementi and Pasir Ris. As at end 2013, there were a total of 289,370 units of private housing in Singapore of which 18,003 units were vacant.

In January 2014, Singapore's Minister for National Development announced the planned construction of an additional 80,000 units of public housing over the next three (3) years. Under Budget 2014, Singapore's Ministry of National Development allocated SGD484.0 million for the upgrading of HDB public housing precincts, where investments will be made to improve access and upgrade lifts in older HDB developments which will benefit an estimated 50,500 units, and completion of 17,900 units and 20,900 units under HDB's Home Improvement Programme ("HIP") and Neighbourhood Renewal Programme ("NRP") respectively.

Construction industry in Singapore – key statistics of public housing development ^a

Year	Public housing				
	Under HDB management (units)	Under construction (units)	Completed (units)	Sold under Home Ownership Scheme (units)	Percentage of population living in public housing (%)
2009	888,143	31,058	1,769	4,419	82.0
2010	898,532	35,635	7,050	6,299	82.0
2011	914,102	47,282	12,962	12,560	82.0
2012	922,493	64,633	19,005	14,057	83.0
2013	933,278	77,436	12,744	12,197	82.0
CAGR	1.2%	25.7%	63.8%	28.9%	Not applicable

^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Meanwhile, commercial and industrial construction grew at a rate of 16.9% between 2009 and 2013 where construction project value increased from SGD6.8 billion to SGD12.7 billion during the said years. Post 2009, new office blocks with enhanced features were erected across Singapore's central business district as developers capitalised on the healthy business environment and attractive rental yields. The Marina Bay Financial Centre which was completed in 2012 was the country's largest office development with three (3) office towers offering nearly 3.0 million square feet ("ft²") of office space, two (2) residential towers and shops. During this period, construction works also commenced on One Raffles Place (Tower 2) on the site of the previous OUB Centre, and the Asia Square twin towers mixed-development in Marina Bay. Collectively, these projects target to being on-stream approximately 7.0 million ft² of office space between 2011 and 2015. Several healthcare projects were also awarded during this period such as the Ng Teng Fong Hospital and an Integrated Building for Changi General Hospital and Saint Andrew Community Hospital. Educational projects awarded during this period include the Yong Loo School of Medicine, Singapore University of Technology and Design Phase 1 and Yale-NUS College.

Contracts awarded for infrastructure and social amenities construction in Singapore declined from SGD9.0 billion to SGD7.0 billion between 2009 and 2013 as major infrastructure projects were awarded in the earlier period, resulting in a higher base for the year 2009. In an ongoing effort to promote public transportation, Singapore stepped up the expansion of its MRT system. The Government targets to spend approximately SGD60.0 billion to double the train network to 280 km by 2020, improving public accessibility to the MRT system. During the period of 2009 and 2013, the Government focused on the Downtown line ("DTL") which connected the city centre to north-west, linking the Marina area through Bugis and Newton along Bukit Timah and all the way to Bukit Panjang. The DTL1 that connects Bugis to Chinatown commenced

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operations in December 2013, while DTL 2 that extends the MRT line to north-west is scheduled to commence operations in 2016 and DTL 3 that connects Singapore Expo to River Valley is slated to commence operations in 2017. Construction work was also carried out on extending existing lines, including the North-South Line to reach the Marina Bay area, and the East-West Line into Tuas.

SMITH ZANDER forecasts the construction industry in Singapore to increase in terms of awarded contract value, from SGD35.8 billion in 2013 to SGD53.0 billion in 2017 at a CAGR of 10.3%. All construction segments are expected to witness growth over the forecast period, as demand for these properties will be driven by economic growth, population increase and supporting Government plans and policies. Moving forward, the infrastructure and social amenities sector is expected to continue to be strongly driven by public expenditure. The Urban Redevelopment Authority of Singapore has introduced the Concept Plan 2011 and the Master Plan 2014 with aims to promote the social well-being and increase the standard of living in Singapore. Some of the identified projects under these plans include the Garden in a City project and the upgrading and construction of bus stops. In addition, the Healthcare 2020 Masterplan will continue to make healthcare more accessible to the citizens. More hospitals are in the midst of construction and are expected to commence operations within the next five (5) years, including Ng Teng Fong General Hospital, Jurong Community Hospital and Sengkang General and Community Hospitals.

The Government of Singapore also has plans to continue to invest heavily on land transportation to upgrade and enhance the transportation infrastructure. The Land Transport Authority intends to increase the country's MRT network to 360 km by 2030, consisting of projects such as the Jurong Region line and Cross Island line as well as the Thomson line and Cross Island Line. Apart from that, there are also initiatives driven by the Government of Singapore to further develop the tourism industry in Singapore. The Government through the Singapore Tourism Board ("STB") aims to place emphasis in growing the tourism industry in Singapore. As such, it is expected that there will be greater focus on the development of new tourist destinations over the forecast period starting with the new Changi Terminal 4 airport.

Growth in Singapore's construction industry will continue to create demand for building materials and specifically precast concrete products which are primary raw materials for building development. Thus, the demand for precast concrete products is expected to experience growth, benefiting industry players involved in the rest of the value chain including concrete manufacturers and suppliers.

Construction industry in Singapore – selected upcoming major property developments

Location	Project	Type of development	Estimated project value (SGD million)
Changi	Project Jewel	Mixed-used	1,470.0
Punggol	Watertown	Residential	1,600.0
Woodlands	HDB building works	Residential	204.5
Sembawang	HDB building works	Residential	188.0
Yishun	HDB building works	Residential	149.8
Punggol West	HDB building works	Residential	94.8
Pasir Panjang	Pasir Panjang Terminal Phases 3 and 4	Industrial	3,500.0
Loyang	Loyang bus depot	Industrial	61.2
Jurong Island	Energy Market Authority's storage tank for a liquefied natural gas terminal	Industrial	638.00
Kallang	Singapore Sports Hub	Social amenities	1,330.0
Islandwide	Upgrading and construction of bus stops	Transportation	23.4

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Location	Project	Type of development	Estimated project value (SGD million)
Sengkang	Sengkang General Hospital and Sengkang Community Hospital	Social amenities	1,911.5
Jurong	Ng Teng Fong General Hospital and Jurong Community Hospital	Social amenities	700.0
Islandwide	Gas transmission pipelines from Jalan Bahar to Old Choa Chu Kang Road	Utilities	13.7
Islandwide	Cycling Masterplan	Transportation	43.2
Islandwide	Downtown MRT Line	Transportation	1,400.0
Islandwide	Thomson MRT Line	Transportation	18,000.0
Islandwide	Marina Coastal Expressway	Transportation	4,300.0
Banyan Basin, Jurong Island	Jurong Rock Caverns	Infrastructure	200.0
Changi	Changi Airport Terminal 4	Transportation	985.0

Source: Extracted from the independent market research report prepared by SMITH ZANDER

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5 ANALYSIS OF THE PRECAST CONCRETE INDUSTRY IN SINGAPORE**Industry Performance, Outlook and Prospects**

In the 1970s, the use of precast concrete products was largely limited to civil engineering works such as pipes, piles, blocks and precast beams for bridges. Precast concrete components for buildings gained popularity in the early 1980s when HDB introduced large-scale industrialisation in its public housing programme. The industrialisation programme in public housing led to the award of several contracts to foreign contractors between 1981 and 1983. Most of these projects extensively used precast concrete including precast beams, frames, walls, slabs, refuse chutes and staircases. Due to high standardisation and repetition, higher productivity became possible compared to conventional designs as a result of shorter construction time and economies of scale.

Upon completion of the initially awarded contracts under the industrialisation programme, HDB shifted its emphasis onto low volume flexible prefabrication. Precast components such as refuse chutes, staircases, parapet walls were increasingly used in HDB constructions. While precast products also began to find its way into the non-HDB construction sector during this period, public housing was a dominant market for precast concrete products.

Singapore implemented mechanised construction nationwide in 1984 to improve productivity in construction through the use of precast concrete components and prefabricated reinforcements. In 1992, the HDB established the Prefabrication Technology Centre ("PTC") to champion and implement then innovative improvements in precast construction technology and components such as long-bed production of precast prestressed planks, battery moulded multicell production systems and ferrocement cladding systems.

Construction of the first 40-storey apartment blocks in Singapore was completed in 2005 adopting construction technology to improve quality, safety and productivity. The first fully precast 40-storey public housing development in Singapore using HDB's modular Precast Column Beam System ("PCBS") comprised four (4) blocks in Toa Payoh Lorong 2. The PCBS's precast components of columns, beams, slabs, household shelters, facades, internal walls and volumetric toilet, came complete with tiling, sanitary wares, light fittings and fixtures. Components were also designed to be light for ease of site installations for buildings of that height. The extensive use of precast and prefabrication technology together with a mechanised construction system eliminated labour-intensive work such as plastering, carpentry and bar tying. These improvements, together with less physically demanding work for the workers contributed to a conducive and safe working environment.

Singapore's National Productivity and Continual Education Council ("NPCEC") endorsed the Construction Productivity Roadmap in November 2010 to promote productivity in the construction sector. The Construction Productivity Roadmap's vision is to build a highly integrated and technologically advanced construction sector led by progressive firms and supported by a skilled and competent workforce by 2020. The Construction Productivity Roadmap seeks to address the challenges of easy availability of low cost and transient foreign workers and steer the construction industry towards greater adoption of higher buildable design and labour-efficient technology. Regulatory requirements such as lower quota for foreign workers, increase in foreign worker levy and Buildability Framework puts responsibility on developers, architects, engineers and builders to consider a wider range of construction systems, methods, technologies, materials and products to meet the requirement for minimum Buildable Design Score and Constructability Score before construction can commence and Temporary Occupation Permit is given. In view of this, modular and repetitive designs and off-site fabrications such as precast concrete, steel structures and unitised curtain walls are now receiving a wider adoption in Singapore. Today, approximately 70.0% of building components in public housing are precast concrete components.

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The demand for precast concrete products is primarily generated from residential construction projects which formed the largest component of construction activities in Singapore in 2013. Specifically, demand for precast concrete components are driven by public housing development projects. Thus the industry size for precast concrete is measured on the basis of public housing units completed and under construction in Singapore on an annual basis. Public housing units under construction increased from 31,058 units to 77,436 units between 2009 and 2013 at a CAGR of 25.7%, while completed units increased from 1,769 units to 12,744 units over the same period at a CAGR of 63.8%.

Post 2009, HDB housing was developed in newer towns such as Punggol and in mature estates such as Kallang/Whampoa and Tampines to provide more choice and meet demand stemming from the population. HDB launched 12 BTO exercises comprising 24 projects with a total of 17,284 units in 2010, and in subsequent years 2011 and 2012, launched approximately 50,000 units across Singapore. Additionally in 2011, My Waterway@Punggol, a sustainable green living township comprising 42,000 housing units was launched by HDB. My Waterway@Punggol will see the projected 42,000 housing units completed in phases till 2015, making it one (1) of Singapore's largest towns. Several rejuvenation and upgrading works were launched under the ROH programme in East Coast, Jurong and Hougang. HDB also announced broad development plans for three (3) new housing areas, namely Bidadari, Tampines and Punggol Matilda in 2013. HDB intends to construct an additional 80,000 units of public housing over the next three (3) years.

Precast concrete industry in Singapore – HDB under construction and completed units ^a

Year	Public housing	
	Under construction (units)	Completed (units)
2009	31,058	1,769
2010	35,635	7,050
2011	47,282	12,962
2012	64,633	19,005
2013	77,436	12,744
CAGR	25.7%	63.8%

^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

The Government recently announced several new measures such as mandating the adoption of modular construction techniques on government land, investments of SGD55.0 million into a dedicated Construction Productivity and Capability Fund to help firms adopt new technologies and develop their workforce, and skills enhancement courses to alleviate the developers, consultants and contractors in the latest approaches to virtual design and construction technologies and techniques.

Modular construction, also known as design for manufacture and assembly ("DfMA") or prefabricated prefinished volumetric construction ("PPVC"), involves assembling building components, including whole rooms, in offsite factories and lifting them into position onsite. The approach is widely believed to be faster, safer, and to provide more predictable quality. Modular construction is being adopted on a limited scale in four (4) projects in Singapore, the Green Gallery at Singapore Botanic Gardens, a student hostel at Nanyang Technological University, an extension to the Crowne Plaza Changi Airport Hotel, and the Canberra Drive scheme. The Canberra Drive scheme comprises 12-storey towers with a total of 636 units of executive condominiums, and this scheme will be built using 3,300 building modules. The Building and

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Construction Authority believes the Canberra Drive scheme to be the largest application of volumetric modular building in the world.

The Building and Construction Authority plans to launch two (2) more integrated construction and precast hubs ("ICPH") in 2014. The ICPH is a highly-automated, multi-storey factory for producing precast concrete building elements such as staircases, plus volumetric modules such as bathrooms. The first ICPH contract was awarded in 2013 in for a compact, five (5) storey, 32,600 m² factory in Kaki Bukit, Singapore. These ICPH projects are intended to build native off-site manufacturing capacity and promote the adoption of large-scale building modularly in the country.

Competitive Landscape

Singapore's construction industry is characterised by sub-contracting. Tenders for public housing construction are awarded by HDB to qualifying property developers, who then carry out construction activities together with their team of sub-contractors. These sub-contractors may be engaged for either the manufacture, supply and/or installation of semi-finished or finished building components. There are presently 43 industry players that are involved in the manufacture and supply of precast concrete components for construction projects in Singapore, with several industry players largely focused on the manufacture and supply of precast components for public housing projects.

Sunway Concrete Products (S) Pte Ltd, a wholly-owned subsidiary of Sunway Construction Group Berhad, primarily manufactures and supplies precast concrete components for public housing in Singapore. In 2013, Sunway Concrete Products (S) Pte Ltd manufactured and supplied precast concrete components for a total of 2,498 HDB units, out of 77,436 HDB units under construction in Singapore in that year, resulting in a market share of 3.2%.

Precast concrete industry in Singapore – industry players categorised by license grades as at 31 May 2015

L1 Tendering limit up to SGD0.7 million	<ul style="list-style-type: none"> ▪ BBR Construction Systems Pte Ltd ▪ China Civil (Singapore) Pte Limited ▪ E-Force Engineering Private Ltd ▪ Group Industries Pte Ltd ▪ ICPH International Pte Ltd ▪ Joe Green Pte Ltd ▪ Jurong Primewide Pte Ltd ▪ Nam Kee Cement Products Pte Ltd ▪ SEF Engineering Solutions Pte Ltd ▪ SPC Industries Sdn Bhd, Singapore branch ▪ Teambuild Engineering & Construction Pte Ltd ▪ Utracon Structural Systems Pte Ltd
L2 Tendering limit up to SGD1.4 million	<ul style="list-style-type: none"> ▪ Intac Systems Solution Pte Ltd ▪ Projalma Sdn Bhd, Singapore branch
L4 Tendering limit: up to SGD7.0 million	<ul style="list-style-type: none"> ▪ Bicon Industries Pte Ltd ▪ Bolsen Cement Products Pte Ltd ▪ Concrete Innovators Co Pte Ltd ▪ Eng Seng Cement Products (Pte) Ltd ▪ Eng Seng Tech Pte Ltd ▪ Jin Cheng Pte Ltd ▪ PPI Engineering Pte Ltd

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L5 Tendering limit: up to SGD14.0 million	<ul style="list-style-type: none"> ▪ Prefab Technology Pte Ltd ▪ CAA Technologies Pte Ltd ▪ Ed Zublin AG, Singapore branch ▪ Eng Lee Engineering Pte Ltd ▪ Jeks Engineering Pte Ltd ▪ Pay Ah Heng Contractor Pte Ltd ▪ Robin Village Development Pte Ltd ▪ Singapore Pre-cast Pte Ltd
L6 Tendering limit: unlimited	<ul style="list-style-type: none"> ▪ Ces-Precast Pte Ltd ▪ Chip Eng Seng Contractors (1988) Pte Ltd ▪ Contech Precast Pte Ltd ▪ Eastern Pretech Pte Ltd ▪ Econ Precast Pte Ltd ▪ Excel Precast Pte Ltd ▪ Fonda Global Engineering Pte Ltd ▪ G & W Precast Pte Ltd ▪ HL Building Materials Pte Ltd ▪ Hor Kew Private Limited ▪ Poh Cheong Concrete Product Pte Ltd ▪ Qingjian Precast Pte Ltd ▪ Sunway Concrete Products (S) Pte Ltd ▪ Syscon Pte Ltd

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Demand Conditions – Key Demand Drivers**Ongoing plans and policies by the Government to develop and offer affordable housing to the population creates demand for residential construction**

The HDB was established as the public housing authority of Singapore and tasked with the mission to provide affordable homes of quality and value, create vibrant and sustainable towns, and promote the building of active and cohesive communities. HDB also develops and maintains other facilities, namely commercial and industrial properties, and car parks. To help build sustainable communities, HDB plans towns with a comprehensive range of facilities to meet residents' needs. These include recreational and community facilities such as neighbourhood parks and playgrounds in its housing estates.

The Home Ownership for the People Scheme was introduced in 1964 to enable citizens to acquire long-term assets through the purchase of HDB flats. In 2013, 12,197 flats were sold under this scheme. Currently, some 82.0% of the resident population live in Home Ownership flats. In October 1994, HDB implemented the Central Provident Fund ("CPF") Housing Grant Scheme to strengthen family ties by giving a housing grant to first-time citizen families to buy a resale flat that is in the same town or estate or within two (2) km of their parents' flat. A two-tier grant system was subsequently implemented in August 1995. The higher-tier grant is applicable to first-timer families who buy resale flats to live together with or near their parents, while the lower-tier grant is applicable to first-timer families who buy any resale flat. The scheme was extended to the purchase of executive condominiums in August 1995 and to single citizens in June 1998 to help them buy resale flats. In April 2008, the higher-tier Singles Grant was introduced for single citizens to buy resale flats to live with their parents for mutual care and support.

HDB offers a number of schemes to help low-income families own HDB flats. These include the sale of flats to rental tenants, and the rental and purchase of three (3) room flats. HDB also started offering smaller flat types, which are the new two (2) and three (3) room flats, under the BTO system in July 2006 and August

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2004 respectively. Additional assistance is provided to lower-income households buying their first flats via the Additional CPF Housing Grant ("AHG") Scheme implemented in March 2006. The scheme was enhanced in August 2007 and February 2009 to provide greater assistance to lower-middle income families.

In March 2011, a new Special CPF Housing Grant ("SHG") was also introduced for eligible first-time households earning no more than SGD2,250 a month to help them buy their first flat. This SHG is over and above the regular housing subsidy and the AHG.

To ensure continual rejuvenation and vibrancy of the HDB townships, the ROH initiative was developed as a new comprehensive blueprint to renew and further develop these towns and estates. Punggol, Yishun and Dawson were selected as the pilot batch in 2007. The plans and proposals for these pilot towns and estates are at various stages of implementation. In 2011, Hougang, East Coast, and Jurong Lake areas were selected for ROH as they have good potential for a comprehensive makeover. The ROH plans for these towns and areas share four (4) common themes, namely rejuvenation of the town centre' outdoor recreational choices; improved connectivity; and heartland heritage. The plans and proposals for these towns and areas are at various stages of implementation.

Launched in 1995, Selective En bloc Redevelopment Scheme ("SERS") is part of the Government's Estate Renewal Strategy to enhance the living environment of older HDB estates. Under the scheme, selected old blocks of sold flats are redeveloped en bloc to optimise land use. Residents involved are given an opportunity to move to new flats with fresh 99-year leases and a better living environment served by modern facilities. With the rehousing of the residents en bloc, SERS enables residents to preserve the family and community ties built over the years. The injection of new developments helps to rejuvenate the old estates as well as revitalize the demographic and economic profiles of the residents as younger residents move into these estates. As at the end of 2013, more than 35,800 sold flats in 78 sites had been selected for SERS.

In 2013, HDB launched the broad development plans for three (3) new housing areas, namely Bidadari, Tampines North and Punggol Matilda. Five (5) key ideas will guide the development plans of the three (3) areas, namely distinctive housing districts with unique identities; green housing districts with community gardens and abundant greenery; vibrant community spaces to encourage community activities; rekindling memories to form new ties and communities; and promoting a healthy lifestyle with well-connected cycling and pedestrian networks. The implementation of these new urban design concepts will add to the vibrancy of the Singapore housing landscape, and characterise the next generation of public housing.

Growth in construction activities drives the demand for precast concrete components

The construction industry in Singapore, measured in terms of total industry project value awarded, grew from SGD22.5 billion in 2009 to SGD35.8 billion in 2013 at a CAGR of 12.3% and is further forecast to grow to SGD53.0 billion, registering a CAGR of 10.3% between 2013 and 2017. The construction industry in Singapore is largely spurred by residential development. Home ownership has been instrumental in building the nation since its independence. The total number of completed public housing units increased from 1,769 units in 2009 to 12,744 units in 2013 at a CAGR of 63.8%, and comprised the largest proportion of construction activities in Singapore in 2013 at 45.0%. This is due to the growing demand for residential development which has not been adequately met due to limited land space available in the country. In 2013, HDB launched development plans for the Bidadari, Tampines North and Punggol Matilda housing areas. The Minister for National Development further announced the planned construction of an additional 80,000 units of public housing over the next three (3) years, thereby indicating positive demand for precast concrete components for public housing over this period.

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In an effort to improve accessibility to healthcare, the Government is constructing more hospitals under Healthcare 2020 Masterplan, several of which are expected to commence operations within the next five (5) years, including Ng Teng Fong General Hospital, Jurong Community Hospital and Sengkang General and Community Hospitals. The Government also intends to upgrade and enhance the transportation infrastructure in Singapore by increasing the country's MRT network to 360 km by 2030, through the construction of new and expanded transportation lines including the Jurong Region line and Cross Island line as well as the Thomson line and Cross Island Line. In developing tourism, a greater focus will be placed on the development of new tourist destinations in the near future starting with the new Changi Terminal 4 airport.

These developments in Singapore's construction industry is expected to drive demand for concrete products as these products are among the key raw materials utilised in the construction industry.

Rising income levels creating demand for property and real estate

The demand for concrete products is dependent on the growth of the construction industry, which in turn is largely influenced by economic conditions. As Singapore continues to achieve economic growth, its population enjoys higher disposable income, leading to greater demand for capital goods such as property and real estate. The number of construction projects will continue to increase in line with consumer demand, creating increased demand for building materials.

Singapore's GNI increased from SGD266.9 billion in 2009 to SGD363.8 billion in 2013 at an impressive CAGR of 8.1%. This has consequently led to an increased demand for property, resulting in construction projects increasing in tandem to meet this demand. This is witnessed in the growth of residential development from SGD6.7 billion in 2009 to SGD16.1 billion in 2013 at a CAGR of 24.5%.

Plans, policies and stimulus that drive the adoption of precast concrete in the construction sector

Property developers play an integral role in influencing productivity improvement in the building materials industry, including the precast concrete industry, when building designs incorporate high-impact productive technologies. In Budget 2014, the Government of Singapore announced the mandatory use of prefabricated prefinished construction and prefabricated bathrooms by property developers in tender conditions for selected Government Land Sales ("GLS") and Industrial Government Land Sales ("iGLS") sites. Property developers will be further incentivised to adopt productive technologies for non-GLS site developments. Additionally, HDB will further optimise the use of precast and prefabricated components in upcoming development projects.

The construction of conventional bathroom units are labour intensive and involve multiple on-site trade expertise, including water proofing, tiling, plumbing, electrical works and sanitary ware installation. Prefabricated bathroom units are manufactured and pre-assembled in a factory setting prior to delivery and installation on the construction site. The three (3) common types of prefabricated bathroom units are full precast concrete; steel panel wall and concrete floor tray; and cement board wall and either concrete or fibre glass floor tray. Prefabricated bathroom units may be delivered to the construction site in the form where wall panels and floor trays are pre-assembled in an offsite factory as a complete unit and delivered for installation on the construction site; or wall panels and floor trays are fabricated separately in an offsite factory setting and assembled together on the construction site prior to installation. The adoption of prefabricated bathrooms allows the construction of entire bathroom units to be streamlined and completed efficiently in a controlled factory environment, where productivity and quality can be maximised, and manpower and time savings can be realised.

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The drive to adopt productive technologies such as prefabricated prefinished construction and prefabricated bathrooms is part of the Government's effort to boost productivity in the construction sector, where industry players can focus on innovative, productive and advanced building solutions that reduce their dependency on foreign labour and build faster with higher quality.

Key Supply Conditions**Availability of funding schemes to spur productivity in the construction industry**

The Government, via Building and Construction Authority, actively seeks new, innovative and productive methods of construction to transform construction activities in Singapore. Building and Construction Authority has studied technologies such as PPVC and cross-laminated timber which are widely adopted overseas, which lead to higher productivity, better quality and lesser harm to communities and the environment.

The Building and Construction Authority has introduced two (2) funding schemes to support industry bottom-up innovation, particularly in applied developmental work. These schemes are:

- Productivity improvement project ("PIP") supports developmental projects to build up capability and improve site processes to achieve higher productivity
- Innovation Grant ("iGrant") aims to help the entire construction value chain in research and development ("R&D") projects with near term commercialisation potential

Both schemes are open to developers, consultants, builders and subcontractors registered in Singapore. The schemes co-fund up to 70.0% of the qualifying costs with different cap amounts depending on the scheme and level of funding. A minimum 20.0% productivity improvement is required for these development projects.

Proximity to target markets

Precast concrete components are bulky and thus logistics management is an important facet of its distribution channel. Concrete producers, whether for ready-mix concrete or precast concrete, usually have multiple batching plants strategically located close to their key markets in order to lower transportation costs and reduce delivery time. Due to scarcity and consequently high cost of land in Singapore, several industry players have ventured to establish precast concrete plants in Malaysia, in the southern state of Johor, in close proximity to Singapore's border. While this reduces the cost of land acquisition and labour cost, transportation charges incurred for the delivery of finished or semi-finished precast concrete components to construction sites in Singapore can be subject to duties and taxes.

Dependency on foreign workers for the production of precast concrete components

Singapore is largely dependent on foreign workers in all sectors of its economy. In 2013, the total population of Singapore was 5.4 million, of which 3.3 million were citizens, 0.5 million were permanent residents and the remaining 1.6 million were foreigners. This was an increase from the 5.0 million population count in 2009 where 3.2 million were citizens, 0.5 million were permanent residents and the remaining 1.3 million were foreigners.

Singapore has moved to tighten foreign worker policies progressively since 2010 and as a result, foreign workforce growth has slowed in the last two (2) years. While the Government expects further slowdowns in

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

the coming two (2) years especially in the services sector, the construction sector is spared Government intervention with regards to tighter foreign worker inflows. In Budget 2014, the Government announced several measures to encourage the construction sector to retain skilled workers and implement manpower-saving technologies.

Rising cost of building materials and development costs impact construction costs

The construction industry is expected to witness increased competition for raw materials and labour with the rollout of large residential and infrastructure projects in Singapore, which will thus have an impact on the production costs of building materials including precast concrete components.

Product/Service Substitution

At present, precast concrete competes with other local and mostly cheaper building materials, such as ready-mix casting, clay bricks, autoclaved aerated concrete ("AAC") and concrete. Compared to these building materials, precast concrete components offers certain advantages, including the uniform standardised consistent quality, just-in-time delivery and quick assembly, tidy construction sites with lower risk of accidents, high-quality finish and fewer project-owner quality claims, making it the building material of choice especially for public housing development projects in Singapore.

Reliance and Vulnerability to Imports

The construction industry in Singapore is significantly dependent on the imports of cement, concrete and artificial stone, including precast concrete components, that are used to build residential, commercial and industrial properties. Singapore's imports of cement, concrete and artificial stone increased from USD109.9 million in 2009 to USD327.9 million in 2013 at a CAGR Of 31.4%. Between 2009 and 2013, residential, commercial and industrial construction, measured by total industry project value increased from SGD22.5 billion to SGD35.8 billion at a CAGR of 12.3%.

SMITH ZANDER notes that the growth rate of Singapore's imports of cement, concrete and artificial stone (CAGR 31.4%) are significantly higher than the demand for construction services (CAGR 12.3%), thus indicating that demand for building materials, construction materials and mineral products for property construction is largely dependent on imports.

Precast concrete industry in Singapore - imports of articles of cement, concrete or artificial stone ^a

Year	Import value (USD million)
2009	109.9
2010	135.8
2011	201.3
2012	290.6
2013	327.9
CAGR	31.4%

^a Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Relevant Laws and Regulations

The relevant laws and regulations pertaining to the concrete industry in Singapore include, but are not limited to, the following:

Workplace Safety and Health (Registration of Factories) Regulations 2008

Any person who wishes to occupy or use any premises where any building operation or works of engineering construction is or are being carried out by way of trade or for the purposes of gain is required to register the premises (or worksite) as a factory with the Commissioner for Workplace Safety and Health pursuant to the Workplace Safety and Health (Registration of Factories) Regulations 2008 one (1) month prior to the commencement of activities.

Construction sites also fall within the one (1) time registration regime and such factories need to declare that they have implemented risk management prior to commencement of their operations; and complete the safety and health management system audit / internal review within two (2) months from the commencement of work. An audit will be carried out by work health safety auditors for any worksite with a contract sum of SGD30.0 million or more at least once every six (6) months. An internal review of at least once every six (6) months would suffice for any worksite with a contract sum of less than SGD30.0 million.

Workplace Safety and Health Act, Chapter 354A

Under the Workplace Safety and Health Act, Chapter 354A, every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. With effect from 1 September 2011, all workplaces in Singapore are covered under the Workplace Safety and Health Act, Chapter 354A. These measures include providing and maintaining a safe work environment without risk to health; ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by employees; ensuring that the employees are not exposed to hazards arising from the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer; developing and implementing procedures for dealing with emergencies that may arise while those persons are at work; and ensuring that employees have adequate instruction, information, training and supervision to perform at work.

Environmental Public Health Act, Chapter 95

The Environmental Public Health Act, Chapter 95 requires, *inter alia*, a person, during the erection, alteration, construction or demolition of any building or at any time, to take reasonable precautions to prevent danger to the life, health or well-being of persons using any public places from flying dust or falling fragments or from any other material, thing or substance. The Environmental Public Health Act, Chapter 95 also regulates, *inter alia*, the disposal and treatment of industrial waste and public nuisances.

Under the Environmental Public Health Act, Chapter 95, the Ministry of Environment and Water Resources has empowered the Director-General of Public Health to serve a nuisance order on the owner or occupier of the premises on which the nuisance arises. Some of the nuisances which are liable to be dealt with summarily under the Environmental Public Health Act, Chapter 95 include any premises or part thereof of such a construction or in such a state as to be a nuisance or there exists or is likely to exist any condition

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

giving rise, or capable of giving rise to the breeding of flies or mosquitoes and any place where there occurs, or from which there emanates noise or vibration as to amount to a nuisance.

Building and Construction Industry Security of Payment Act (Chapter 30B)

The Building and Construction Industry Security of Payment Act (Chapter 30B) confers a statutory entitlement to progress payments on any person who has carried out any construction work or supplied any goods or services under a contract. The Building and Construction Industry Security of Payment Act (Chapter 30B) also contains provisions relating to, *inter alia*, the amount of progress payment to which a person who has carried out any construction work is entitled under a contract, the valuation of the construction work carried out and the date on which a progress payment becomes due and payable (even where a construction contract does not provide for such date).

Building Control Act, Chapter 29

The Building Control Act, Chapter 29 sets out the requirements for licensing of builders. All builders carrying out building works where plans are required to be approved by the Commissioner of Building Control and builders who work in specialist areas which have a high impact on public safety will require a Builder's License from 16 June 2009. Pursuant to the Building Control (Amendment) Act 2007, builders who undertake all building works where plans are required to be approved by the Building and Construction Authority and those who undertake works in specialist areas which have a high impact on public safety and require specific expertise, skill or resources for their proper execution have to be licensed.

Builders are licensed under two (2) registers, namely the General Builder Register (Class 1 and Class 2) and the Specialist Builder Register and such licenses are to be renewed on a three (3) year basis. Holders of the General Builder Class 1 license are allowed to perform general building works of unlimited value while holders of the General Builder Class 2 license are allowed to perform general building works of contract values of SGD6.0 million or less.

A builder is required to obtain a Specialist Builder License if he undertakes any of the following specialist building works, namely piling works, ground support and stabilisation works, site investigation work, structural steelwork, precast concrete work or in-situ post-tensioning work.

Concrete industry in Singapore – classes of specialist builder license

Class	Description
Specialist Builder (Piling Works)	Piling works comprising installation and testing of precast reinforced concrete or prestressed concrete piles, steel piles, bored cast-in-place reinforced concrete piles, caissons and special pile types like micro-piles, barrettes piles and composite piles, embedded retaining wall piles like diaphragm walls, contiguous bored piles or secant piles
Specialist Builder (Ground Support and Stabilisation Works)	Ground support and stabilisation works including installation and testing of ground anchors, soil nails, rock bolts, ground treatment like chemical grouting and jet-grouting, reinforced-earth, shotcreting and tunnel supports
Specialist Builder (Structural Steelwork)	Structural steelwork comprising <ul style="list-style-type: none"> ▪ fabrication of structural elements; ▪ erection work like site cutting, site welding and site bolting; and ▪ installation of steel supports for underground building works

Extracted from the independent market research report prepared by SMITH ZANDER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER**

In addition to obtaining the requisite licenses, registration in the contractors' registry maintained by the Building and Construction Authority is a prerequisite to tendering for projects in the public sector and the contractors' registry is subject to review every three (3) years. Presently, there are six (6) major categories of registration, some of which are further sub-classified into six (6) or seven (7) grades, depending on the category of registration.

Registration of a contractor with the Building and Construction Authority is dependent on the contractor fulfilling certain requirements relating to, inter alia, the value of previously completed projects, personnel resources, net worth and paid-up capital of the contractor.

Employment of Foreign Manpower Act, Chapter 91A

Under Section 5(1) of the Employment of Foreign Manpower Act, Chapter 91A, no person shall employ a foreign worker unless he has obtained in respect of the foreign worker a valid work permit, which allows the foreign worker to work for him. From 1 July 2012, basic skilled construction work permit workers would be allowed to work up to a maximum of ten (10) years, while higher skilled workers would be allowed to work up to 18 years. As a transitional measure, the Ministry of Manpower will grant an extension to the period of employment of all affected workers. Employers will have at least two (2) years to upgrade their workers from basic skilled to higher skilled.

The availability of foreign workers to the construction industry is regulated by the Ministry of Manpower through the following policy instruments, namely approved source countries; issuance of work permits; the imposition of security bonds and levies; dependency ceilings based on the ratio of local to foreign workers; skill trade test requirement whereby the foreign worker will need to meet a basic skill requirement before he can work in Singapore; and quotas based on man-year entitlements in respect of workers from non-traditional sources and the People's Republic of China.

The approved source countries for construction workers include Malaysia, the People's Republic of China, non-traditional source countries and North Asian sources. Non-traditional source countries include India, Sri Lanka, Thailand, Bangladesh, Myanmar, Philippines and Pakistan. North Asian source countries include Hong Kong, Macau, South Korea and Taiwan.

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7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**SMITH ZANDER****6 INDUSTRY PROSPECTS AND OUTLOOK FOR SUNWAY CONSTRUCTION GROUP BERHAD**

Malaysia's economy is expected to sustain its growth momentum driven by resilient domestic demand and an improving external sector. Given the improving outlook of global economy and underpinned by measures announced under Budget 2015 to support growth and transformation programmes, Malaysia's GDP is expected to expand between 4.5% and 5.5% in 2015.

Despite considerable achievements in providing basic infrastructure and public amenities for the population, there are still development gaps between regions in Malaysia, as well as between urban and rural areas. Public transport and infrastructure such as roads, railways, ports and utilities are key targeted development areas as the country strives towards developed nation status by 2020. Additionally, key urban areas have been identified for large scale development and upgrade of efficient public transportation systems, indicating further growth potential for infrastructure development and construction. Historically, Malaysia's construction sector, based on the total value of construction projects awarded, has grown from RM74.9 billion in 2009 to RM130.7 billion in 2013 at a CAGR of 14.9%, where infrastructure construction increased from RM22.7 billion to RM31.3 billion in the same period.

Residential construction activities registered the highest growth rate of 27.6% as the value of awarded projects increased from RM14.3 billion in 2009 to RM37.9 billion in 2013. On the back of an increase in the supply of commercial office space, the value of awarded commercial and industrial construction projects witnessed a growth rate of 12.8% over the period of 2009 and 2013. The demand for construction services is expected to remain robust moving forward as the decentralisation of office developments, scarcity of land and plans to improve the public transportation system in Malaysia will be key factors that contribute the development of new townships and business centres emerging outside major city centres. Several mixed development projects are expected to come onstream by 2017, thereby indicating growth potential for commercial retail space in Malaysia. The implementation of the second phase of the Iskandar Malaysia masterplan will have significant impact on construction activities in Johor as development plans under the CPD will be focused within the city centre, Danga Bay and the Nusajaya localities.

In 2013, the total value of construction projects awarded in Malaysia was registered at RM130.7 billion. During this same period, Sunway Construction Group Berhad was awarded projects amounting to RM2.9 billion and thereby garnered a market share of 2.2% in Malaysia.

SMITH ZANDER projects the construction industry to grow from RM130.7 billion in 2013 to RM191.1 billion in 2017 underpinned by the high impact projects announced under 10MP, 11MP, ETP and Budget 2015 which are expected to catalyse the construction industry. Allocations have been provided for under Budget 2015 to improve public infrastructure facilities, including improving road networks and bridges, train services, ports, airports and utilities. Budget 2015 will also focus on strengthening health services through the construction of new hospitals and clinics as well as upgrading of existing healthcare facilities. Specifically in Budget 2015, the Government announced several infrastructure projects that will result in greater demand for construction services. A total of approximately RM75.0 billion worth of highway infrastructure projects have been earmarked to commence in 2015.

The construction industry in Singapore grew from SGD22.5 billion in 2009 to SGD35.8 billion in 2013 at a CAGR of 12.3%. The nation's construction industry is largely spurred by residential development where residential construction activities increased from SGD6.7 billion to SGD16.1 billion at a CAGR of 24.5% over the period of 2009 and 2013. The total number of completed public housing units in Singapore has increased from 1,769 units in 2009 to 12,744 units in 2013 at a CAGR of 63.8%, and comprised the largest proportion of construction activities in Singapore in 2013 at 45.0%. SMITH ZANDER expects the

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

construction industry in Singapore to grow from SGD35.8 billion in 2013 to SGD53.0 billion in 2017 at a CAGR of 10.3%.

Singapore further announced plans to construct an additional 80,000 units of public housing over the coming three (3) years. Under Budget 2015, the Government allocated SGD484.0 million for the upgrading of HDB public housing precincts, where investments will be made to improve access and upgrade lifts in older HDB developments which will benefit an estimated 50,500 units, and the completion of 17,900 units and 20,900 units under HDB's HIP and NRP respectively. These developments bode well for the precast concrete industry in Singapore as demand for precast concrete products is primarily generated from residential construction projects. Sunway Concrete Products (S) Pte Ltd, a wholly-owned subsidiary of Sunway Construction Group Berhad has manufactured and supplied precast concrete components for a total of 2,498 units of the 77,436 HDB units under construction in Singapore in the same year, resulting in a market share of 3.2%.

SMITH ZANDER believes that the prospects for Sunway Construction Group Berhad will be supported by overall growth in the construction industries in Malaysia and Singapore, to be driven by strong anticipated public spending on infrastructure development and public housing respectively. As one of the largest construction companies in Malaysia with an established track record of over 30 years delivering building and civil infrastructure construction projects, Sunway Construction Group Berhad will continue to be a key industry player, leveraging on its proven success to achieve further growth.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT

8.1 SUBSTANTIAL SHAREHOLDERS AND PROMOTERS

8.1.1 Shareholdings of Our Substantial Shareholders and Promoters

The following table sets out the direct and indirect shareholdings of our Promoters and/or our substantial shareholders based on our Register of substantial shareholders' shareholdings before and after the Listing:

Promoters and/or substantial shareholders	After Distribution and before Listing		After Listing – Assuming the Over-allotment Option is not exercised ⁽¹⁾		After Listing – Assuming the Over-allotment Option is fully exercised ⁽¹⁾	
	Direct	Indirect	Direct	Indirect	Direct	Indirect
	No. of Shares	(%)	No. of Shares	(%) ⁽²⁾	No. of Shares	(%) ⁽²⁾
Promoters/ substantial shareholders						
Sunway	-	-	-	-	-	-
SunHoldings	1,117,890,109	86.5	719,184,709	55.6	659,379,009	51.0
Tan Sri Jeffrey Cheah	7,723,892	0.6	7,723,892	0.6	7,723,892	0.6
Puan Sri Susan Cheah	-	-	-	-	-	-
Sarena Cheah	57,727	#	57,727	#	57,727	#
Evan Cheah	13,435	#	13,435	#	13,435	#
Sungei Way Corporation	87,692,900	6.8	87,692,900	6.8	87,692,900	6.8
Active Equity	-	-	-	-	-	-
Promoter						
Jef-San	3,069,917	0.2	3,069,917	0.2	3,069,917	0.2

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Notes:

- | | |
|--------|---|
| ^
| The shareholdings shown in the table above included the pink form allocation under the Pink Form Offer as set out in Section 3.6.2(b) of this Prospectus.
Negligible |
| (1) | Excludes OFS Shares they may subscribe for under the Retail Offering and the Institutional Offering, if applicable. |
| (2) | Based on our entire issued and paid-up share capital of 1,292,900,010 Shares. |
| (3) | Deemed interest by virtue of Section 6A of the Act held through SunHoldings |
| (4) | Deemed interest by virtue of Section 6A of the Act held through Jef-San, Active Equity, Sungei Way Corporation, Sunway, SunHoldings and children. |
| (5) | Deemed interest by virtue of Section 6A of the Act held through Jef-San, spouse and children. |
| (6) | Deemed interest by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, spouse and parents. |
| (7) | Deemed interest by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and parents. |
| (8) | Deemed interest by virtue of Section 6A of the Act held through Sunway and SunHoldings. |
| (9) | Deemed interest by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunHoldings. |

Save for the Promoters and/or substantial shareholders named above, our Directors are not aware of any persons who, directly or indirectly, exercise control over our Company.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.1.2 Profiles of Promoters

The profiles of our Promoters are as follows:

(i) Sunway

Sunway was incorporated in Malaysia on 10 November 2010 under the Act as a private limited company under the name of Alpha Sunrise Sdn Bhd and changed its name to Sunway Sdn Bhd on 23 November 2010 to undertake the merger of Sunway City Berhad and Sunway Holdings Berhad. It was converted into a public limited company and assumed its present name on 30 November 2010. Sunway was listed on the Main Market of Bursa Securities on 23 August 2011.

The principal activities of Sunway are investment holding and providing management services. The principal activities of its subsidiaries, associates and jointly controlled entities are in the core businesses of property and construction. Other businesses include quarry, building materials, trading and manufacturing as well as hospitality, leisure and healthcare. Sunway is our intermediate holding company. Please refer to Section 8.1 of this Prospectus for the details of Sunway's direct and indirect shareholdings (before and after Listing) in our Company.

As at the LPD, Sunway has an authorised share capital of RM10,000,000,000.00 divided into 10,000,000,000 ordinary shares of RM1.00 each, of which 1,762,053,672 are issued and fully paid-up.

As at the LPD, the directors of Sunway are as follows:

Name	Designation
Tan Sri Jeffrey Cheah	Executive Chairman, Non-Independent Executive Director
Tan Sri Datuk Seri Razman M Hashim	Deputy Executive Chairman, Non-Independent Executive Director
Dato' Chew Chee Kin	President, Non-Independent Executive Director
Sarena Cheah	Non-Independent Executive Director
Wong Chin Mun	Senior Independent Non-Executive Director
Lim Swe Guan	Independent Non-Executive Director
Datuk Seri Yam Kong Choy	Independent Non-Executive Director
Tan Sri Dato' Dr Lin See Yan	Independent Non-Executive Director

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

As at the LPD, the substantial shareholders of Sunway are as follows:

Name	Direct		Indirect	
	No. of shares	(%) [^]	No. of shares	(%) [^]
Tan Sri Jeffrey Cheah	77,238,939	4.41	908,339,803 ⁽¹⁾	51.82
Puan Sri Susan Cheah	-	-	985,578,742 ⁽²⁾	56.23
Sarena Cheah	577,274	0.03	984,868,100 ⁽³⁾	56.19
Evan Cheah	134,357	0.01	984,867,111 ⁽⁴⁾	56.19
Sungei Way Corporation	907,628,172	51.78	-	-
Active Equity	-	-	907,628,172 ⁽⁵⁾	51.78
Amanahraya Trustees Berhad – Skim Amanah Saham Bumiputera	91,000,000	5.19	-	-

Notes:

[^] Based on the number of ordinary shares of RM1.00 each in Sunway (excluding treasury shares).

(1) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation and children.

(2) Deemed interested by virtue of Section 6A of the Act held through spouse and children.

(3) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, spouse and parent.

(4) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation and parent.

(5) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation.

(ii) SunHoldings

SunHoldings is our Promoter and substantial shareholder. It was incorporated in Malaysia as a private limited company under the Act on 26 January 1978 as Sungei Way Holdings Sdn Berhad. It was converted to a public limited company on 13 December 1983 and was officially listed on the Main Market of Kuala Lumpur Stock Exchange (now known as Main Market of Bursa Securities) as Sungei Way Holdings Berhad on 16 February 1984. SunHoldings subsequently changed its name to Sunway Holdings Incorporated Berhad on 13 December 1999 and Sunway Holdings Berhad on 3 December 2007. SunHoldings was delisted on 23 August 2011 pursuant to a merger exercise undertaken by Sunway to facilitate the listing of Sunway and assumed its present name of Sunway Holdings Sdn Bhd since 3 October 2011.

The principal activities of SunHoldings are investment holding and provision of management services. Please refer to Section 8.1 of this Prospectus for the details of SunHoldings' direct and indirect shareholdings (before and after Listing) in our Company.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

As at the LPD, SunHoldings has an authorised share capital of RM2,500,000,000 divided into 2,499,800,000 ordinary shares of RM1.00 each and 20,000,000 non-convertible non-cumulative redeemable preference shares of RM0.01 each, of which 2 ordinary shares and 214,967 non-convertible and non-cumulative redeemable preference shares are issued and fully paid-up.

As at the LPD, Sunway was holding the entire issued and paid-up share capital of SunHoldings.

(iii) **Tan Sri Jeffrey Cheah**

Tan Sri Jeffrey Cheah, aged 70, is the Founder and Executive Chairman of Sunway Group, a formidable conglomerate with core businesses in property and construction, and a multitude of established businesses spanning across 50 locations worldwide.

A business and accounting graduate of Victoria University in Melbourne, Australia, Tan Sri Jeffrey Cheah began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded and started Sunway Group.

He has been conferred nine honorary doctorates by leading universities worldwide. He was appointed Officer of the Order of Australia ("AO") by the Prime Minister of Australia in 2008. AO is one of the Australia's most prestigious and highly regarded awards conferred to a non-citizen of Australia. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Institute ("ASLI"). He was conferred the Honorary Assistant Commissioner of Police ("ACP") title in February 2013 by Malaysia's Inspector-General of Police ("IGP") for his commendable efforts as Chairman of Malaysia Crime Prevention Foundation (Selangor Chapter).

In 2007, Tan Sri Jeffrey Cheah established the eponymous "Jeffrey Cheah Foundation" and in 2009, he endowed all his equity in 12 institutions of Sunway Education Group, inter alia, Sunway University, Monash University Malaysia, Jeffrey Cheah School of Medicine and Health Sciences, Sunway College and Sunway International School, valued at more than RM720 million to the Jeffrey Cheah Foundation ("JCF"). JCF was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of its foundation's patron, His Royal Highness Sultan of Selangor.

In July 2013, Tan Sri Jeffrey Cheah through JCF, has endowed USD6.2 million (equivalent to approximately RM22.7 million*) to Harvard University to establish the Jeffrey Cheah Funds for Southeast Asia Studies; the Jeffrey Cheah Professorship and the Jeffrey Cheah Visiting Professorship, both in perpetuity, and the Jeffrey Cheah Travel Grants. This initiative will serve to advance teaching and research on Southeast Asia Studies at Harvard University and to enable two-way flow of scholars and researchers between Harvard University and the Sunway Education Group.

In August 2014, Tan Sri Jeffrey Cheah received a special invitation to be a member of the Global Advisory Council of Harvard University from The President of Harvard University.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Other notable achievements and appointments of Tan Sri Jeffrey Cheah insofar as the construction business and industry are concerned include:

- 2014 - Prominent Player Award by Construction Industry Development Board (CIDB) Malaysia.
- Value Creator: Malaysia's Outstanding CEO by The Edge Billion Ringgit Club.
- President's Award by Malaysia Institute of Planners.
- 2013 - Malaysia Outstanding Property Personality Award by The Edge Malaysia.
- Appointed as Advisor to Institut Darul Ridzuan ("IDR") in the State of Perak, Malaysia.
- 1996 - Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.
- CEO of the Year (Malaysia) by Business Times - American Express.
- 1993 - Property Man of the Year (Malaysia) by FIABCI, Malaysia Chapter.

Tan Sri Jeffrey Cheah was appointed to the Board of Sunway on 22 November 2010.

His directorships in other public companies are ASLI Foundation, JCF, Mahathir Science Award Foundation, Razak School of Government and Perdana Leadership Foundation.

Note:

* Based on exchange rate of USD1.00 : RM3.6675 as at 29 May 2015 (Source: Bloomberg L.P.).

(iv) Puan Sri Susan Cheah

Puan Sri Susan Cheah, aged 70, is our substantial shareholder and Promoter.

She graduated in Commerce from Victoria University, Australia. She also holds professional qualifications of Chartered Accountant from Malaysian Institute of Accountants (MIA), Fellow Certified Practising Accountant (FCPA Australia), Fellow Company Certified Secretary from Malaysian Association of Company Secretaries (MACS) and Fellow Professional National Accountant from National Institute of Accountants (NIA). On 21 February 2004, she was conferred with an Honorary Doctorate Degree by Victoria University. On 6 June 2010, she received The Most Outstanding ASEAN Women of Achievement Award 2010 and on 2 June 2011, she received the Asia Success Award of "Super Women Entrepreneur The Outstanding Leader of Human Capacity Development Award". On 14 July 2012, she received Honorary Award from The Contributor Award 2012. On 3 October 2012, she received The BrandLaureate Brand Icon Leadership Award 2012 from The Asia Pacific Brands Foundation.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

(v) Sarena Cheah

Sarena Cheah, aged 40, is our substantial shareholder and Promoter. She graduated from University of Western Australia with a Bachelor of Commerce (Accounting and Finance) Degree in 1994. She also obtained a Master Degree in Business Administration from Melbourne Business School in 2001.

Sarena Cheah has been with the Sunway Group since 1995, starting her career in the Corporate Finance and Group Internal Audit divisions. In 2000, she left to pursue her Master Degree in Business Administration at Melbourne Business School. Upon her return, she joined the Education and Healthcare divisions as Business Development Manager. In 2003, she rejoined the Corporate Finance division to lead the asset-backed securitisation exercise for Sunway City Berhad. In 2006, she became the Sales & Marketing General Manager in the Property Development division before holding the position as the Director of Strategy & Corporate Development in 2009. Thereafter, she assumed the position as the Executive Director of Strategy & Corporate Development in August 2011. Effective 1 May 2013, she was appointed as Managing Director of Strategy & Corporate Development as well as Joint Managing Director of Property Development Division, Malaysia/Singapore. Effective 1 May 2015, she took over the role of Managing Director of Property Development Division of Sunway.

Sarena Cheah was appointed to the Board of Sunway on 18 November 2010. She is also a Board Member of Sunway REIT Management Sdn Bhd, the Manager of Sunway Real Estate Investment Trust.

Her directorships in other public companies are SunREIT Capital Berhad, SunREIT Unrated Bond Berhad and Sunway Lagoon Club Berhad.

(vi) Evan Cheah

Evan Cheah, aged 35, is our substantial shareholder, Promoter and Non-Independent Non-Executive Director.

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

Evan Cheah joined the Sunway Group following his graduation as an Executive Assistant and was attached to the Sunway Group Finance division from 2001 to 2002, with key roles in investment analysis, due diligence, corporate finance, management accounting and group procurement. In 2003, he was promoted and rotated to Sunway Construction where he was the Finance Manager. In 2006, he became the General Manager, Business Development of Sunway Group's Trading & Manufacturing division. In 2010, he was promoted to be the Executive Director of Sunway Mas, a property development company within Sunway Group, in charge of operation matters.

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

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

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

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

(vii) Sungei Way Corporation

Sungei Way Corporation is our Promoter and substantial shareholder. It was incorporated as a private company in Malaysia under the Act on 9 April 1974. The authorised share capital of Sungei Way Corporation is RM25,000,000 comprising 15,000,000 ordinary shares of RM1.00 each and 1,000,000,000 Non-Cumulative Redeemable Preference Shares of RM0.01 each, of which RM12,611,000, comprising 10,000,000 ordinary shares of RM1.00 each and 261,100,000 Non-Cumulative Redeemable Preference Shares of RM0.01 each are issued and paid-up.

The principal activities of Sungei Way Corporation are property investment and investment holding.

As at the LPD, Active Equity was holding the entire issued and paid-up share capital of Sungei Way Corporation.

(viii) Active Equity

Active Equity is our Promoter and substantial shareholder. It was incorporated as a private company in Malaysia under the Act on 5 November 1982. The authorised share capital of Active Equity is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM127,500, comprising 127,500 ordinary shares of RM1.00 each are issued and paid-up.

The principal activity of Active Equity is investment holding.

As at the LPD, the substantial shareholders of Active Equity and their respective shareholdings are as follows:

Name	Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)
Tan Sri Jeffrey Cheah	102,000	80	25,500 ⁽¹⁾	20 ⁽¹⁾
Sarena Cheah	12,750	10	102,000 ⁽²⁾	80 ⁽²⁾
Evan Cheah	12,750	10	102,000 ⁽²⁾	80 ⁽²⁾

Notes:

(1) Deemed interest by virtue of Section 6A of the Act held through children.

(2) Deemed interest by virtue of Section 6A of the Act held through parent.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

(ix) Jef-San

Jef-San is our Promoter and shareholder. It was incorporated as a private company in Malaysia under the Act on 11 July 1975. The authorised share capital of Jef-San is RM1,000,000 comprising 1,000,000 ordinary shares of RM1.00 each, of which RM100,000, comprising 100,000 ordinary shares of RM1.00 each are issued and paid-up.

The principal activities of Jef-San are management services, rental of properties and investment holding.

As at the LPD, the shareholders of Jef-San and their respective shareholdings are as follows:

Name	Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)
Tan Sri Jeffrey Cheah	60,000	60	40,000*	40*
Puan Sri Susan Cheah	40,000	40	60,000*	60*

Note:

* Deemed interest by virtue of Section 6A of the Act held through spouse.

8.1.3 Substantial Shareholders

Our current substantial shareholders are Sunway, SunHoldings, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity.

The profile of Sunway, SunHoldings, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity who are also our Promoters, is set out in Section 8.1.2 above.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.1.4 Changes in Shareholdings

The shareholdings of our Promoters and/or substantial shareholders since our incorporation on 10 September 2014 up to the completion of the Distribution are as follows:

Name	As at 10 September 2014				After Distribution			
	Direct		Indirect		Direct		Indirect	
	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)	No. of shares	(%)
<u>Promoters/ substantial shareholders</u>								
Sunway		-	10 ⁽¹⁾	100.0	-	-	1,117,890,109 ⁽¹⁾	86.5
SunHoldings	10	100.0	-	-	1,117,890,109	86.5	-	-
Tan Sri Jeffrey Cheah	-	-	10 ⁽²⁾	100.0	7,723,892	0.6	1,208,724,088 ⁽²⁾	93.5
Puan Sri Susan Cheah	-	-	10 ⁽³⁾	100.0	-	-	1,216,447,980 ⁽³⁾	94.1
Sarena Cheah	-	-	10 ⁽⁴⁾	100.0	57,727	#	1,216,376,916 ⁽⁴⁾	94.1
Evan Cheah	-	-	10 ⁽⁵⁾	100.0	13,435	#	1,216,376,818 ⁽⁵⁾	94.1
Sungei Way Corporation	-	-	10 ⁽⁶⁾	100.0	87,692,900	6.8	1,117,890,109 ⁽⁶⁾	86.5
Active Equity	-	-	10 ⁽⁷⁾	100.0	-	-	1,205,583,009 ⁽⁷⁾	93.3
<u>Promoter</u>								
Jef-San	-	-	-	-	3,069,917	0.2	-	-

Notes:

Negligible.

(1) Deemed interest by virtue of Section 6A of the Act held through SunHoldings.

(2) Deemed interest by virtue of Section 6A of the Act held through Jef-San, Active Equity, Sungei Way Corporation, Sunway, SunHoldings and children.

(3) Deemed interest by virtue of Section 6A of the Act held through Jef-San, spouse and children.

(4) Deemed interest by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, spouse and parents.

(5) Deemed interest by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and parents.

(6) Deemed interest by virtue of Section 6A of the Act held through Sunway and SunHoldings.

(7) Deemed interest by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunHoldings.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.2 DIRECTORS

8.2.1 Shareholdings of Our Directors

The following table sets out the direct and indirect shareholdings of our Directors in our Company before and after the Listing:

Name	After Distribution and before Listing		After Listing – Assuming the Over-allotment Option is not exercised ⁽¹⁾		After Listing – Assuming the Over-allotment Option is fully exercised ⁽¹⁾		
	Direct	Indirect	Direct	Indirect	Direct	Indirect	
	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)	No. of Shares (%)	
Dato' Ir Goh Chye Koon	5,000	#	-	-	5,000	#	-
Kwan Foh Kwai	105,216	0.01	46,685 ⁽²⁾	#	605,216	0.04	46,685 ⁽²⁾
Dato' Siow Kim Lun	-	-	-	-	-	-	-
Dato' Dr. Ir Johari Bin Basri	-	-	-	-	-	-	-
Dato' Chew Chee Kin	334,355	0.03	34,695 ⁽²⁾	#	334,355	0.03	34,695 ⁽²⁾
Evan Cheah	13,435	#	1,216,376,818 ⁽³⁾	94.1	13,435	#	757,865,718 ⁽³⁾
							58.6

Notes:

Negligible.

(1) The shareholdings shown in the table above included the pink form allocation under the Pink Form Offer as set out in Section 3.6.2(b) of this Prospectus assuming the pink form allocation is subscribed in full by the respective Directors with no other application through the Retail Offering.

(2) Deemed interested by virtue of Section 6A of the Act held through spouse.

(3) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and parents.

Please refer to Section 8.1 of this Prospectus for the full detailed effects of the shareholdings of our Director, who is also our Promoter and substantial shareholder.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.2.2 Profiles of Directors

Save for the profile of Evan Cheah, which is set out in Section 8.1.2 of this Prospectus, the profiles of our other Directors are as follows:

(i) Dato' Ir Goh Chye Koon

Dato' Ir Goh Chye Koon, aged 65, is our Independent Non-Executive Chairman/Senior Independent Non-Executive Director.

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

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

He was a member of the Presidential Consultative Council of the Board of Engineers Malaysia (2002 – 2004) and also a member of the Construction Consultative Panel of Malaysia Productivity Corporation (2003 – 2009). He was the Chairman of the Building Industry Presidents' Council and President of the Master Builders Association Malaysia for the session 2004/2006 and has served as its Deputy President, Vice President and Deputy Secretary General.

Dato' Ir Goh Chye Koon was a board member of the Construction Industry Development Board, Malaysia (CIDB) from 2004 to 2006 and served as a Main Committee Member (2001 – 2009) and Chairman of the Working Group for construction projects (Local and Foreign) (2003 – 2009) in the Construction Industry Master Plan of CIDB. He is currently an Advisory Peer Group Member of the School of Science and Technology at Wawasan Open University (since 2010).

(ii) Kwan Foh Kwai

Mr Kwan Foh Kwai, aged 63, is our Senior Managing Director.

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

Kwan Foh Kwai began his career as a Contract Engineer in 1977 with the Department of Public Works, Ministry of Works for three years and was attached to the East-West Highway project. In 1980, he moved to Promet Construction Sdn Bhd as its Site Manager. Following this, he joined Alam Baru Sdn Bhd, a Class "A" Contractor, as General Manager from 1984 to 1986. He joined Taisei Corporation of Japan from 1986 to 1996 and his last position was General Manager of Taisei (Malaysia) Sdn Bhd.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

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

Kwan Foh Kwai is the Immediate Past President of Master Builders Association of Malaysia for the term of 2012 to 2016. He is also a Member of The Institution of Engineers, Malaysia. He has over 37 years of extensive experience working in the construction industry, both in the public and private sectors. He is a Fellow Member of the Chartered Institute of Building and a Board Member of International Federation of Asian & Western Pacific Contractors' Association (IFAWPCA). Kwan Foh Kwai is also the Chairman of the Board of Governors of SMJK Yuk Choy, Ipoh, Perak.

(iii) **Dato' Siow Kim Lun**

Dato' Siow Kim Lun, aged 64, is our Independent Non-Executive Director.

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

Dato' Siow Kim Lun began his career in investment banking with the Malaysian International Merchant Bankers Berhad (now known as Hong Leong Investment Bank Berhad) in 1981 and later joined its associate company, Malaysian International Finance Berhad in 1984 as the Manager of its Petaling Jaya Branch. Dato' Siow Kim Lun moved on to join Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) as a manager and later as the Divisional Head of its Corporate Finance Division from 1985 to 1993. Between 1993 and 2006, he was with the SC and has served in several positions at the SC including that of the Director of its Issues and Investment Division, Director of Market Supervision Division and Executive Director in the Office of the SC Chairman.

After his retirement from the SC, Dato' Siow Kim Lun established MainStreet Advisers Sdn Bhd with his partner in 2007. MainStreet Advisers Sdn Bhd is involved in the provision of corporate finance advisory services.

He was previously a board member of UMW Oil & Gas Corporation Berhad (2011–2013), YTY Industry Holdings Berhad (2010) and Xingquan International Sports Holdings Limited (2009 – 2011). He also served as a member of the Listing Committee at Bursa Securities from 2007 to 2009.

Dato' Siow Kim Lun is currently a Director of Citibank Berhad, Kumpulan Wang Persaraan, UMW Holdings Berhad, EITA Resources Berhad, Hong Leong Assurance Berhad, Eco World International Berhad, MainStreet Advisers Sdn Bhd, UMW M&E Sdn Bhd and UMW Technology Sdn Bhd, as well as a member of the Land Public Transport Commission.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

(iv) Dato Dr. Ir Johari Bin Basri

Dato' Dr Ir Johari Bin Basri, aged 61, is our Independent Non-Executive Director.

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

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

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

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

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

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

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

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

(v) Dato' Chew Chee Kin

Dato' Chew Chee Kin, aged 69, is our Non-Independent Non-Executive Director.

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

Dato' Chew Chee Kin started his career as a Trainee Executive in UMW (Malaya) Sdn Bhd in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn Bhd. He joined the Sunway Group in 1981 as the General Manager. In 1984, he was promoted to the Group General Manager (Operations) and was subsequently promoted to Deputy Group Managing Director (Operations) of the Sunway Holdings Berhad Group in 1989. In 1995, he was promoted to Group Managing Director of the Sunway Holdings Berhad Group and to President of the Sunway Holdings Berhad Group in 1999. Upon the completion of the merger of SunCity and SunHoldings in 2011, he was designated as the President of Sunway. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.

Dato' Chew Chee Kin is the Executive Director and President of Sunway and is a director in Gopeng Berhad.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.2.3 Principal Directorships and Principal Business Activities Performed Outside Our Group

Save as disclosed below, none of our Directors has any principal directorship or principal business activities performed outside our Group (which are not dormant) for the past five years prior to the LPD:

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
Dato' Ir Goh Chye Koon	Interests in Similar Business	IJM Corporation Berhad/ Malaysia	Construction investment activities	Director	01.01.1997	27.08.2013	-
		IJM Construction Sdn Bhd/ Malaysia	Civil and building construction and investment holding	Director	01.08.1997	30.01.2013	-
	Interests in Non-Similar Business	Kumpulan Europlus Berhad/ Malaysia	Investment holding	Director	28.09.2007	02.02.2012	-
		Quantity Process Sdn Bhd/ Malaysia	Investment holding company	Shareholder	-	-	< 0.1 (direct)
Kwan Foh Kwai	Interests in Non-Similar Business	<u>Subsidiaries of Sunway:</u>					
		SunHoldings/ Malaysia	Investment holding and provision of management services	Director	08.01.2004	06.02.2015	-
		<u>Other entities:</u>					
		MBAM Training Services Sdn Bhd/ Malaysia	Providing services training	Director	15.09.2008	05.11.2012	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
Dato' Siow Kim Lun		Construction Labour Exchange Centre/ Malaysia	Construction	Director	28.12.2009	03.12.2012	-
		Chen One Holding Sdn Bhd/ Malaysia	Investing in property	Director	30.07.2007	03.03.2011	-
		WZ Satu Berhad/ Malaysia	Investment holding, manufacturing of cold- drawn steel products, fabrication and installation of skid packages and pipeline projects for the oil and gas industry and civil engineering and general construction	Director/ shareholder	26.10.2007	13.02.2015	< 0.1 (direct)
	Interests in Non-Similar Business	Kumpulan Wang Persaraan (KWAP)/ Malaysia	Management of Government pension fund	Director	01.03.2007	-	-
		Citibank Berhad/ Malaysia	Banking institution	Director	25.04.2007	-	-
		MainStreet Advisers Sdn Bhd/ Malaysia	Provision of corporate finance advisory services	Director/ shareholder	30.10.2007	-	50 (direct)
		UMW Holdings Berhad/ Malaysia	Investment holding, automotive, oil and gas equipment, oil and gas manufacturing and engineering	Director	10.07.2009	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		Eita Resources Berhad/ Malaysia	Design and installation of elevator and busduct systems and trading of electrical and electronic components	Independent Non- Executive Chairman/ shareholder	01.04.2011	-	0.15 (direct)
		Hong Leong Assurance/ Malaysia	Life insurance	Director	30.09.2011	-	-
		Eco World International Berhad/ Malaysia	Proposed special purpose acquisition company - focused on real-estate development overseas ^a	Director	12.09.2014	-	-
		UMW M&E Sdn Bhd/ Malaysia	Investment holdings and management services	Director	16.08.2012	-	-
		YTY Industry Holdings Berhad/ Malaysia	Manufacturing and marketing of examination gloves	Director	28.06.2010	19.11.2010	-
		UMW Oil & Gas Corporation Berhad/ Malaysia	Provision of drilling and work-over services for the oil and gas industry	Director/ shareholder	21.04.2011	02.05.2013	0.005 (direct)
		UMW Technology Sdn Bhd/ Malaysia	Invest in companies which are involved in the technology business	Director	18.12.2014	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
Dato' Chew Chee Kin	Interests in Similar Business	XingQuan International Sports Holdings Limited/ Bermuda	Investment holding, manufacturing and marketing of shoe products and outdoor apparels	Director/ shareholder	01.06.2009	02.12.2011	0.007 (direct)
		Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	Director	16.08.2006	-	-
		Sunway Quarry Industries Sdn Bhd/ Malaysia	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	Director	16.03.2005	-	-
	Interests in Non-Similar Business	Sunway Quarry (Kuala Kangsar) Sdn Bhd/ Malaysia	To sell or otherwise deal in stones, aggregates, premix or other construction related products	Director	26.09.2006	-	-
		Sunway/ Malaysia	Investment holding and provision of management services	President/ Director/ shareholder	17.06.2011	-	0.19 (direct) 0.02 ^(a) (indirect)
		<u>Subsidiaries of Sunway:</u> SunHoldings/ Malaysia	Investment holding and provision of management services	Director	06.02.2015	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		Sunway Integrated Properties Sdn Bhd/ Malaysia	Property development and investment	Director	02.01.2015	-	-
		Sunway Iskandar Development Sdn Bhd/ Malaysia	Property development	Alternate Director	26.08.2013	-	-
		Sunway Quarry Industries (Melaka) Sdn Bhd/ Malaysia	Granite quarrying	Director	15.05.2008	-	-
		Sunway Eastwood Sdn Bhd/ Malaysia	Property and housing development	Director	10.07.2009	-	-
		Sun Pharmaceutical Sdn Bhd/ Malaysia	Importation distribution of pharmaceutical products	Director	09.05.2008	01.07.2010	-
		Sunway City (Ipoh) Sdn Bhd/ Malaysia	Property development and investment holding	Director	01.03.2011	23.08.2012	-
		SunwayMas Sdn Bhd/ Malaysia	Property and housing development investment holding	Director	18.10.1994	09.08.2011	-
		Sunway Marketing (S) Pte Ltd/ Singapore	Trading in hose and fittings and hose assembly	Director	15.08.1986	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of Incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		Realty Investments (HB) In/ Panama	Investment holding	Director	27.11.1997	-	-
		Sunway Spun Pile (Zhuhai) Co. Ltd/ People's Republic of China	Design, manufacture and sale of pretensioned spun concrete piles	Director	11.04.2006	-	-
		<u>Other entities:</u>					
		Gopeng Berhad/ Malaysia	Cultivation of oil palm, investment holding and property development	Director	18.05.1998	-	-
		Asian Strategy & Leadership Incorporated Sdn Bhd/ Malaysia	To provide consultancy and to organise and conduct symposia, conferences, seminars and such like activities in commerce and related inter-disciplinary subjects	Director	02.08.1993	-	-
		Sunway Education Group Sdn Bhd/ Malaysia	To operate commercial college and institute of higher learning	Director	20.09.1989	-	-
		Monash University Malaysia Sdn Bhd/ Malaysia	To provide tertiary courses	Director	25.05.2009	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
Evan Cheah	Interests in Similar Business	Sunway University Sdn Bhd/ Malaysia	To provide tertiary courses	Director	17.09.2010	-	-
		Sunway College (KL) Sdn Bhd/ Malaysia	To operate commercial college and institute of higher learning	Director	05.01.2011	-	-
		Sunway Hatay Construction & Building Materials JV Co. Ltd/ Vietnam	Quarrying and manufacturing of ready-mixed concrete	Director	01.10.2003	27.06.2013	-
		Sungei Way Ocean Joint Venture Ltd/ Vietnam	Quarrying and production of building stones	Director	09.03.2012	25.04.2014	-
		<u>Subsidiaries of Sunway:</u>					
		Deco Style Sdn Bhd/ Malaysia	Specialist contractor in renovation of commercial and residential projects	Indirect shareholder	-	-	100 ^(b) (indirect)
		Sunway Design Sdn Bhd/ Malaysia	Interior decorators and contractors	Indirect shareholder	-	-	80 ^(c) (indirect)
		Sunway Quarry Industries Sdn Bhd/ Malaysia	Manufacturing and supplying of premix, quarry operations to carry out contract works for civil projects	Indirect shareholder	-	-	100 ^(d) (indirect)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		Sunway Paving Solutions Sdn Bhd/ Malaysia	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	Indirect shareholder	-	-	100 ^(d) (indirect)
		Sunway Quarry (Kuala Kangsar) Sdn Bhd/ Malaysia	To sell or otherwise deal in stones, aggregates, premix or other construction related products	Indirect shareholder	-	-	100 ^(d) (indirect)
		Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	Director/ indirect shareholder	26.08.2011	-	60 ^(e) (indirect)
		Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	Director/ indirect shareholder	15.08.2011	-	70 ^(f) (indirect)
		Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	Director/ indirect shareholder	15.08.2011	-	100 ^(f) (indirect)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	Indirect shareholder	-	-	55 ⁽⁷⁾ (indirect)
		Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing of building materials related products	Indirect shareholder	-	-	100 ⁽⁸⁾ (indirect)
	Interests in Non-Similar Business	Sunway/ Malaysia	Investment holding and provision of management services	Director/ shareholder	01.12.2010	17.06.2011	0.01 (direct) 56.19 ⁽⁹⁾ (indirect)
		<u>Subsidiaries of Sunway:</u> (i) He is/was a director of 12 subsidiaries of Sunway incorporated in Malaysia; and	Various principal activities carried out by the respective subsidiaries	Director	*	*	#

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		(ii) He is a director of 13 subsidiaries of Sunway incorporated outside Malaysia <u>Other entities:</u>	Various principal activities carried out by the respective subsidiaries	Director	*	*	#
		Sungei Way Corporation/ Malaysia	Property investment and investment holding company	Director/ indirect shareholder	11.12.2001	-	100 ⁽ⁱ⁾ (indirect)
		Active Builder Sdn Bhd/ Malaysia	Investment holding	Director	21.08.2006	-	99.99 ⁽ⁱ⁾ (indirect)
		Active Equity/ Malaysia	Investment holding	Director/ shareholder	21.08.2006	-	10 (direct) 80 ⁽ⁱ⁾ (indirect)
		Jef-San/ Malaysia	Management services, rental of properties and investment holding	Director/ indirect shareholder	12.11.2009	-	100 ^(k) (indirect)
		Sungei Way Properties Sdn Bhd/ Malaysia	Property investment, property and project management and letting of property	Director/ indirect shareholder	04.08.2010	-	100 ^(h) (indirect)
		Timah Menderang Sdn Bhd/ Malaysia	Investment holding	Director/ indirect shareholder	21.08.2006	-	100 ⁽ⁱ⁾ (indirect)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		Hitachi Sunway Information Systems Sdn Bhd/ Malaysia	Provision of IT consulting services and sales of computer hardware and related products	Director/ indirect shareholder	01.06.2009	-	49 ^(K) (indirect)
		Hitachi Sunway Information Systems (Singapore) Pte Ltd/ Singapore	Provision of IT consulting services and sales of computer hardware and related products	Director/ indirect shareholder	12.11.2009	-	100 ^(K) (indirect)
		Sun Pharmaceutical Sdn Bhd/ Malaysia	Importation and distribution of pharmaceutical products	Director	30.06.2009	01.07.2010	-
		Sunway Digital Wave Sdn Bhd/ Malaysia	Sale and marketing of internet/broadband services and related products	Director/ indirect shareholder	27.02.2008	-	70 ^(K) (indirect)
		Sunway MSC Sdn Bhd/ Malaysia	Software developers, software consultants and advisors and to provide other computer software services	Director/ indirect shareholder	02.03.2009	-	70 ^(K) (indirect)
		Sunway S & I Systems Sdn Bhd/ Malaysia	Trading in computer hardware and related software and related components and providing after sales services	Director/ indirect shareholder	03.04.2013	-	49 ^(K) (indirect)

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Director	Interests	Name of company/ Place of incorporation	Principal activities	Designation	Date of appointment	Date of resignation	Shareholding as at the LPD (%)
		Sunway Systems Sdn Bhd/ Malaysia	Trading of computer software and related products and providing after sales services	Director/ indirect shareholder	20.09.2013	-	80 ^(k) (indirect)
		Sunway Technology Sdn Bhd/ Malaysia	Investment holding	Director/ indirect shareholder	02.11.2012	-	100 ^(k) (indirect)
		Adasia (M) Sdn Bhd/ Malaysia	To carry on the business of advertising consultants and agents	Director	21.08.2006	16.12.2011	-
		Progressive Venture Sdn Bhd/ Malaysia	Investment holding, leasing and renting of properties, provision of secretarial/ management services	Shareholder	-	-	8.4 (direct) 83.2 ^(l) (indirect)
		Excelvagent Care Sdn Bhd/ Malaysia	Hairdresses, hair and scalp specialists and other related business	Indirect shareholder	-	-	75 ^(l) (indirect)
		Eastern Glory Enterprises Limited/ British Virgin Island	Investment holding	Director/ indirect shareholder	07.05.2012	-	45 ^(m) (indirect)
		Shanghai Sunway Financial Training Co. Ltd/ People's Republic of China	To provide educational services and training	Director	21.02.2008	-	-

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Notes:

- (a) Deemed interested by virtue of Section 6A of the Act held through spouse.
- (b) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity and parent.
- (c) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, Deco Style Sdn Bhd and parent.
- (d) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and parent.
- (e) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and parent.
- (f) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd and parent.
- (g) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd, Shanghai Xinhetai Construction Ltd and parent.
- (h) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation and parent.
- (i) Deemed interested by virtue of Section 6A of the Act held through Active Equity and parent.
- (j) Deemed interested by virtue of Section 6A of the Act held through parent.
- (k) Deemed interested by virtue of Section 6A of the Act held through parent.
- (l) Deemed interested by virtue of Section 6A of the Act held through Progressive Venture Sdn Bhd and parent.
- (m) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, Sunway Lagoon Sdn Bhd and parent.
- # By virtue of Evan Cheah's interest in Sunway pursuant to Section 6A of the Act, he is deemed to have an interest in the subsidiaries to the extend Sunway has an interest.

* The following sets out the date of appointment and resignation (where applicable) of Evan Cheah as director/alternate director of the subsidiaries of Sunway (which are not dormant) for the past five years:

Name of subsidiaries	Date of appointment	Date of resignation/ cessation
Companies incorporated in Malaysia		
Sunway Marketing Sdn Bhd	02.12.2011	-
Sunway Management Sdn Bhd	21.07.2011	-
Sunway Lagoon Club Berhad	08.01.2001	28.04.2015
Sunway PALS Loyalty Sdn Bhd	18.06.2012	-
Pembangunan Risjaya Sdn Bhd	27.07.2010	05.01.2011
Sunway Bangi Sdn Bhd	27.07.2010	05.01.2011
Sunway Hydraulic Industries Sdn Bhd	02.09.2008	02.08.2011
Sunway Kanching Heights Sdn Bhd	27.07.2010	05.01.2011
Sunway Rawang Heights Sdn Bhd	27.07.2010	05.01.2011
Sunway Rydgeway Sdn Bhd	01.12.2008	05.01.2011
Sunway Termuning Sdn Bhd	01.12.2008	05.01.2011
SunwayMas Sdn Bhd	28.07.2010	05.01.2011

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Name of subsidiaries	Date of appointment	Date of resignation/cessation
Companies incorporated outside Malaysia		
Sunway Global Limited	01.04.2011	-
Sunway Building Materials (Shanghai) Co. Ltd	08.02.2013	-
Sunway Spun Pile (Zhuhai) Co. Ltd	01.04.2011	-
Sunway Xin Long (Anhui) Hydraulic Co. Ltd	15.08.2011	-
Sunway Trading (Shanghai) Pte Ltd	31.08.2006	-
Sunway Daechang Forging (Anhui) Co. Ltd	15.08.2011	-
Sunway International Trading (Tianjin) Pte Ltd	06.05.2010	-
Sunway Real Estate (China) Ltd	01.04.2012	-
Sunway Daechang Forging Investment Limited	03.11.2008	-
Sunway Guanghao Real Estate (Jiangyin) Co. Ltd	24.10.2011	-
Tianjin Eco-City Sunway Property Development Co. Ltd	09.06.2011	-
Sunway City (S'pore) Pte Ltd	20.03.2012	-
Sunway Investment Management Consultancy (Shanghai) Co. Ltd	02.11.2011	-

^A Following the LPD, the principal activities of Eco World International Berhad have been changed to "new company to be engaged in real-estate development overseas".

Deco Style Sdn Bhd, Sunway Design Sdn Bhd, Sunway Quarry Industries Sdn Bhd, Sunway Paving Solutions Sdn Bhd and Sunway Quarry (Kuala Kangsar) Sdn Bhd

The above-mentioned companies have similar business activities in respect of products, services and/or activities. However, our Group and the above companies are unlikely to compete with one another in view that none of the above companies are general construction contractors. Deco Style Sdn Bhd and Sunway Design Sdn Bhd are involved in renovation and interior design work for completed commercial and residential projects, which our Group is not involved in on a stand-alone basis (i.e. independent from its end-to-end construction services activities). Deco Style Sdn Bhd and Sunway Design Sdn Bhd carry out such renovation and interior design work activities as an extension of the property development activities of the Sunway Group and the Sunway Group does not have any other construction businesses other than that carried out by the SGFE Group (as defined below), which the Sunway Group is in the midst of disposing and which operates in different geographical regions from our Group. The SGFE Group has historically primarily carried out operations in the People's Republic of China, Macau and Indonesia.

Insofar as Sunway Quarry Industries Sdn Bhd, Sunway Paving Solutions Sdn Bhd and Sunway Quarry (Kuala Kangsar) Sdn Bhd are concerned, such entities carry out the manufacturing, supply and/or sale of specific building materials and the carrying out of construction related works by such entities utilising such building materials arises from the existing businesses of such entities, which do not directly compete with the existing principal business activities of our Group.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Sunway GD Foundation Engineering Co Ltd ("SGFE"), Shanghai Xinhetai Construction Ltd, Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd, PT Sunway Construction Engineering and Shanghai Sunway Geotechnics Engineering Co Ltd (collectively, the "SGFE Group")

As at the LPD, Sunway has an equity interest of 60% in SGFE ("SGFE Shares"). The SGFE Group is principally involved in construction and piling services, which is a similar business as our Group.

Sunway's presence via the SGFE Group in the construction industry will not give rise to a conflict of interest situation between the construction businesses of our Group and the Sunway Group, for the following reasons:

- (i) As the equity interest held in the SGFE Group does not form a core or strategic part of the business of the Sunway Group, it is the intention of Sunway to dispose of such interest. Sunway Group has already initiated the disposal of the SGFE Group in 2012. The sale and purchase agreements in relation to the said disposal have been executed and the transfer of the SGFE Shares to one Yu De Mao ("YDM") is expected to be completed in due course. The current status of the disposal transaction is as follows:
 - (a) Via an Equity Sale and Purchase Agreement dated 12 July 2012 ("**Equity SPA**") entered into between Sunway Global Ltd ("**Sunway Global**") and YDM, Sunway Global agreed to transfer its equity interest in SGFE to YDM in consideration of YDM discharging all the SGFE Group's liabilities of approximately RMB47,922,302 (equivalent to approximately RM28,358,501.43*) ("**SGFE's Liabilities**");
 - (b) YDM defaulted in the payment of the SGFE Liabilities, with an outstanding sum remaining unpaid of RMB31,532,782.02 (equivalent to approximately RM18,659,839.09*) ("**Outstanding Sum**"). Sunway Global subsequently entered into a Sale and Purchase Agreement dated 12 August 2013 ("**2013 SPA**") with YDM and GD Capital Holdings Sdn Bhd ("**GD Capital**") which if completed, would see Sunway Global acquire 8.83% of the issued share capital of GD Capital Pte Ltd, which would, if the 2013 SPA had been completed in accordance with its terms, have become the ultimate holding company of GD Properties (XuanCheng) Co Ltd, a company established under the laws of the People's Republic of China and the land use rights holder of a plot of land known as Plot 8-1-1709 located at Xuancheng Economic and Technology Development, People's Republic of China, for the development of Plot 8-1-1709 into residential units;
 - (c) Prior to the completion of the 2013 SPA, GD Capital had in March 2014 assigned its rights, interests and responsibilities and obligations as contained in the Joint Venture Agreement dated 27 October 2010 between GD Capital and Xuancheng Management Committee on Economic and Technical Development relating to the development of, amongst others, Plot 8-1-1709 to Sociedade De Investimento E Desenvolvimento Glory, Limitada ("**Macau Glory**"). Macau Glory incorporated MGlory Pte Ltd which then became the ultimate holding company of GD Properties (XuanCheng) Co Ltd through the acquisition of 90% of the shares in GD Properties and Holding (Macau) Co Ltd (the holding company of GD Properties (XuanCheng) Co Ltd). The remaining 10% of the shares in GD Properties and Holding (Macau) Co Ltd is held by Tong Sao Cheng, a substantial shareholder of Macau Glory, as Macau laws require a minimum of 2 shareholders.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- (d) Consequently, Sunway Global entered into a Sale and Purchase Agreement on 24 October 2014 ("2014 SPA") with Macau Glory relating to the sale and purchase of 3,932 shares in its subsidiary, MGlory Pte Ltd ("MGlory Sale Shares") in consideration of a cash payment of RMB12,000,000 (equivalent to approximately RM7,101,120*) payable in US Dollars and Sunway Global providing advice and assistance to GD Properties (XuanCheng) Co Ltd. The purchase consideration has been fully settled and the transfer of the MGlory Sale Shares has been completed. Following the completion of the acquisition of the MGlory Sale Shares, Sunway Global holds a 39.32% equity interest in MGlory Pte Ltd; and
- (e) Sunway Global, YDM and GD Capital have entered into a Termination Agreement dated 17 December 2014 for the purpose of terminating the 2013 SPA. The Termination Agreement stipulated that the transfer of SGFE Shares to YDM shall be completed and the parties will be discharged from further observance and performance, outstanding liabilities and obligations, in connection with the Equity SPA upon the completion of the 2014 SPA.
- (ii) Based on the principal activities of the SGFE Group as disclosed in the latest available audited financial statements of the SGFE Group, the non-dormant subsidiaries of SGFE are involved in providing construction and piling services in Indonesia, Macau and the People's Republic of China, where our Group presently has no presence. It is the intention of Sunway to see through the completion of the disposal of SGFE (whether to YDM or, if the disposal to YDM is ultimately unsuccessful, to such other third party/parties as may be identified). Furthermore, even if the disposal of SGFE does not complete, Sunway has no intention to continue with the businesses of the SGFE Group. In this respect, it is noted that the value of Sunway's entire investment in the SGFE Group has been fully written down in the accounts of the Sunway Group.

Note:

* Based on exchange rate of RMB1.00 : RM0.59176 as at 29 May 2015 (Source: Bloomberg L.P.)

WZ Satu Berhad ("WZ Satu")

Dato' Siow Kim Lun was previously an Independent Non-Executive Director of WZ Satu and is currently holding less than 0.1% equity interest in WZ Satu, an investment holding company whose subsidiaries are involved in the manufacturing of cold-drawn steel products, fabrication and installation of skid packages and pipeline projects for the oil and gas industry and civil engineering and construction. One of the wholly-owned subsidiaries of WZ Satu, WZS KenKeong Sdn Bhd, is involved in the principal activities of general construction, contractor and builders. WZS KenKeong Sdn Bhd is a registered Grade G7 construction company with CIDB whose completed and current ongoing construction projects include bridge construction works, earthworks, basement substructure works, drainage works and road construction projects. There is no conflict of interest situation as Dato' Siow Kim Lun is merely holding less than 0.1% of the equity interest in WZ Satu, which is an investment holding company with subsidiaries involved in various businesses. By acting as a minority shareholder of WZ Satu, he is not involving in the management or operation of WZ Satu.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

The involvement of our Executive Directors in other businesses set out above does not preclude them from allocating most of their time to our Group because the daily operations in those businesses are managed by the respective companies' personnel. They only attend meetings of other boards on which they serve and accordingly discharge their principal areas of responsibility as directors of those companies. They have been and have ensured that they would be able to fulfil and discharge their duties and responsibilities effectively as our Directors. As such, our Executive Directors' involvements in other businesses and operations outside of our Group are not expected to have any material effect on their contribution to our Group. In the event of any possible direct conflict of interests between our Group and any company in which our Directors have an interest, our relevant affected Director will (to the extent that he, having made all reasonable enquiries and to the best of his knowledge and belief, is aware of such potential conflict) disclose the conflict or potential conflict to the Board and he will refrain from all deliberations and voting at the board meeting and, if applicable, both himself and persons connected to him will refrain from voting at the shareholders' meeting convened to consider and approve any conflicting transaction.

Our Audit Committee will supervise any conflict of interest or potential conflict of interest situations and the Directors of our Company will disclose such conflict of interest situations, if any, for resolution as and when they arise.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.2.4 Directors' Remuneration and Material Benefits-In-Kind

The aggregate remuneration and material benefits-in-kind (including any contingent or deferred compensation accrued for the year) paid and proposed to be paid to our Directors for their services rendered in all capacities within our Group for the FYE 31 December 2014 and the FYE 31 December 2015 are set out below:

Directors	Remuneration Band	
	FYE 31 December 2014 (RM)	Proposed for FYE 31 December 2015 (RM)
Dato' Ir Goh Chye Koon	0 – 50,000	50,000 – 100,000
Kwan Foh Kwai	4.35 million – 4.4 million*	3.3 million – 3.35 million
Dato' Siow Kim Lun	0 – 50,000	50,000 – 100,000
Dato' Dr Ir Johari Bin Basri	0 – 50,000	50,000 – 100,000
Dato' Chew Chee Kin	0 – 50,000	50,000 – 100,000
Evan Cheah	0 – 50,000	50,000 – 100,000

Note:

* Inclusive of incentives for the year 2012 and year 2013 amounting to RM907,563 and RM1,222,689 respectively.

The remuneration which includes our Directors' salaries, bonuses, fees and allowances as well as other benefits must be considered and recommended by the Remuneration Committee and subsequently, be approved by our Board. Our Directors' fees must be further approved by our shareholders at a general meeting.

8.3 BOARD PRACTICES

8.3.1 Directors' Term of Office

Our Board is entrusted with the responsibility for the overall direction, strategy, performance and management of our Group. The number of years that our Directors have served in office and the date of expiration of their respective term of office are as follows:

Directors	Designation	Date of appointment as Director	Date of expiration of the current term of office	No. of year(s) in office
Dato' Ir Goh Chye Koon	Independent Non-Executive Chairman/ Senior Independent Non-Executive Director	17 October 2014	*	<1 year
Kwan Foh Kwai	Senior Managing Director	18 September 2014	*	<1 year
Dato' Siow Kim Lun	Independent Non-Executive Director	17 October 2014	*	<1 year
Dato' Dr Ir Johari Bin Basri	Independent Non-Executive Director	17 October 2014	*	<1 year
Dato' Chew Chee Kin	Non-Independent Non-Executive Director	17 October 2014	*	<1 year
Evan Cheah	Non-Independent Non-Executive Director	18 September 2014	*	<1 year

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Note:

* In accordance with Article 107 (1) of our Articles of Association, at the first annual general meeting, all our Directors shall retire from office and at the annual general meeting in every subsequent year, one-third (1/3) of our Directors or if the number is not 3 or a multiple of three (3), the number nearest to one-third (1/3) shall retire from office and be eligible for re-election provided always that all our Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

For Director who is over the age of 70, he is subject to retirement at every annual general meeting pursuant to Section 129(6) of the Act.

According to our Articles of Association, all the Directors (including the managing director) shall retire from office at the first annual general meeting of our Company, and one-third of our Directors are subject to retirement by rotation such that each Director shall retire once in every three years or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office at each annual general meeting.

Our Directors to retire every year shall be those who have been longest in office since their last appointment or reappointment, but as between persons who became or were last reappointed as Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

A Director appointed by our Directors to fill in a casual vacancy or as an addition to our existing Board, shall hold office only until the next annual general meeting of our Company and shall then be eligible for re-election.

8.3.2 Audit Committee

Our Audit Committee was established by our Board on 6 November 2014. The main function of our Audit Committee is to assist our Board in performing its duties and discharging its responsibilities in evaluating our financial statements, internal control and the audit process. Our Audit Committee currently comprises the following members, of which a majority are Independent Non-Executive Director.

Name	Designation	Directorship
Dato' Siow Kim Lun	Chairman	Independent Non-Executive Director
Dato' Ir Goh Chye Koon	Member	Independent Non-Executive Chairman/Senior Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Member	Independent Non-Executive Director
Evan Cheah	Member	Non-Independent Non-Executive Director

The terms of reference of our Audit Committee, amongst others, include the following:

- (i) Reviews with the external auditors, the audit plan and their evaluation of the internal control systems and the external audit report;
- (ii) Reviews the financial statements of our Group prior to submission to our Board;

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- (iii) Reviews the adequacy and relevance of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
- (iv) Reviews the audit plan of work programme and results of internal audit processes including recommendations and actions taken;
- (v) Review the propriety of any related party transaction and conflict of interest situation that may arise within our Company or our Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (vi) Recommends to our Board regarding the appointment of the external auditors; and
- (vii) Obtain advice from independent parties and other professionals, where necessary, in discharging their duties.

Our Audit Committee may obtain advice from independent parties and other professionals in discharging their duties.

8.3.3 Remuneration Committee

Our Remuneration Committee was formed by our Board on 6 November 2014. Our Remuneration Committee currently comprises the following members, of which a majority are Independent Non-Executive Directors is set out below:

Name	Designation	Directorship
Dato' Chew Chee Kin	Chairman	Non-Independent Non-Executive Director
Dato' Ir Goh Chye Koon	Member	Independent Non-Executive Chairman/Senior Independent Non-Executive Director
Dato' Siow Kim Lun	Member	Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Member	Independent Non-Executive Director

The terms of reference of our Remuneration Committee, amongst others, include the following:

- (i) Recommend to our Board the remuneration of our executive directors;
- (ii) Conduct continued assessment of our individual Executive Directors to ensure that remuneration is directly related to corporate and individual performance and to ensure that the base salary element is competitive and fair;
- (iii) Obtain advice and information from external source, if necessary, to compare the remuneration currently earned by our Executive Directors and those paid to executive directors of other companies of a similar size in a comparable industry sector; and

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- (iv) Advise on and monitor, a suitable performance related formula for our Executive Directors.

8.3.4 Nomination Committee

Our Nomination Committee was established by our Board on 6 November 2014. Our Nomination Committee currently comprises the following members, of which a majority are Independent Non-Executive Directors. The composition of our Nomination Committee is set out below:

Name	Designation	Directorship
Dato' Ir Goh Chye Koon	Chairman	Independent Non-Executive Chairman/Senior Independent Non-Executive Director
Dato' Siow Kim Lun	Member	Independent Non-Executive Director
Dato' Dr. Ir Johari Bin Basri	Member	Independent Non-Executive Director
Dato' Chew Chee Kin	Member	Non-Independent Non-Executive Director

The terms of reference of our Nomination Committee, amongst others, include the following:

- (i) to determine the core competencies and skills required of directors to best serve the business and operations of our Company and our Group as a whole and the optimum size of our Board to reflect the desired skills and competencies;
- (ii) to review the size of our Non-Executive Directors, our Board's balance and determine if additional directors are required and also to ensure that at least one-third (1/3) of our Board is independent;
- (iii) to recommend to our Board on the appropriate number of directors to comprise our Board which should fairly reflect the investments of the minority shareholders in our Company, and whether our current Board representation satisfies this requirement;
- (iv) to consider, in making its recommendation, candidates for directorship and senior executive proposed by our Chairman and within the bounds of practicability, by any other senior executive or any of our Director or shareholder;
- (v) to undertake a review of the required mix of skills, experience and other qualities of directors, including core competencies which our Non-Executive Directors should bring to our Board as well as independence and diversity (including gender diversity) of the board composition which is required to meet the needs of our Company, and to disclose this in the annual report of our Company;

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- (vi) to assist our Board to implement a procedure to be carried out by our Board Committees for assessing the effectiveness of our Board as a whole and our Board Committees, as well as for assessing the contributions and performance of our individual directors and our Board Committees members;
- (vii) to recommend to our Board the membership of our Board Committees; and
- (viii) to execute other related functions to achieve the objective of the establishment of our Nomination Committee.

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8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.4 KEY MANAGEMENT

8.4.1 Shareholdings of Our Key Management

The following table sets out the direct and indirect shareholdings of our key management in our Company before and after the Listing:

Name	After Distribution and before Listing			After Listing - Assuming the Over-allotment Option is not exercised ⁽¹⁾			After Listing - Assuming the Over-allotment Option is fully exercised ⁽¹⁾		
	No. of Shares	(%)	Indirect	No. of Shares	(%)	Indirect	No. of Shares	(%)	Indirect
Kwan Foh Kwai	105,216	0.01	46,685 ⁽²⁾	605,216	0.05	46,685 ⁽²⁾	605,216	0.05	46,685 ⁽²⁾
Chung Soo Kiong	4,046	#	-	404,046	0.03	-	404,046	0.03	-
Thomas Samuel A/L C T Samuel	2,000	#	-	302,000	0.02	-	302,000	0.02	-
Liew Kok Wing	-	-	-	220,000	0.02	-	220,000	0.02	-
Wong Kwan Song, Richard	3,371	#	-	223,371	0.02	-	223,371	0.02	-
Eric Tan Chee Hin	13,500	#	-	233,500	0.02	-	233,500	0.02	-
Yip Lai Hun	3,000	#	-	223,000	0.02	-	223,000	0.02	-
Akira Yabe	-	-	-	220,000	0.02	-	220,000	0.02	-
Ng Bee Lien	1,500	#	-	221,500	0.02	-	221,500	0.02	-
Kwong Tzyy En	4,000	#	-	224,000	0.02	-	224,000	0.02	-

Notes:

Negligible.

(1) The shareholdings shown in the table above includes the pink form allocation under the Pink Form Offer as set out in Section 3.6.2(b) of this Prospectus assuming the pink form allocation is subscribed in full by the respective key management with no other application through the Retail Offering.

(2) Deemed interest by virtue of Section 6A of the Act held through spouse.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.4.2 Profiles of the Key Management

The profile of Kwan Foh Kwai is set out in Section 8.2.2 of this Prospectus.

(i) **Chung Soo Kiong**
Deputy Managing Director

Chung Soo Kiong, aged 48, is our Deputy Managing Director.

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

Chung Soo Kiong began his career with TAISEI Corporation in 1990 where over a period of seven 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 SunCon and served as the Contract Manager of Business Development & Marketing Department. His role included overall management of the contracts administration and operations and pre- and post-contract related matters of various projects and developing strategies to identify and venture into new potential businesses and/or markets. Thereafter, Chung Soo Kiong acted as the Country Manager/Project Director of Sunway Innopave Sdn. Bhd. (Abu Dhabi Branch) for the period from 2007 to 2013.

He has held the position of Deputy Managing Director of SunCon since 2013 and has over 20 years of experience in the construction sector.

(ii) **Thomas Samuel A/L C T Samuel**
Executive Director – Foundation and Geotechnical Engineering Division

Thomas Samuel, aged 55, is our Executive Director - Foundation and Geotechnical Engineering Division.

He graduated with a Bachelor of Engineering (Hons) degree from the University of Malaya in 1983. Subsequently in 2002, he graduated with a Master's Degree in Business Administration from Heriot Watt University.

Thomas Samuel began his career as a project engineer in the specialised field of geotechnical engineering with Pilecon Engineering Bhd in April 1983. He was involved in several projects with the most significant being the piled embankments on the Jasin to Pagoh section of the North South Expressway. He helped developed the technique of using extensive cone penetration testing to predict pile lengths for driven piles at different locations on the expressway from 1985 to 1987.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

In October 1988, he joined Bauer Malaysia Sdn Bhd. In a career spanning 26 years in Bauer Malaysia Sdn Bhd, he was extensively involved with the development and installation of large diameter deep bored piles for the Malaysian market. This included drilling piles in a variety of sub ground conditions. He was also involved in development of new techniques for borehole stabilization using third generation polymers and the development of removable temporary ground anchors. He also helped to successfully introduce into the Malaysian market the installation of high strength soil cement columns for stabilization of road and rail embankments.

On 15 January 2015, Thomas Samuel joined Sunway Geotechnics (M) as an executive director. His principal job responsibilities include the development and supervision of foundation solutions for complex ground conditions for buildings and infrastructure projects undertaken by the SunCon Group as a main contractor.

Thomas Samuel is currently the Vice President of the Master Builders Association of Malaysia (MBAM), where he has been an active council member since 2008.

(iii) **Liew Kok Wing** **Senior General Manager – Civil Division**

Liew Kok Wing, aged 46, is our Senior General Manager – Civil Division.

He graduated with a Bachelor of Engineering (Hons) degree in Civil Engineering in 1993 from the National University of Singapore and also holds a Master of Science Degree in Civil Engineering from the National University of Singapore.

Liew Kok Wing began his career with L & M Geotechnic in Singapore in 1993, where he acted as a Project Engineer at various construction projects in Singapore. In 1996, he was transferred to L & M Systems, Thailand as a Project Manager in charge of infrastructure works for a low rise luxury housing project in Bangkok. In the same year, he left to join Taylor Woodrow Projects (M) Bhd as a Geotechnical Engineer before joining SunCon.

From November 1996 to March 1998, he served as the Senior Geotechnical Engineer in SunCon, where he was involved in geotechnical works for various projects undertaken by SunCon in Malaysia. He then joined Nishimatsu Construction Company of Singapore as a Senior Engineer in April 1998, where he was in charge of open shield tunnel boring works for an MRT construction project. He rejoined SunCon in 2000 as Site Agent and was promoted during the course of overseeing various projects undertaken by the SunCon Group in Malaysia and India to the positions of Deputy Project Manager, Project Manager and Senior Project Manager and then, in 2005, to the position of Assistant General Manager. He is currently the Senior General Manager – Civil Division heading the Civil Engineering Business Unit, a position he has held since 2013. He has more than 20 years of experience in the construction field.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

(iv) **Wong Kwan Song, Richard**
Senior General Manager – Building Division

Wong Kwan Song, Richard, aged 50, is our Senior General Manager – Building Division.

He graduated with a Bachelor of Engineering (Hons) degree in Civil Engineering from the University of Portsmouth in 1999. He had earlier obtained a Certificate in Technology (Building) from Tunku Abdul Rahman College in 1986.

He started his career in 1987 at Syarikat Pembinaan Perlis Sdn Bhd, where he served as a Site Supervisor. He joined Syarikat Pembinaan YTL Sdn Bhd in 1988 for a year, where he worked as a Site Supervisor, before joining SunCon in 1989. From 1989 to 1995, he worked as Site Supervisor and later, Site Agent of SunCon, where he was overseeing various construction projects. Thereafter, he joined Setarabina Sdn Bhd in 1995 and served as a Project Manager before rejoining SunCon in 1999. He has held various positions in the SunCon Group during his 15 year tenure with the SunCon Group, including Deputy Manager - Project, Manager - Project, Senior Manager - Project, Assistant Manager - Operations, General Manager - Operations and, since 2012, Senior General Manager.

Wong Kwan Song, Richard has over 27 years of experience in the building and construction industry. His experience ranges from low-rise residential homes to large scale shopping complexes, service apartments, hotels and office buildings.

As Senior General Manager – Building Division of our Group, Wong Kwan Song, Richard acts as the head of the Building Division. His role includes overseeing the overall planning and coordination of construction projects from conceptualisation, design, construction through to completion within established budgets, schedules and quality standards.

(v) **Eric Tan Chee Hin**
Senior General Manager – MEP Division

Eric Tan Chee Hin, aged 42, is our Senior General Manager – MEP Division.

He graduated with a Bachelor of Engineering degree in Mechanical Engineering from Universiti Sains Malaysia in 1996 and subsequently obtained a Master of Business Administration degree in 2001 from The Nottingham Trent University. He is a registered engineer with the Board of Engineers Malaysia, and a registered GBI (Green Building Index) Facilitator and GBI Commissioning Specialist (CxS) with GreenBuildingIndex Sdn Bhd.

He began his career with SSP (E&M) Sdn Bhd in 1996 where he served as a Mechanical Engineer. In 2000, he joined Sunway Engineering Sdn Bhd and has held various positions in the company during his tenure of almost 14 years with SunCon Group, including Design Manager, Senior Design Manager/Senior Project Manager, Assistant General Manager, General Manager and, since 2013, Senior General Manager.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Eric Tan has over 18 years of experience in construction design and engineering and oversees the design management and mechanical, electrical and plumbing engineering (MEP) operations of the SunCon Group.

(vi) Kwong Tzyy En
Senior General Manager – Precast Division

Kwong Tzyy En, a Singapore national aged 55, is our Senior General Manager – Precast Division.

He holds the academic qualification of General Certificate of Education (GCE) 'A' Levels, which he obtained in 1978.

Kwong Tzyy En held the position of Managing Director in Huey Long Construction Co. from 1981 to 1988, where he specialised in underground telecom piping. In 1989, he joined Spandeck Engineering Pte Ltd and served as the Production Manager overseeing the supply of precast components for both HDB and private projects. Thereafter, he held the position of Senior Production Manager at L & M Precast Pte Ltd from 1992 to 2000 and Hanson Precast Pte Ltd from 2000 to 2001. He joined Sunway Concrete Products (S) in 2001 and has held various positions based primarily in Singapore during his tenure of almost 14 years with the SunCon Group, including Operations Manager, Senior Operations Manager, Assistant General Manager and, since 2011, General Manager.

His responsibilities include marketing and contracts, the overall planning, organising and overseeing the operations of Sunway Concrete Products (S). Kwong Tzyy En has more than 20 years of experience in the construction sector, particularly in the area of the precast concrete industry.

(vii) Yip Lai Hun
Senior General Manager – Supply Chain & Contracts Management

Yip Lai Hun, aged 48, is our Senior General Manager – Supply Chain & Contracts Management.

She holds a Diploma in Technology (Building) and a Certificate in Technology (Architecture) from Tunku Abdul Rahman College, which she obtained in 1990 and 1987 respectively.

Yip Lai Hun began her career in 1990 as an Assistant Quantity Surveyor in MBF Builders Sdn Bhd and in 1991, she joined Rinota Construction Sdn Bhd where she served as a Quantity Surveyor. She then worked as a Quantity Surveyor with J.V. NLC Construction (Nishimatshu - Lum Chang) from 1992 to 1993. Subsequently, she joined SunCon in 1993 and she has held various positions during her 21 year tenure with the SunCon Group, including Assistant Estimator, Estimator, Senior Estimator, Assistant Manager - Contracts, Manager - Contracts, Senior Manager - Contracts, Assistant General Manager - Contracts, General Manager - Contracts and, since 2013, Senior General Manager - Supply Chain & Contracts Management.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

With the benefit of more than 24 years of experience in tendering, subcontracting, contracts administration, ICT system development and maintenance, quantity surveying and implementing Quality Environmental Safety and Health (QESH) Management System, Yip Lai Hun is responsible for overseeing the supply chain and contracts management functions of the SunCon Group.

(viii) Ng Bee Lien
Senior General Manager – Finance

Ng Bee Lien, aged 42, is our Senior General Manager – Finance.

She graduated with a Bachelor of Commerce majoring in Finance from the University of Western Australia in 1994 and is a Chartered Accountant with the Malaysian Institute of Accountants (MIA).

Ng Bee Lien worked as an auditor with Ernst & Young during the period from 1994 to 1997 and her last held position was Audit Senior Executive. Thereafter, she joined Muhibbah Engineering (M) Bhd in 1997 where she served as Accountant. In 2005, she joined SunCon as Senior Manager. Subsequently, she was promoted to Assistant General Manager and General Manager, a position that she has held since 2011. Ng Bee Lien has recently been promoted to Senior General Manager of Finance effective May 2015.

As Senior General Manager of SunCon, she takes charge of the finance department functions of the SunCon Group.

She has over 20 years of working experience in finance and audit, with over 16 years of such working experience specifically in the construction sector.

(ix) Akira Yabe
Director – Special Projects

Akira Yabe, a Japanese national aged 58, is our Director – Special Projects.

He graduated with a Bachelor of Science & Engineering degree from Waseda University in 1979. Akira Yabe is a Professional Engineer, Japan (P.E. Jp – Civil Engineering and Comprehensive Technical Management), Registered Architect (1st Class), Registered Construction Engineer (1st Class) and Japan Concrete Institute (JCI) Authorised Chief Concrete Engineer.

Akira Yabe began his career with TAISEI Corporation in 1979 as a Construction Engineer, where he was assigned to work in different branch offices on project basis. He held various positions during his almost 30 year tenure at TAISEI Corporation, including Construction Engineer, Senior Construction Engineer, Deputy Project Manager and Project Manager, in Japan, Malaysia and Egypt. In 2008, he joined Yamashita Sekkei and served as a Manager in the Technical Direction Office. Thereafter, he joined the SunCon Group in 2010, where he was subsequently promoted to the position of Director – Quality Environmental Safety & Health in year 2012 before assuming the position of Director – Total Quality Management (Centre of Excellence) in 2013.

Akira Yabe has over 35 years of experience in the building and construction industry.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.4.3 Involvement of Our Key Management in Other Principal Businesses Activities/Corporations

As at the LPD, save as disclosed below and Section 8.2.3 of this Prospectus, none of our key management are involved in other principal businesses activities or corporations (which are not dormant), save and except for the operations of our Group:

Name	Name of Company/ Place of Incorporation	Principal Activities	Designation	Shareholding %
Yip Lai Hun	First Cornerstone Sdn Bhd/ Malaysia	Property investment	Director and Shareholder	67
	Sincere Bid (M) Sdn Bhd/ Malaysia	Investment holding	Shareholder	1.14
Eric Tan Chee Hin	Sincere Bid (M) Sdn Bhd/ Malaysia	Investment holding	Shareholder	6.94
Wong Kwan Song	Sincere Bid (M) Sdn Bhd/ Malaysia	Investment holding	Shareholder	1.14

Our key management are of the view that their involvements in the principal businesses activities and corporations above do not have any material effect on their capacity within our Group and would not be expected to affect the operations of our Group.

Their involvement in the above principal businesses do not required a significant amount of their time as they are merely directors of these companies and/or do not hold any executive position in these companies and hence, are not required to spend a significant amount of time on the affairs of these companies. Hence, our key management's involvement in these companies neither materially nor adversely affect their contribution to our Group.

As such, our key management devote most of their working time and effort to their executive functions in our Group. Their ability to act as our key management of our Group is not expected to change going forward.

8.5 DECLARATION FROM OUR PROMOTERS, DIRECTORS AND KEY MANAGEMENT

As at the LPD, none of our Promoters, Directors and key management is or has been involved in any of the following events (whether within or outside Malaysia):

- (i) a petition under any bankruptcy or insolvency laws was filed (and not struck out) against him or any partnership in which he was a partner or any corporation of which he was a director or key personnel;
- (ii) disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- (iii) charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
- (iv) any judgment was entered against him involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or
- (v) being the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity.

8.6 FAMILY RELATIONSHIPS AND ASSOCIATIONS

Save as disclosed below, there are no family relationships or associations between our Promoters, substantial shareholders, Directors and key management:

Name	Relationship/Association
Tan Sri Jeffrey Cheah	Tan Sri Jeffrey Cheah, our Promoter and substantial shareholder, is the spouse of Puan Sri Susan Cheah and the father to Sarena Cheah and Evan Cheah, who are both our Promoters and substantial shareholders. Evan Cheah is also our Non-Independent Non-Executive Director.
Puan Sri Susan Cheah	Puan Sri Susan Cheah, our Promoter and substantial shareholder, is the spouse of Tan Sri Jeffrey Cheah. She is the mother to Sarena Cheah and Evan Cheah, who are both our Promoters and substantial shareholders. Evan Cheah is also our Non-Independent Non-Executive Director.
Sarena Cheah	Sarena Cheah, our Promoter and substantial shareholder, is the child of Tan Sri Jeffrey Cheah and Puan Sri Susan Cheah. She is the sister to Evan Cheah, who is our Promoter, substantial shareholder and Non-Independent Non-Executive Director.
Evan Cheah	Evan Cheah, our Promoter, substantial shareholder and Non-Independent Non-Executive Director, is the child of Tan Sri Jeffrey Cheah and Puan Sri Susan Cheah. He is the brother to Sarena Cheah, who is our Promoter and substantial shareholder.
Sungei Way Corporation	A company controlled or owned by Active Equity, which in turn controlled by Tan Sri Jeffrey Cheah, Sarena Cheah and Evan Cheah.
Active Equity	A company controlled or owned by Tan Sri Jeffrey Cheah, Sarena Cheah and Evan Cheah.
Jef-San	A company controlled or owned by Tan Sri Jeffrey Cheah and Puan Sri Susan Cheah.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

8.7 BENEFITS PAID OR INTENDED TO BE PAID

Save as disclosed in Section 8.2.4, there are no amounts or benefits paid or intended to be paid or given to any of our Promoters, Directors or substantial shareholders within the two years preceding the LPD.

8.8 EXISTING OR PROPOSED SERVICE AGREEMENT

As at the LPD, there is no existing or proposed service agreement(s) between the SCG Group and the Directors and key management, save for standard employment contracts containing normal terms of employment.

8.9 EMPLOYEES

As at the LPD, we employed a total of 2,170 employees, of which 1,361 are permanent staff and the remaining 809 contract staff. From these 2,170 employees, we employ a total of 606 foreigners in our Group, of which 59 are managers, executives and non-executives and 547 construction workers.

Employee type	Employees as at 31 December			As at the LPD
	2012	2013	2014	
Permanent	1,257	1,446	1,424	1,361
Contract	588	983	911	809
Total	1,845	2,429	2,335	2,170

Employee type	Employees as at 31 December			As at the LPD
	2012	2013	2014	
Malaysian	1,357	1,649	1,629	1,564
Foreigners	488	780	706	606
Total	1,845	2,429	2,335	2,170

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

The following table sets forth our permanent headcount for the FYE 31 December 2012, 31 December 2013, 31 December 2014 and as at the LPD respectively.

Job function	Permanent employees as at 31 December			As at the LPD	Average year(s) of service as at the LPD			
	2012	2013	2014		<1 year	1 – 5 years	6 – 10 years	> 10 years
Senior management	41	36	33	34	1	1	9	23
Managers	140	144	123	138	3	36	43	56
Executives	596	686	676	646	22	448	91	85
Non-executives	370	418	436	418	6	250	79	83
Security	110	162	156	125	9	77	28	11
Total	1,257	1,446	1,424	1,361	41	812	250	258

8.10 TRAINING AND DEVELOPMENT

We are committed to employee development, and regularly invest in programmes that promote employee advancement to meet our specific business needs while continuously enhancing the qualifications of our staff so as to maintain and enhance our competitiveness and our know-how as we continue to grow. We provide our employees with opportunities to participate in training programmes, such as those relating to leadership, our business operations, productivity, resource management and work safety.

We adopt a 3-pronged approach to training and development based on the following principles of learning:

- learn by doing: We believe in developing employees by involving them in cross department and/or industry projects, short and/or long term assignments, and enlargement of job scope;
- learn from others: We conduct mentoring programmes which allow employees to learn from senior management personnel. Through these sessions, we facilitate the transfer of tacit knowledge and experience. Coaching by managers is also adopted as an effective way of developing others; and
- learn from training: We provide extensive training programmes for our employees. These programmes range from those which build technical skills to those which develop non-technical skills, such as personal effectiveness, team leadership, entrepreneurial skills, strategy building and change management.

We undertake the following training programmes for our employees:

- leadership skills – Leadership skills development focuses on developing our employees in strategic thinking, leading others, developing others, interpersonal skills, passion for excellence and customer focus;

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

- technical or functional skills – Project management, quality control and assurance, safety, health and environment training, product training and information, communications and technology training;
- managerial skills – This encompasses skills such as coaching, delegation, planning, monitoring and evaluation of performance and presentation; and
- management knowledge – Marketing, finance, strategic planning, operations management, human resource management and sales management.

Our employees are encouraged to attend training courses relevant to their job role. We are committed to developing and preparing the more promising employees for future leadership roles in the company. In doing so, we have a range of talent development programmes aimed at developing employees to assume middle and senior management positions including:

- **Sunway Managerial Advancement for Recruited Trainees ("SMART") Programme**

The SMART Programme was initiated in 2002 to identify and recruit aspiring and talented fresh graduates, and accelerate job competencies at entry levels to better manage and develop our Group's talent pool. The SMART Programme aims to recruit, train and retain talented Malaysian graduates with excellent academic results and a track record of leadership capabilities.

- **Emerging Leaders Programme**

The Emerging Leaders Programme is designed for our junior employees who have been identified as potential managers. This programme aims to develop their leadership skills, increase their understanding of various functions of our Group's business units, and also expose them to the rest of our Group through secondment or cross movement within their business units or to lead cross functional projects.

- **Developing Leaders Programme**

Middle management employees will be enrolled for our Developing Leaders Programme which aims to develop their people management skills, team development skills and problem solving skills by working on strategic projects, as well as to strengthen their knowledge in key business area through diversification of roles or to provide leadership opportunities in strategic projects outside his/her own business unit.

- **Advanced Leaders Programme**

Our Advanced Leaders Programme is designed for employees who are leading business units, and provides them with opportunities to build leadership network across and outside our Group, become an ambassador to the Sunway leadership culture, and most importantly, lead change and establish best practices that are critical to the success of their respective business units.

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

• Build 1 Programme

The Build 1 Programme is designed for our managers and assistant managers where it aims to provide these employees with core managerial skills required to be managers. Our managers and assistant managers who have attended the Build 1 Programme will be equipped to understand their roles as managers and drive performance within their respective teams, plan and execute plans that are aligned to our Group's business objectives, motivate teams through effective communication and better engagement and embrace and execute the culture of coaching for improved business unit development and performance. We are currently developing the Build 2 Program as a successor to the Build 1 Programme.

It is a central tenet of our human resources policy to ensure that individuals are empowered and that their career pathways are individually tailored. We realise that prospects for career development are a top priority for our employees and structured career paths provide clarity in ensuring that our organisation is a great place to work. We encourage employees to discuss their career aspirations and opportunities regularly with their line manager so that they can get the most out of their career at our organisation. In addition, we also provide sponsorships for high-performing employees who wish to pursue academic programmes including diploma, tertiary, professional and postgraduate qualification.

Our training and development include, but are not limited to, the following:

Training programme	Training frequency	Training provider	Location
Project Management			
Project Management Simulation Workshop	Multiple sessions annually	Bridgit Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Project Management Professional Fast Track Workshop	Multiple sessions annually	Bridgit Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Project Management Fundamentals	Multiple sessions annually	Bridgit Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Project Management in Construction	Multiple sessions annually	Bridgit Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Procurement and Contract Management	Multiple sessions annually	Bridgit Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Project Risk Management	Multiple sessions annually	Bridgit Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Training programme	Training frequency	Training provider	Location
VDC Training for Project Managers	Multiple sessions annually	Internal trainer(s)	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Technical Training – Construction Management			
Construction Occupational Competency Development for Construction Trade Supervisor / Foreman	Multiple sessions annually	CIDB Malaysia and Master Builders Association Malaysia ("MBAM")	MBAM training centre, Taman Desa, Kuala Lumpur, Malaysia
Good Industry Practices	Multiple sessions annually	BCA Singapore	Braddel Road, Singapore
Construction Continuing Professional Development Programme	Monthly	Akademi CPD Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
SunCon Academy Evening Talk Series	Monthly	Appointed external trade specialist/vendor or internal speakers (subject matter specialist)	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Technical Training – Total Quality Management			
Quality Management System Awareness Training	Multiple sessions annually	Ascenda Consulting Sdn Bhd / IMD Management Consulting Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Quality Management System - Internal Auditors Training	Multiple sessions annually	Ascenda Consulting Sdn Bhd / IMD Management Consulting Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
CONQUAS and QCLASSIC Training	Multiple sessions annually	Official Resources	Multiple project sites in Malaysia
Top Management Total Quality Management Workshop - Policy Management	Multiple sessions annually	QPIC Consultants Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Kaizen Training	Multiple sessions annually	QPIC Consultants Sdn Bhd / SGS Malaysia	Bandar Sunway, Subang Jaya, Selangor, Malaysia

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Training programme	Training frequency	Training provider	Location
<i>Technical training – Safety, Health and Environmental</i>			
Environmental, Safety Health Management System Awareness Training	Multiple sessions annually	Ascenda Consulting Sdn Bhd / IMD Management Consulting Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Environmental, Safety Health Management System - Internal Auditors Training	Multiple sessions annually	Ascenda Consulting Sdn Bhd / IMD Management Consulting Sdn Bhd	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Safety and Health Officer Certification Training	Multiple sessions annually	National Institute of Occupational Safety and Health ("NIOOSH")	Bandar Baru Bangi, Selangor, Malaysia
Occupational First Aid and Cardiopulmonary Resuscitation/ Training	Multiple sessions annually	Academy of Safety and Emergency Care Alpha Training & Consultancy Sdn Bhd	Multiple project sites in Malaysia
Accident Investigation and Report Writing Workshop	Multiple sessions annually	Internal trainer(s)	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Scaffolding Training	Multiple sessions annually	HSE Resources Sdn Bhd / Akademi Binaan Malaysia	NIOOSH, Bandar Baru Bangi, Selangor, Malaysia / Akademi Binaan Malaysia, Jalan Chan Sow Lin, Kuala Lumpur, Malaysia
Crane Safety Inspection Training	Multiple sessions annually	Sunway Machinery Training Academy / GPOS	Multiple project sites in Malaysia
Rigging and Slings Competency Training	Multiple sessions annually	EMREST Training and Consultancy	Multiple project sites in Malaysia

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Training programme	Training frequency	Training provider	Location
CIDB Green Card Induction	As required	Sunway Machinery Training Academy / SHE Safety and Health Services / CIDB	Sunway Machinery Training Academy, Bandar Sunway, Selangor, Malaysia
Soft skills			
7 Habits of Highly Effective People	Multiple sessions annually	Internal trainer(s)	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Coaching for Excellence	Multiple sessions annually	Internal trainer(s)	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Managing Poor Performance	Multiple sessions annually	Vilasini Menon	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Managing Misconduct and Conducting Domestic Enquiry	Multiple sessions annually	Vilasini Menon	Bandar Sunway, Subang Jaya, Selangor, Malaysia

We are strongly committed to improving our productivity through employee training and development programmes. We have implemented several functional and technical training programmes to enhance the skills of our technical and construction teams. As a result of our efforts in this area, the skills and competency of several of our machine operators have achieved industry-level recognition, such as winning the Plant Operators Skills Competition organised by the CIDB in 2009. We have also established the Sunway Machinery Training Academy in October 2010, which is accredited by the Department of Skills Development or Jabatan Pembangunan Kemahiran in Malaysia's Ministry of Human Resources, thereby allowing us to provide Malaysia Skills Certificate or Malaysia Skills Certificate or Sijil Kemahiran Malaysia technical training to heavy construction machinery mechanics. This training serves to equip our employees with the skills, knowledge and expertise required to repair heavy construction machinery.

By leveraging on the Sunway Machinery Training Academy's training facilities and expertise, we have been in January 2014, authorised and accredited by the CIDB to commence and conduct our first operator competency training programme for hydraulic bored piling machine.

Training course	Training provider	Location
NDTS Training Programme	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Certification System of Skill Training Programme	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Hydraulic Bored Pile Operator Competency Training Programme	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia

8. INFORMATION ON THE PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT (CONT'D)

Training course	Training provider	Location
Backhoe Loader Operator Competency Training Programme	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Hydraulic Excavator Operator Competency Training Programme	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Apprenticeship Programme - Mechanical of Earth Moving Machine	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia
Apprenticeship Programme - Mechanical of Earth Moving Machine	Sunway Machinery Training Academy	Bandar Sunway, Subang Jaya, Selangor, Malaysia

Our management enjoys good working relationships with our employees and none of our employees belong to any unions. As at the LPD, we have not been involved in any material industrial disputes which have materially or adversely affected our operations.

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9. APPROVALS AND CONDITIONS

9.1 APPROVALS AND CONDITIONS

The listing of our Company on the Main Market of Bursa Securities was approved by the relevant authorities as follows:

Authority	Date
MITI	23 January 2015
SC	5 February 2015
Bursa Securities	6 April 2015

9.1.1 SC's Approval for Reliefs Sought

The SC has, via its letter dated 10 November 2014, approved the reliefs sought in relation to compliance with certain requirements under the Equity Guidelines and the Prospectus Guidelines. The details of the reliefs sought and accompanying conditions imposed by the SC are as follows:

Reference	Relief sought	SC's decision
Equity Guidelines		
Paragraph 5.21 (c)	Relief sought to deem the proposed restricted offer for sale and allocation of shares to the directors and employees of Sunway, the ultimate holding company of SunCon as falling under paragraph 5.21(c) of the Equity Guidelines.	Approved, as proposed
Prospectus Guidelines		
Paragraphs 12.16(a) and (c), Division 1, Part I	Relief sought to substitute the pro forma consolidated statement of comprehensive income and the pro forma consolidated statement of cash flow with the combined statement of comprehensive income and the combined statement of cash flow.	Approved, as proposed
Paragraph 13.10, Division 1, Part I	Relief from including the audit report of the audited financial statements for the past 3 FYEs 31 December 2011, 2012 and 2013 in the accountants' report.	Approved, subject to inclusion/ disclosure of auditors' opinion on the audited financial statements for the financial years under review, within the accountants' report
Paragraph 1.09 (i), Part II	Relief from submitting the standalone audited financial statements for the last 3 to 5 financial years	Approved, as proposed

9. APPROVALS AND CONDITIONS (CONT'D)

Reference	Relief sought	SC's decision
Paragraphs 11.03 (a), (b) and (c)	Relief disclosing details of the interest of GIC Private Limited, wholly owned by the Government of Singapore ("GIC"), a substantial shareholder of SCG*, in other businesses and corporations carrying on a similar trade with the company/group or which are the customers and suppliers of the company/group or that would give rise to a situation of conflict of interest with the company/group's business.	Approved, as proposed
Paragraph 9.01	Relief from providing information relating to the ultimate beneficial owner of GIC.	Approved, as proposed
Paragraphs 18.01(h) and 1.09 (j), Part II	Relief from making available the audited financial statements of each individual company within the SunCon Group for the 8-month financial period ended 31 August 2014 and any interim financial period thereafter	Approved, subject to the condition that the consolidated audited financial statements of the SunCon Group for the 8-month FPE 31 August 2014 and any interim financial period thereafter being submitted to the SC

Note:

* Ceased to be the substantial shareholder of SCG.

The SC has, via its letter dated 18 June 2015, approved a relief from complying with Paragraph 4 of Practice Note 4 of the Equity Guidelines, in respect of placement of securities to the shareholders of SCG and persons connected to them, and nominee corporations, save for the following:

- (i) Directors of SCG;
- (ii) Promoters of SCG, namely Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation, Active Equity, Jef-San and Tan Yit Chong, and persons connected to them; and
- (iii) Substantial shareholders of Sunway (save for Skim Amanah Saham Bumiputera ("ASB") and/or other funds managed by Permodalan Nasional Berhad ("PNB") if ASB and/or other funds managed by PNB collectively hold less than 15% shareholding interest in Sunway).

9.1.2 MITI's Approval

MITI has, vide its letter dated 23 January 2015, granted its approval for our Company to implement the Offer for Sale and the Listing.

9. APPROVALS AND CONDITIONS (CONT'D)

9.1.3 SC's Approval

The SC has vide its letter dated 5 February 2015 approved the Listing pursuant to subsection 214(1) of the CMSA and the equity requirement for public companies, subject to the following conditions:

Details of conditions imposed	Status of compliance
1. RHB Investment Bank / SCG to fully comply with the requirements of the SC's Equity Guidelines and Prospectus Guidelines pertaining to the implementation of the Listing;	Noted.
2. Prior to the registration of the prospectus, SCG to –	
(a) confirm and demonstrate that it has positive net cash flow from operating activities for the financial year ended 31 December 2014;	Complied.
(b) appoint additional independent director(s) so that the board composition comprises majority of independent directors;	*
(c) ensure that all trade debts exceeding normal credit period and all non-trade debts owing by the interested persons (except for amount owing by Sunway Treasury Sdn Bhd) are settled; and	Complied.
(d) confirm and demonstrate that it is independent from Sunway and other corporations within the Sunway group in terms of its operations (including purchases and sales of goods, management, management policies and finance); and	Complied.
3. SCG to allocate shares equivalent to at least 12.5% of the SCG Share Capital at the point of Listing to Bumiputera investors. This includes the shares offered under the balloted public offer portion, of which 50% are to be offered to Bumiputera investors.	To be complied.

Note:

* Our Board, on 26 February 2015, had appointed Dato' Ir Goh Chye Koon, who is a Senior Independent Non-Executive Director of our Company as the new Chairman of our Company in place of Dato' Chew Chee Kin. Dato' Chew Chee Kin had informed our Board that it would be in the best interests of our Company to have another chairman who will be able to devote more time and attention to the role of leading our Board given his existing responsibilities and duties as the President of Sunway. Dato' Chew Chee Kin will remain as a Non-Independent Non-Executive Director of our Company.

Following the change of our Chairman from a non-independent director to an independent director, RHB Investment Bank had, on behalf of our Company, sought approval from the SC on 20 March 2015 for the revision to the condition of approval for the Listing ("Revision") where, in lieu of the appointment of additional independent director(s) as imposed by the SC, we would instead appoint Dato' Ir Goh Chye Koon, our Senior Independent Non-Executive Director as the new Chairman of our Company. The approval for the Revision was obtained from the SC on 6 April 2015.

9. APPROVALS AND CONDITIONS (CONT'D)

The equity structure of our Company would change arising from the Listing, as follows:

	Before Listing (%)	After Listing (%)
Bumiputera		
MITI approved investors	-	10.5
Public investors	-	2.0
	-	12.5
Non-Bumiputera / Foreigners	100.0	87.5
Total	100.0	100.0

9.1.4 Bursa Securities' Approval

Bursa Securities had via its letter dated 6 April 2015, approved the admission to the Official List and the listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities.

9.1.5 SAC of the SC's Approval

SAC of the SC has via its letter dated 5 May 2015, classified our Shares as Shariah-compliant securities based on our latest audited combined financial statements for the FYE 31 December 2014.

9.2 MORATORIUM ON SHARES

In accordance with Paragraph 5.29 of the Equity Guidelines, a moratorium shall be imposed on the sale of the entire SCG Shares held by the Promoters and Tan Yit Chong, for a period of six months from the date of Listing. Accordingly, the Promoters and Tan Yit Chong will not be allowed and have undertaken not to sell, transfer or assign any part of their shareholdings held directly or indirectly in the share capital of SCG for a period of six months from the date of Listing.

Pursuant to Paragraph 5.30 of the Equity Guidelines, the ultimate shareholders of SunHoldings, Sungei Way Corporation, Active Equity and Jef-San will not be allowed and have undertaken not to sell, transfer or assign any part of their shareholdings held directly or indirectly in the share capital of SunHoldings, Sungei Way Corporation, Active Equity and Jef-San respectively for a period of six months from the date of Listing.

9. APPROVALS AND CONDITIONS (CONT'D)

The final shareholding levels of the Promoters and Tan Yit Chong shall only be determined following the completion of the Offer for Sale. Hence, in the event the Promoters and Tan Yit Chong apply for and are allotted with the OFS Shares, their undertakings for moratorium on sale of the SCG Shares shall apply to their entire shareholdings held directly or indirectly in the share capital of our Company as at the date of listing, including the OFS Shares allotted/transferred to them. Nonetheless, for information purposes, the proforma shareholdings of the Promoters and Tan Yit Chong are as follows:

Name	After Listing – Assuming the Over-allotment Option is not exercised				After Listing – Assuming the Over-allotment Option is fully exercised			
	Direct	*(%)	Indirect	*(%)	Direct	*(%)	Indirect	*(%)
Sunway	-	-	719,184,709 ⁽¹⁾	55.6	-	-	659,379,009 ⁽¹⁾	51.0
SunHoldings	719,184,709	55.6	-	-	659,379,009	51.0	-	-
Tan Sri Jeffrey Cheah	7,723,892	0.6	810,018,688 ⁽²⁾	62.7	7,723,892	0.6	750,212,988 ⁽²⁾	58.0
Puan Sri Susan Cheah	-	-	817,742,580 ⁽³⁾	63.2	-	-	757,936,880 ⁽³⁾	58.6
Sarena Cheah	57,727	#	817,671,516 ⁽⁴⁾	63.2	57,727	#	757,865,816 ⁽⁴⁾	58.6
Evan Cheah	13,435	#	817,671,418 ⁽⁵⁾	63.2	13,435	#	757,865,718 ⁽⁵⁾	58.6
Sungei Way Corporation	87,692,900	6.8	719,184,709 ⁽⁶⁾	55.6	87,692,900	6.8	659,379,009 ⁽⁶⁾	51.0
Active Equity	-	-	806,877,609 ⁽⁷⁾	62.4	-	-	747,071,909 ⁽⁷⁾	57.8
Jef-San	3,069,917	0.2	-	-	3,069,917	0.2	-	-
Tan Yit Chong ⁽⁹⁾	98	#	57,727 ⁽⁸⁾	#	98	#	57,727 ⁽⁸⁾	#
Total	817,742,678	63.2			757,936,978	58.6		

Notes:

Negligible.

* Based on the SCG Share Capital.

(1) Deemed interest by virtue of Section 6A of the Act held through SunHoldings.

(2) Deemed interest by virtue of Section 6A of the Act held through Jef-San, Active Equity, Sungei Way Corporation, Sunway, SunHoldings and children.

(3) Deemed interest by virtue of Section 6A of the Act held through Jef-San, spouse and children.

(4) Deemed interest by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, spouse and parents.

(5) Deemed interest by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and parents.

(6) Deemed interest by virtue of Section 6A of the Act held through Sunway and SunHoldings.

(7) Deemed interest by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunHoldings.

(8) Deemed interest by virtue of Section 6A of the Act held through spouse.

(9) Deemed promoter pursuant to the Equity Guidelines.

The moratorium is specifically endorsed on the share certificates representing the shareholdings of the Promoters and Tan Yit Chong to ensure that our registrars do not register any transfer not in compliance with the moratorium restrictions. In compliance with the restrictions, Bursa Depository will, on our registrars' instructions in the prescribed forms, ensure that trading of these shares is not permitted in the moratorium period.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST**10.1 RELATED PARTY TRANSACTIONS**

Our Group has entered into transactions that are of a revenue or trading nature with related parties which are necessary for our day-to-day operations ("**Recurrent Transactions**").

The past Recurrent Transactions were carried out on an arm's length basis and on commercial terms which were not more favourable to the related parties than those generally available to third parties and which were also not detrimental to our minority shareholders.

We will make disclosures in our annual report of the aggregate value of transactions conducted based on the nature of the Recurrent Transactions made, the names of the related parties involved and their relationship with our Company during the financial year and in the annual reports for subsequent financial years.

Save as disclosed below, there are no other Recurrent Transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and major shareholders, and/ or persons connected with them for the past three financial years up to the FYE 31 December 2014 and the 18 months ending 30 June 2016:

10.1.1 Recurrent Related Party Transactions

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				< FYE 31 December	2013	2014	18 months ending 30 June 2016
Sunway Geotechnics (M) and Sunway MUSC Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway MUSC Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway MUSC Sdn Bhd via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway MUSC Sdn Bhd	2,607 RM'000	979 RM'000	- RM'000	# RM'000

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016
				FYE 31 December	2012	2013	2014	
					RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Velocity Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Velocity Mall Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Velocity Mall Sdn Bhd via Sunway.	*Provision of construction work by SunCon to Sunway Velocity Mall Sdn Bhd		-	7,100	59,289	#
Sunway Geotechnics (M) and Sunway Velocity Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Velocity Mall Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Velocity Mall Sdn Bhd via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway Velocity Mall Sdn Bhd		75,646	53,078	39,082	#
Sunway Geotechnics (M) and Sunway Pyramid Development Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Pyramid Development Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Pyramid Development Sdn Bhd via Sunway.	Rental of staff accommodation by Sunway Geotechnics (M) from Sunway Pyramid Development Sdn Bhd		25	30	36	55

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012	2013	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Engineering and Sunway Pyramid Development Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Pyramid Development Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Pyramid Development Sdn Bhd via Sunway.	Rental of staff accommodation by Sunway Engineering from Sunway Pyramid Development Sdn Bhd	-	3	-	-
SunCon and Sunway	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCon via Sunway.	Management service fees charged to SunCon by Sunway	14,404	16,693	16,649	30,000
SunCon and Sunway Digital Wave Sdn Bhd	Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, and Evan Cheah	Evan Cheah is a director of Sunway Digital Wave Sdn Bhd. Tan Sri Jeffrey Cheah is a major shareholder of Sunway Technology Sdn Bhd, the ultimate holding company of Sunway Digital Wave Sdn Bhd. Puan Sri Susan Cheah has deemed interest in Sunway Technology Sdn Bhd via a corporation where she has more than 15% shareholding and by virtue of her spouse's interest in Sunway Technology Sdn Bhd. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah and Evan Cheah, being major shareholders of Sunway, also have deemed interests in SunCon via Sunway.	Purchase of maintenance and repair of office equipment by SunCon to Sunway Digital Wave Sdn Bhd	6	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	18 months ending 30 June	2012	2013
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway FSSC Bhd Sdn ("Sunway FSSC")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway FSSC is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway FSSC via Sunway.	Service fees charged to SunCon by Sunway FSSC for provision of financial shared services	-	1,217	1,476	3,000
Sunway Geotechnics (M) and Sunway FSSC	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway FSSC is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway FSSC via Sunway.	Service fees charged to Sunway Geotechnics (M) by Sunway FSSC for provision of financial shared services	-	210	200	400
Sunway Engineering and Sunway FSSC	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway FSSC is an indirect subsidiary of Sunway. Sunway holds at least 51% of our Company via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway FSSC via Sunway.	Service fees charged to Sunway Engineering by Sunway FSSC for provision of financial shared services	-	190	211	400

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Computer Services Sdn Bhd	Tan Sri Jeffrey Cheah and Puan Sri Susan Cheah	Tan Sri Jeffrey Cheah is a major shareholder of Sunway Technology Sdn Bhd, the ultimate holding company of Sunway Computer Services Sdn Bhd. Puan Sri Susan Cheah has deemed interest in Sunway Technology Sdn Bhd via a corporation where she has more than 15% shareholding and by virtue of her spouse's interest in Sunway Technology Sdn Bhd. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary.	IT maintenance fees charged to SunCon by Sunway Computer Services Sdn Bhd	-	17	-	-
Sunway Innopave and Sunway FSSC	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Tan Sri Jeffrey Cheah and Puan Sri Susan Cheah, being major shareholders of Sunway, also have deemed interests in SunCon via Sunway.	Service fees charged to Sunway Innopave by Sunway FSSC for provision of financial shared services	-	5	7	15
Sunway Machinery and Sunway FSSC	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway FSSC is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Innopave is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway FSSC via Sunway.	Service fees charged to Sunway Machinery by Sunway FSSC for provision of financial shared services	-	-	2	5

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				2012 RM'000	2013 RM'000	2014 RM'000	18 months ending 30 June 2016 RM'000
Sunway Precast Industries and Sunway FSSC	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway FSSC is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Precast Industries is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway FSSC via Sunway.	Service fees charged to Sunway Precast Industries by Sunway FSSC for provision of financial shared services	-	5	5	10
Sunway Builders and Sunway FSSC	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway FSSC is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Builders is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway FSSC via Sunway.	Service fees charged to Sunway Builders by Sunway FSSC for provision of financial shared services	-	5	-	15
SunCon and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	*Provision of construction work by SunCon to Sunway REIT	-	41,494	137,242	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	Rental of an office unit at Menara Sunway by SunCon from Sunway REIT	1,007	1,002	1,069	3,000
SunCon and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	Purchase of diesel by SunCon on behalf of Sunway REIT	-	6	7	#
SunCon and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	Utilities expense charged to SunCon by Sunway REIT	-	-	74	120

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000
Sunway Engineering and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	Utilities expense charged to Sunway Engineering by Sunway REIT	-	-	-	14
							21
Sunway Engineering and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	Rental of an office unit at Menara Sunway by Sunway Engineering from Sunway REIT	90	95	96	130
Sunway Engineering and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	*Provision of construction work by Sunway Engineering to Sunway REIT	6,983	1,873	147	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016 RM'000
				FYE 31 December				
				2012 RM'000	2013 RM'000	2014 RM'000		
SunCon and Sunway Shared Services Sdn Bhd ("Sunway Shared Services")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to SunCon by Sunway Shared Services for provision of shared services	3,654	3,339	4,605	7,000	
Sunway Geotechnics (M) and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Geotechnics (M) by Sunway Shared Services for provision of shared services	206	215	84	150	
Sunway GD Piling and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway GD Piling is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway GD Piling by Sunway Shared Services for provision of shared services	3	-	2	5	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Builders and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Builders is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Builders by Sunway Shared Services for provision of shared services	5	5	-	8
Sunway Innopave and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Innopave is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Innopave by Sunway Shared Services for provision of shared services	5	5	-	8
Sunway Precast Industries and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Precast Industries is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Precast Industries by Sunway Shared Services for provision of shared services	5	5	-	8

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Creative Stones and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Creative Stones is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Creatives by Sunway Shared Services for provision of shared services	96	1	1	5
Sunway Engineering and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Engineering by Sunway Shared Services for provision of shared services	213	208	255	400
Sunspan and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunspan is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunspan by Sunway Shared Services for provision of shared services	5	-	2	5

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016 RM'000
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000	
Sunway Machinery and Sunway Shared Services	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Shared Services is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Machinery is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Shared Services via Sunway.	Service fees charged to Sunway Machinery by Sunway Shared Services for provision of shared services	-	21	-	-	-
SunCon and Sunway Risk Management Sdn Bhd ("Sunway Risk Management")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by SunCon	5,419	3,495	5,118	8,000	
Sunway SK and Sunway Risk Management	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway SK is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by Sunway SK	4	-	-	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December			18 months ending 30 June
				2012 RM'000	2013 RM'000	2014 RM'000	
Sunway Geotechnics (M) and Sunway Risk Management	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's an indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by Sunway Geotechnics (M)	1,422	1,464	1,752	3,000
Sunway Engineering and Sunway Risk Management	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by Sunway Engineering	361	432	88	140
Sunway Builders and Sunway Risk Management	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Builders is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by Sunway Builders	4	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Creative Stones and Sunway Risk Management	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Creative Stones is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by Sunway Creative Stones	61	-	9	14
Sunway Precast Industries and Sunway Risk Management	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Sungei Way Corporation and Active Equity	Sunway Risk Management is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Precast Industries is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Risk Management via Sunway.	Insurance provided by Sunway Risk Management for contract work taken up by Sunway Precast Industries	1	-	-	-
SunCon and Sunway Forum Hotel Sdn Bhd (formerly known as Sunway Pyramid Hotel Sdn Bhd) ("Sunway Forum Hotel")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Sungei Way Corporation and Active Equity	Sunway Forum Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Forum Hotel via Sunway.	*Provision of construction work by SunCon to Sunway Forum Hotel	-	13,566	53,003	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016
				FYE 31 December	2012	2013	2014	
					RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Credit Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Credit Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Credit Sdn Bhd via Sunway.	Hire purchase facility expense charged to SunCon by Sunway Credit Sdn Bhd		174	77	3	-
Sunway Geotechnics (M) and Sunway Credit Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Credit Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Credit Sdn Bhd via Sunway.	Hire purchase facility expense charged to Sunway Geotechnics (M) by Sunway Credit Sdn Bhd		37	16	140	-
Suncon and Sunway Enterprise (1988) Sdn Bhd ("Sunway Enterprise (1988)")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Enterprise (1988) is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Enterprise (1988) via Sunway.	Machinery rental income earned by Suncon from Sunway Enterprise (1988)		70	65	-	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016
				FYE 31 December	2012	2013	2014	
				RM'000	RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Enterprise (1988)	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Enterprise (1988) is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Enterprise (1988) via Sunway.	Machinery rental expense charged to SunCon by Sunway Enterprise (1988)	69	-	1,873		#
SunCon and Sunway Enterprise (1988)	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Enterprise (1988) is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Enterprise (1988) via Sunway.	Purchase of diesel by SunCon on behalf of Sunway Enterprise (1988)	-	-	134		#
Sunway Geotechnics (M) and Sunway Enterprise (1988)	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Enterprise (1988) is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Enterprise (1988) via Sunway.	Machinery rental expense charged to Sunway Geotechnics (M) by Sunway Enterprise (1988)	101	826	1,227		#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Hose Centre Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Sungei Way Corporation and Active Equity	Sunway Hose Centre Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Hose Centre Sdn Bhd via Sunway.	*Purchase of construction materials by SunCon from Sunway Hose Centre Sdn Bhd	2	-	-	-
Sunway Geotechnics (M) and Sunway Hose Centre Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Sungei Way Corporation and Active Equity	Sunway Hose Centre Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Hose Centre Sdn Bhd via Sunway.	*Purchase of construction materials by SunCon from Sunway Hose Centre Sdn Bhd	-	110	148	#
Sunway Geotechnics (M) and Sunway Leasing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Sungei Way Corporation and Active Equity	Sunway Leasing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Leasing Sdn Bhd via Sunway.	Lease expense charged to Sunway Geotechnics (M) by Sunway Leasing Sdn Bhd	4,655	4,633	2,141	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	18 months ending 30 June	2012	2013
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Marketing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing Sdn Bhd via Sunway.	*Purchase of construction materials by SunCon from Sunway Marketing Sdn Bhd	32,700	69,312	83,443	#
Sunway Geotechnics (M) and Sunway Marketing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing Sdn Bhd via Sunway.	*Purchase of construction materials by Sunway Geotechnics (M) from Sunway Marketing Sdn Bhd	36,894	53,415	24,170	#
Sunway Engineering and Sunway Marketing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing Sdn Bhd via Sunway.	*Purchase of construction materials by Sunway Engineering from Sunway Marketing Sdn Bhd	-	-	23	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				#
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000	18 months ending 30 June 2016 RM'000
Sunway Precast Industries and Sunway Marketing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Precast Industries is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing Sdn Bhd via Sunway.	*Purchase of construction materials by Sunway Precast Industries from Sunway Marketing Sdn Bhd	-	-	8,192	5,842	-
Sunway Creative Stone and Sunway Marketing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Creative Stone is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing Sdn Bhd via Sunway.	*Purchase of construction material by Sunway Creative Stone from Sunway Marketing Sdn Bhd	5	-	-	-	-
Sunway Machinery and Sunway Marketing Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Machinery is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing Sdn Bhd via Sunway.	*Purchasing of construction materials by Sunway Machinery from Sunway Marketing Sdn Bhd	53	-	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<--- FYE 31 December --->	<--- FYE 31 December --->	<--- FYE 31 December --->	18 months ending 30 June 2016 RM'000
SunCon and Sunway Marketing (S) Pte Ltd ("Sunway Marketing (S)")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Marketing (S) is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Marketing (S) via Sunway.	Rental of an apartment by SunCon from Sunway Marketing (S)	48	48	27	50
SunCon and Sunway Paving Solutions Sdn Bhd ("Sunway Paving Solutions")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Paving Solutions is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Paving Solutions via Sunway.	*Purchase of construction materials by SunCon from Sunway Paving Solutions	1,105	238	855	#
SunCon and Sunway Paving Solutions	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Paving Solutions is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Paving Solutions via Sunway.	Rental of the Batang Kali Industrial land by SunCon from Sunway Paving Solutions	-	563	675	1,300

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016 RM'000
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000	
SunCon and Sunway Paving Solutions	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Paving Solutions is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Paving Solutions via Sunway.	Rental income earned by Suncon from Sunway Paving Solutions	5	-	-	-	-
Sunway Geotechnics (M) and Sunway Paving Solutions	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Paving Solutions is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Paving Solutions via Sunway.	Rental of the Batang Kali industrial land by Sunway Geotechnics (M) from Sunway Paving Solutions	407	359	493	800	
Sunway Geotechnics (M) and Sunway Paving Solutions	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Paving Solutions is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Paving Solutions via Sunway.	*Purchase of construction materials by Sunway Geotechnics (M) from Sunway Paving Solutions	-	-	58	#	

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<---FYE 31 December--->	<---FYE 31 December--->	<---FYE 31 December--->	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Geotechnics (M) and Sunway Destiny Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Destiny Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Destiny Sdn Bhd via Sunway.	*Provision of construction works by Sunway Geotechnics (M) to Sunway Destiny Sdn Bhd	18,363	2,698	7,624	#
Sunway Geotechnics (M) and Sunway Forum Hotel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Forum Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Forum Hotel via Sunway.	*Provision of construction works by Sunway Geotechnics (M) to Sunway Forum Hotel	12,255	25,853	6,899	#
SunCon and Sunway Integrated Properties Sdn Bhd ("Sunway Integrated Properties")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Integrated Properties is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Integrated Properties via Sunway.	*Provision of construction works by SunCon to Sunway Integrated Properties	56,306	66,128	55,414	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	18 months ending 30 June	2012	2013
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Integrated Properties	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Integrated Properties is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Integrated Properties via Sunway.	Rental of Subang Jaya Industrial land by SunCon from Sunway Integrated Properties	227	248	429	500
Sunway Geotechnics (M) and Sunway Integrated Properties	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Integrated Properties is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Integrated Properties via Sunway.	*Provision of construction works by Sunway Geotechnics (M) to Sunway Integrated Properties	71,379	101,450	59,146	#
SunCon and Sunway Treasury Sdn Bhd ("Sunway Treasury")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Interest income earned by SunCon for funds deposited with Sunway Treasury	512	388	641	1,000

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->
				2012 RM'000	2013 RM'000	2014 RM'000	18 months ending 30 June 2016 RM'000
SunCon and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Foreign exchange hedging services charged to SunCon by Sunway Treasury	-	-	22	40
SunCon and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Interest expense charged to SunCon by Sunway Treasury for borrowings	180	-	-	90
Sunway Geotechnics (M) and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Interest income earned by Sunway Geotechnics (M) for funds deposited with Sunway Treasury	71	-	115	180

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Engineering and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Interest income earned by Sunway Engineering for funds deposited with Sunway Treasury	1,199	680	368	560
Sunway Creative Stones and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Creative Stones is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Interest income earned by Sunway Creative Stones for funds deposited with Sunway Treasury	-	-	7	11
SunCon and Sunway Lagoon Club Berhad ("Sunway Lagoon Club")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon Club is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon Club via Sunway.	Subscription fees charged to SunCon by Sunway Lagoon Club	26	23	82	130

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FY/E 31 December	2012 RM'000	2013 RM'000	2014 RM'000
Sunway Geotechnics (M) and Sunway Lagoon Club	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon Club is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon Club via Sunway.	Subscription fee charged to Sunway Geotechnics (M) by Sunway Lagoon Club	9	10	13	20
Sunway Engineering and Sunway Lagoon Club	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon Club is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon Club via Sunway.	Subscription fees charged to Sunway Engineering by Sunway Lagoon Club	3	3	3	5
SunCon and Sunway Lagoon Sdn Bhd ("Sunway Lagoon")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon via Sunway.	Staff welfare expense charged to SunCon by Sunway Lagoon	42	13	18	30

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	18 months ending 30 June 2015 RM'000
SunCon and Sunway Lagoon	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon via Sunway.	Rental of Subang Jaya industrial land by SunCon from Sunway Lagoon	2012 RM'000	2013 RM'000	2014 RM'000	300
				135	174	156	
SunCon and Sunway Lagoon	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon is an indirect subsidiary of Sunway. Sunway holds at least 51% of via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon via Sunway.	Rental income earned by SunCon from Sunway Lagoon	105	-	-	-
Sunway Geotechnics (M) and Sunway Lagoon	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon via Sunway.	Staff welfare expense charged to Sunway Geotechnics (M) by Sunway Lagoon	3	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->
				2012 RM'000	2013 RM'000	2014 RM'000	18 months ending 30 June 2016 RM'000
Sunway Engineering and Sunway Lagoon	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon via Sunway.	Staff welfare expense charged to Sunway Engineering by Sunway Lagoon	5	-	-	5
Sunway Machinery and Sunway Lagoon	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Lagoon is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Machinery is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Lagoon via Sunway.	Rental of Subang Jaya industrial land by Sunway Machinery from Sunway Lagoon	14	-	-	-
Sunway Geotechnics (M) and Sunway Melawati Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Melawati Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Melawati Sdn Bhd via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway Melawati Sdn Bhd	-	-	-	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->
				2012 RM'000	2013 RM'000	2014 RM'000	18 months ending 30 June 2016 RM'000
SunCon and Sunway Pyramid Sdn Bhd ("Sunway Pyramid")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Nature of relationship Sunway Pyramid is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Pyramid via Sunway.	*Provision of construction work by SunCon to Sunway Pyramid	372	-	-	#
Sunway Engineering and Sunway Pyramid	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Nature of relationship Sunway Pyramid is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Pyramid via Sunway.	*Provision of construction work by Sunway Engineering to Sunway Pyramid	-	-	-	#
SunCon and Sunway Resort Hotel Sdn Bhd ("Sunway Resort Hotel")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Nature of relationship Sunway Resort Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Resort Hotel via Sunway.	Hotel expenses charged to SunCon by Sunway Resort Hotel	45	78	217	330

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Innopave and Sunway Resort Hotel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Resort Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Innopave is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Resort Hotel via Sunway.	Hotel expenses charged to Sunway Innopave by Sunway Resort Hotel	-	-	2	10
Sunway Geotechnics (M) and Sunway Resort Hotel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Resort Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Resort Hotel via Sunway.	Hotel expenses charged to Sunway Geotechnics (M) by Sunway Resort Hotel	1	-	-	5
Sunway Engineering and Sunway Resort Hotel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Resort Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Resort Hotel via Sunway.	*Provision of construction work by Sunway Engineering to Sunway Resort Hotel	8	-	-	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Travel Bhd Sdn ("Sunway Travel")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Travel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Travel via Sunway.	Air tickets expense charged to SunCon by Sunway Travel	323	327	262	400
Sunway Geotechnics (M) and Sunway Travel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Travel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Travel via Sunway.	Staff welfare expense charged to Sunway Geotechnics (M) by Sunway Travel	-	-	-	50
Sunway Engineering and Sunway Travel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Travel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Travel via Sunway.	Air tickets expense charged to Sunway Engineering by Sunway Travel	-	9	4	50

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012	2013	2014
				RM'000	RM'000	RM'000	RM'000
Sunway Innopave and Sunway Travel	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Travel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Innopave is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Travel via Sunway.	Air tickets expense charged to Sunway Innopave by Sunway Travel	-	-	-	4
							20
Sunway Engineering and Sunway REIT	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway is a major unitholder of Sunway REIT. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation, and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway REIT via Sunway.	*Provision of construction work by Sunway Engineering to Sunway REIT	-	-	-	-
							#
SunCon and Sunway D'Mont Kiara Sdn Bhd ("Sunway D'Mont Kiara")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway D'Mont Kiara is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway D'Mont Kiara via Sunway.	*Provision of construction works by Suncon to Sunway D'Mont Kiara	-	-	-	-
							#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	18 months ending 30 June	2012	2013
				RM'000	RM'000	RM'000	RM'000
Sunway Geotechnics (M) and Sunway D'Mont Kiara	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway D'Mont Kiara is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway D'Mont Kiara via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway D'Mont Kiara	5	-	-	#
SunCon and Sunway Leisure Bhd Sdn ("Sunway Leisure")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Leisure is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Leisure via Sunway.	Carpark expense charged to SunCon by Sunway Leisure	54	55	64	100
Sunway Geotechnics (M) and Sunway Leisure	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Leisure is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Leisure via Sunway.	Carpark expense charged to Sunway Geotechnics (M) by Sunway Leisure	7	7	2	5

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->
				2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	18 months ending 30 June 2016 RM'000
Sunway Engineering and Sunway Leisure	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Leisure is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Leisure via Sunway.	Carpark fee charged to Sunway Engineering by Sunway Leisure	7	4	4		10
SunCon and Sunway Medical Centre Sdn Bhd ("Sunway Medical Centre")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	Medical expenses charged to SunCon by Sunway Medical Centre	-	20	117		200
SunCon and Sunway Medical Centre	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	*Provision of construction works by SunCon to Sunway Medical Centre	1,488	-	3,709		#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016 RM'000
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	
Sunway Geotechnics (M) and Sunway Medical Centre	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	Medical expenses charged to Sunway Geotechnics (M) by Sunway Medical Centre	2012 RM'000	2013 RM'000	2014 RM'000	17	25
Sunway Geotechnics (M) and Sunway Medical Centre	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	*Provision of construction works by Sunway Geotechnics (M) to Sunway Medical Centre	-	-	7,558		#
Sunway Engineering and Sunway Medical Centre	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	Medical expenses charged to Sunway Engineering by Sunway Medical Centre	11	16	11		16

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000
Sunway Innopave and Sunway Medical Centre	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Innopave is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	Medical expenses charged to Sunway Innopave by Sunway Medical Centre		-	-	2
							18 months ending 30 June 2016 RM'000
Sunway Machinery and Sunway Medical Centre	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Medical Centre is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Machinery is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Medical Centre via Sunway.	Medical expenses charged to Sunway Machinery by Sunway Medical Centre		-	-	-
SunCon and Sunway PFM Bhd ("Sunway PFM")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway PFM is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway PFM via Sunway.	Service charges by SunCon to Sunway PFM for Menara Sunway office		83	-	50
							100

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Geotechnics (M) and Sunway PFM	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway PFM is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway PFM via Sunway.	Service charges by SunCon to Sunway PFM for Menara Sunway office	22	19	8	20
Sunway Engineering and Sunway PFM	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway PFM is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway PFM via Sunway.	Service charges by SunCon to Sunway PFM for Menara Sunway office	14	15	12	17
SunCon and Sunway South Quay Sdn Bhd ("Sunway South Quay")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway South Quay is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway South Quay via Sunway.	*Provision of construction work by SunCon to Sunway South Quay	-	-	9,477	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016 RM'000
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000	
Sunway Geotechnics (M) and Sunway South Quay	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway South Quay is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway South Quay via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway South Quay		11,540	34,662	38,087	#
Sunway Geotechnics (M) and Sunway City (Ipoh) Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway City (Ipoh) Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway City (Ipoh) Sdn Bhd via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway City (Ipoh) Sdn Bhd		1,954	163	-	#
SunCon and SunCity	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	SunCity is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCity via Sunway.	*Provision of construction work by SunCon to SunCity		2,696	6,965	151	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000
SunCon and SunCity	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	SunCity is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCity via Sunway.	Staff welfare expense charged to SunCon by SunCity	22	-	-	-
Sunway Geotechnics (M) and SunCity	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	SunCity is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCity via Sunway.	Rental payment by Sunway Geotechnics (M) from SunCity	30	-	-	-
Sunway Machinery and SunCity	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	SunCity is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Machinery is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCity via Sunway.	Rental payment by Sunway Machinery from SunCity for Subang Jaya industrial land	248	-	-	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016
				FYE 31 December	2012	2013	2014	
					RM'000	RM'000	RM'000	RM'000
Sunway Geotechnics (M) and SunCity	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	SunCity is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCity via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to SunCity		367	-	-	#
Suncon and SunCity Joint Venture	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	SunCity is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in SunCity via Sunway.	*Provision of construction work by SunCon to SunCity Suncon Joint Venture		34,291	33,775	33,844	#
Sunway Geotechnics (M) and Sunway PKNS Sdn Bhd (formerly known as Sunway Damansara Sdn Bhd) ("Sunway PKNS")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway PKNS is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway PKNS via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway PKNS		2,057	221	2,164	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				18 months ending 30 June 2016
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	
				2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000	
SunCon and Sunway Iskandar Sdn Bhd ("Sunway Iskandar")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Nature of relationship Sunway Iskandar is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Iskandar via Sunway.	Nature of transaction *Provision of construction work by SunCon to Sunway Iskandar	-	-	53,757	-	#
SunCon and Sunway Iskandar	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Nature of relationship Sunway Iskandar is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Iskandar via Sunway.	Nature of transaction Rental of precast plant by SunCon from Sunway Iskandar	-	-	-	-	5,000

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Transactions between any companies within our Group and any companies within the Sunway Group (excluding our Group)	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have interests in our Group.	(a) *Provision of construction, foundation and related services, including, <i>inter alia</i> , construction of civil and building works, contracting in mechanical, electrical and engineering works, prefabricated construction of building and civil works, precast concrete building contracts and piling contracts;	-	-	-	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value				#
				<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	<-----FYE 31 December----->	
				2012 RM'000	2013 RM'000	2014 RM'000	18 months ending 30 June 2016 RM'000	
			(b) *Purchase of construction and building materials, spare parts and other related construction and building materials and services; and	-	-	-	-	
			(c) Rental and purchase of spare parts and construction machineries.	-	-	-	-	

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December			18 months ending 30 June 2016
				2012	2013	2014	
				RM'000	RM'000	RM'000	RM'000
SunCon and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	<p>Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary.</p> <p>Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.</p>	Provision of corporate guarantee by SunCon in favour of HSBC Bank Malaysia Berhad (as security agent) in respect of a syndicated transferable term loan facility granted by HSBC Bank Malaysia Berhad, CIMB Bank Berhad, Affin Bank Berhad and United Overseas Bank (Malaysia) Bhd to Sunway Treasury	-	-	200,000	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012	2013	18 months ending 30 June 2016
					RM'000	RM'000	RM'000
SunCon and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	<p>Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary.</p> <p>Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.</p>	Provision of corporate guarantee by SunCon in favour of HSBC Bank Malaysia Berhad in respect of tradeline facilities granted by HSBC Bank Malaysia Berhad to Sunway Treasury	-	-	50,000	-
SunCon and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	<p>Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary.</p> <p>Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.</p>	Provision of corporate guarantee by SunCon in favour of HSBC Bank Malaysia Berhad in respect of tradeline facilities granted by HSBC Bank Malaysia Berhad to Sunway Treasury	-	-	30,000	-

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2012 RM'000	2013 RM'000	2014 RM'000
Sunway Engineering and Sunway Treasury	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Treasury is a wholly-owned subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Engineering is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Treasury via Sunway.	Provision of the corporate guarantee by SunCon in favour of HSBC Bank Malaysia Berhad in respect of the banking facilities granted by HSBC Bank Malaysia Berhad to Sunway Treasury	-	-	-	7,000
SunCon and Sunway Biz Hotel Sdn Bhd (formerly known as Sunway Hotel (Penang) Sdn Bhd) ("Sunway Biz Hotel")	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Biz Hotel is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Biz Hotel via Sunway.	Hotel expenses charged to SunCon by Sunway Biz Hotel	-	-	-	1
							5

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	18 months ending 30 June		
				2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
SunCon and Sunway Transit System Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Transit System Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Transit System Sdn Bhd via Sunway.	*Provision of construction work by SunCon to Sunway Transit System	-	-	17,822	#
Sunway Geotechnics (M) and Prosper Revenue Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Prosper Revenue Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Prosper Revenue Sdn Bhd via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Prosper Revenue Sdn Bhd	-	6,908	8,630	#
Suncon and Sunway Pinnacle Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Pinnacle Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Pinnacle Sdn Bhd via Sunway.	*Provision of construction work by SunCon to Sunway Pinnacle Bhd	34,689	108,700	21,198	#

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Transacting Parties	Related party	Nature of relationship	Nature of transaction	Transaction value			
				FYE 31 December	2013	2014	18 months ending 30 June 2016
				RM'000	RM'000	RM'000	RM'000
Sunway Geotechnics (M) and Sunway Pinnacle Sdn Bhd	Sunway, Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity	Sunway Pinnacle Sdn Bhd is an indirect subsidiary of Sunway. Sunway holds at least 51% of the SCG Share Capital via SunHoldings. Sunway Geotechnics (M) is our Company's indirect subsidiary. Tan Sri Jeffrey Cheah, Puan Sri Susan Cheah, Sarena Cheah, Evan Cheah, Sungei Way Corporation and Active Equity, being major shareholders of Sunway, also have deemed interests in Sunway Pinnacle Sdn Bhd via Sunway.	*Provision of construction work by Sunway Geotechnics (M) to Sunway Pinnacle Sdn Bhd	28,093	10,831	-	#

Notes:

The estimated value of the transactions cannot be determined as the transactions are on project-by-project basis.

* Include inter-alia, construction of civil and building works, contracting in mechanical, electrical and engineering works, prefabricated construction of building and civil works, precast concrete building contracts and piling contracts.

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10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**10.1.2 Non-Recurrent Related Party Transactions**

Save as disclosed below, there are no other non-recurrent related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and major shareholders, and/or persons connected with them for the past three financial years up to the FYE 31 December 2014.

Our Directors confirmed that the non-recurrent related party transactions set out below were carried out on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties.

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
7 November 2014	Our Company and SunHoldings	SunHoldings is our Company's major shareholder. Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and major shareholders of Sunway.	Acquisition by our Company of the entire equity interest in SunCon pursuant to a Share Sale Agreement dated 7 November 2014.	RM258,580,000
31 October 2014	SunCon and SunHoldings	Puan Sri Susan Cheah, Evan Cheah, Sungei Way Corporation and Active Equity are major shareholders of Sunway. SunHoldings is our Company's major shareholder. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and major shareholders of Sunway. Puan Sri Susan Cheah, Evan Cheah, Sungei Way Corporation and Active Equity are major shareholders of Sunway.	Acquisition by SunHoldings of the entire equity interest held by SunCon in Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd pursuant to a Share Sale Agreement dated 31 October 2014.	RM21,100,001

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
5 November 2014	Sunway Concrete Products (S) and SunHoldings	<p>SunHoldings is our Company's major shareholder. Sunway Concrete Products (S) is our Company's indirect wholly-owned subsidiary.</p> <p>Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and major shareholders of Sunway.</p> <p>Puan Sri Susan Cheah, Evan Cheah, Sungei Way Corporation and Active Equity are major shareholders of Sunway.</p>	Acquisition by SunHoldings of the entire equity interest held by Sunway Concrete Products (S) in Hoi Hup Sunway Development Pte Ltd pursuant to a Share Sale Agreement dated 5 November 2014.	SGD300,000 (equivalent to approximately RM816,030*)

Note:

* Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015 (Source: Bloomberg L.P.)

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

Upon our Listing, our Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Director and/or major shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or any of our subsidiaries was a party in respect of the past three FYEs 31 December 2012, 2013 and 2014.

10.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND)

Our Directors have confirmed that save as disclosed in Section 10.1.1 of this Prospectus, there are no outstanding loans (including guarantees of any kind) that have been granted by our Company and/or any of our subsidiaries to or for the benefit of the related parties in respect of the past three FYEs 31 December 2012, 2013 and 2014 respectively.

10.4 INTEREST IN SIMILAR BUSINESSES

Save as disclosed below and in Section 8.2.3 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a similar trade as our Group.

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
Sunway	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 ⁽¹⁾
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 ⁽²⁾
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 ⁽³⁾
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	-	100 ⁽³⁾
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 ⁽³⁾
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works		60 ⁽⁴⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽⁵⁾
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽⁵⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽⁵⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽⁶⁾
SunHoldings	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	100	-
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	100	-
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	100	-
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works		60 ⁽⁷⁾
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽⁸⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽⁸⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽⁸⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽⁹⁾
Active Equity	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 ⁽¹⁰⁾
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 ⁽¹¹⁾
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 ⁽¹²⁾
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	-	100 ⁽¹²⁾
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 ⁽¹²⁾
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 ⁽¹³⁾
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽¹⁴⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽¹⁴⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽¹⁴⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽¹⁵⁾
Sungei Way Corporation	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 ⁽¹⁶⁾
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 ⁽¹⁷⁾
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 ⁽¹⁸⁾
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	-	100 ⁽¹⁸⁾
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 ⁽¹⁸⁾
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 ⁽¹⁹⁾
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽²⁰⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽²⁰⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽²⁰⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽²¹⁾
Tan Sri Jeffrey Cheah	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 ⁽²²⁾
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 ⁽²³⁾
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 ⁽²⁴⁾
	Sunway Paving Solutions Sdn Bhd	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	-	100 ⁽²⁴⁾
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 ⁽²⁴⁾
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 ⁽²⁵⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽²⁶⁾
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽²⁶⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽²⁶⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽²⁷⁾
Puan Sri Susan Cheah	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 ⁽²⁸⁾
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 ⁽²⁸⁾
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 ⁽²⁸⁾
	Sunway Paving Solutions Sdn Bhd	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	-	100 ⁽²⁸⁾
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 ⁽²⁸⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 ⁽²⁶⁾
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽²⁸⁾
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽²⁸⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽²⁸⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽²⁸⁾
Sarena Cheah	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 ⁽²⁹⁾
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 ⁽³⁰⁾
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 ⁽³¹⁾
	Sunway Paving Solutions Sdn Bhd	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	-	100 ⁽³¹⁾

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 ⁽³¹⁾
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 ⁽³²⁾
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 ⁽³³⁾
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 ⁽³³⁾
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 ⁽³³⁾
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 ⁽³⁴⁾

Notes:

- (1) Deemed interested by virtue of Section 6A of the Act held through SunCity.
- (2) Deemed interested by virtue of Section 6A of the Act held through SunCity and Deco Style Sdn Bhd.
- (3) Deemed interested by virtue of Section 6A of the Act held through SunHoldings.
- (4) Deemed interested by virtue of Section 6A of the Act held through SunHoldings and Sunway Global Limited.
- (5) Deemed interested by virtue of Section 6A of the Act held through SunHoldings, Sunway Global Limited and Sunway GD Foundation Engineering Co. Ltd..
- (6) Deemed interested by virtue of Section 6A of the Act held through SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co. Ltd. and Shanghai Xinhetai Construction Ltd.
- (7) Deemed interested by virtue of Section 6A of the Act held through Sunway Global Limited.
- (8) Deemed interested by virtue of Section 6A of the Act held through Sunway Global Limited and Sunway GD Foundation Engineering Co. Ltd.
- (9) Deemed interested by virtue of Section 6A of the Act held through Sunway Global Limited, Sunway GD Foundation Engineering Co. Ltd. and Shanghai Xinhetai Construction Ltd.
- (10) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunCity.
- (11) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunCity and Deco Style Sdn Bhd.
- (12) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunHoldings.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

- (13) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunHoldings and Sunway Global Limited.
- (14) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited and Sunway GD Foundation Engineering Co. Ltd.
- (15) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co. Ltd. and Shanghai Xinhetai Construction Ltd.
- (16) Deemed interested by virtue of Section 6A of the Act held through Sunway and SunCity.
- (17) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunCity and Deco Style Sdn Bhd.
- (18) Deemed interested by virtue of Section 6A of the Act held through Sunway and SunHoldings.
- (19) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunHoldings and Sunway Global Limited.
- (20) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunHoldings Sunway Global Limited and Sunway GD Foundation Engineering Co Ltd.
- (21) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunHoldings Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd. and Shanghai Xinhetai Construction Ltd.
- (22) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity and children.
- (23) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, Deco Style Sdn Bhd and children.
- (24) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and children.
- (25) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited and children.
- (26) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd and children.
- (27) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd., Shanghai Xinhetai Construction Ltd and children.
- (28) Deemed interested by virtue of Section 6A of the Act held through spouse and children.
- (29) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, spouse and parent.
- (30) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, Deco Style Sdn Bhd, spouse and parent.
- (31) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, spouse and parent.
- (32) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, spouse and parent.
- (33) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd., spouse and parent.
- (34) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd., Shanghai Xinhetai Construction Ltd., spouse and parent.

Deco Style Sdn Bhd, Sunway Design Sdn Bhd, Sunway Quarry Industries Sdn Bhd, Sunway Paving Solutions Sdn Bhd and Sunway Quarry (Kuala Kangsar) Sdn Bhd

The above-mentioned companies have similar business activities in respect of products, services and/or activities. However, our Group and the above companies are unlikely to compete with one another in view that none of the above companies are general construction contractors. Deco Style Sdn Bhd and Sunway Design Sdn Bhd are involved in renovation and interior design work for completed commercial and residential projects, which our Group is not involved in on a stand-alone basis (i.e. independent from its end-to-end construction services activities). Deco Style Sdn Bhd and Sunway Design Sdn Bhd carry out such renovation and interior design work activities as an extension of the property development activities of the Sunway Group and the Sunway Group does not have any other construction businesses other than that carried out by the SGFE Group (as defined below), which the Sunway Group is in the midst of disposing and which operates in different geographical regions from our Group. The SGFE Group has historically primarily carried out operations in the People's Republic of China, Macau and Indonesia.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Insofar as Sunway Quarry Industries Sdn Bhd, Sunway Paving Solutions Sdn Bhd and Sunway Quarry (Kuala Kangsar) Sdn Bhd are concerned, such entities carry out the manufacturing, supply and/or sale of specific building materials and the carrying out of construction related works by such entities utilising such building materials arises from the existing businesses of such entities, which do not directly compete with the existing principal business activities of our Group.

Sunway GD Foundation Engineering Co Ltd ("SGFE"), Shanghai Xinhetai Construction Ltd, Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd, PT Sunway Construction Engineering and Shanghai Sunway Geotechnics Engineering Co Ltd (collectively, the "SGFE Group")

As at the LPD, Sunway has an equity interest of 60% in SGFE ("**SGFE Shares**"). The SGFE Group is principally involved in construction and piling services, which is a similar business as our Group.

Sunway's presence via the SGFE Group in the construction industry will not give rise to a conflict of interest situation between the construction businesses of our Group and the Sunway Group, for the following reasons:

- (i) As the equity interest held in the SGFE Group does not form a core or strategic part of the business of the Sunway Group, it is the intention of Sunway to dispose of such interest. Sunway Group has already initiated the disposal of the SGFE Group in 2012. The sale and purchase agreements in relation to the said disposal have been executed and the transfer of the SGFE Shares to one Yu De Mao ("**YDM**") is expected to be completed in due course. The current status of the disposal transaction is as follows:
 - (a) Via an Equity Sale and Purchase Agreement dated 12 July 2012 ("**Equity SPA**") entered into between Sunway Global Ltd ("**Sunway Global**") and YDM, Sunway Global agreed to transfer its equity interest in SGFE to YDM in consideration of YDM discharging all the SGFE Group's liabilities of approximately RMB47,922,302 (equivalent to approximately RM28,358,501.43*) ("**SGFE's Liabilities**");
 - (b) YDM defaulted in the payment of the SGFE Liabilities, with an outstanding sum remaining unpaid of RMB31,532,782.02 (equivalent to approximately RM18,659,839.09*) ("**Outstanding Sum**"). Sunway Global subsequently entered into a Sale and Purchase Agreement dated 12 August 2013 ("**2013 SPA**") with YDM and GD Capital Holdings Sdn Bhd ("**GD Capital**") which if completed, would see Sunway Global acquire 8.83% of the issued share capital of GD Capital Pte Ltd, which would, if the 2013 SPA had been completed in accordance with its terms, have become the ultimate holding company of GD Properties (XuanCheng) Co Ltd, a company established under the laws of the People's Republic of China and the land use rights holder of a plot of land known as Plot 8-1-1709 located at Xuancheng Economic and Technology Development, People's Republic of China, for the development of Plot 8-1-1709 into residential units;

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

- (c) Prior to the completion of the 2013 SPA, GD Capital had in March 2014 assigned its rights, interests and responsibilities and obligations as contained in the Joint Venture Agreement dated 27 October 2010 between GD Capital and Xuancheng Management Committee on Economic and Technical Development relating to the development of, amongst others, Plot 8-1-1709 to Sociedade De Investimento E Desenvolvimento Glory, Limitada ("**Macau Glory**"). Macau Glory incorporated MGlory Pte Ltd which then became the ultimate holding company of GD Properties (XuanCheng) Co Ltd through the acquisition of 90% of the shares in GD Properties and Holding (Macau) Co Ltd (the holding company of GD Properties (XuanCheng) Co Ltd). The remaining 10% of the shares in GD Properties and Holding (Macau) Co Ltd is held by Tong Sao Cheng, a substantial shareholder of Macau Glory, as Macau laws require a minimum of 2 shareholders.
- (d) Consequently, Sunway Global entered into a Sale and Purchase Agreement on 24 October 2014 ("**2014 SPA**") with Macau Glory relating to the sale and purchase of 3,932 shares in its subsidiary, MGlory Pte Ltd ("**MGlory Sale Shares**") in consideration of a cash payment of RMB12,000,000 (equivalent to approximately RM7,101,120*) payable in US Dollars and Sunway Global providing advice and assistance to GD Properties (XuanCheng) Co Ltd. The purchase consideration has been fully settled and the transfer of the MGlory Sale Shares has been completed. Following the completion of the acquisition of the MGlory Sale Shares, Sunway Global holds a 39.32% equity interest in MGlory Pte Ltd; and
- (e) Sunway Global, YDM and GD Capital have entered into a Termination Agreement dated 17 December 2014 for the purpose of terminating the 2013 SPA which also stipulates that the transfer of SGFE Shares to YDM shall be completed and the parties will be discharged from further observance and performance, outstanding liabilities and obligations, in connection with the Equity SPA upon the completion of the 2014 SPA.

Note:

* Based on exchange rate of RMB1.00 : RM0.59176 as at 29 May 2015 (Source: Bloomberg L.P.)

- (ii) Based on the principal activities of the SGFE Group as disclosed in the latest available audited financial statements of the SGFE Group, the non-dormant subsidiaries of SGFE are involved in providing construction and piling services in Indonesia, Macau and the People's Republic of China, where our Group presently has no presence. It is the intention of Sunway to see through the completion of the disposal of SGFE (whether to YDM or, if the disposal to YDM is ultimately unsuccessful, to such other third party/parties as may be identified). Furthermore, even if the disposal of SGFE does not complete, Sunway has no intention to continue with the businesses of the SGFE Group. In this respect, it is noted that the value of Sunway's entire investment in the SGFE Group has been fully written down in the accounts of the Sunway Group.

In view of the above, our Board is of the opinion that, at present, there are either no existing or potential conflict of interest situation arising from the shareholdings and directorship of the Directors and/or substantial shareholders of our Group in the above-mentioned companies or any such conflict of interest are mitigated.

Our Audit Committee will supervise any conflict of interest or potential conflict of interest situations and the Directors of our Company will disclose such conflict of interest situations, if any, for resolution as and when they arise.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**10.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP**

Save as disclosed under Sections 10.1.1 and 10.1.2, to the best knowledge and belief of our Directors and substantial shareholders, none of our Directors and substantial shareholders is interested directly and/or indirectly in any other business or corporation which is a customer or supplier of our Group as at the LPD.

10.6 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO OUR BUSINESS

Save as disclosed under Sections 10.1.1 and 10.1.2, none of our Directors and/or substantial shareholders has interest in any contract or arrangement, which is significant in relation to the business of our Group.

10.7 DECLARATION BY THE ADVISERS FOR OUR LISTING**(i) RHB Investment Bank**

RHB Investment Bank and/or its related companies ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, *inter-alia* brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Company and its persons acting in concert. Furthermore, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates.

As at the LPD, RHB Banking Group has via its subsidiary, RHB Bank Berhad (a company related to RHB Investment Bank), extended credit facilities to our Group. RHB Investment Bank, as part of the RHB Banking Group, has confirmed that the abovementioned extension of credit facilities does not result in a conflict of interest situation in its capacity as the Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our Listing as:

- (i) the total credit facilities are not material when compared to the audited total assets of the RHB Banking Group as at 31 December 2014;
- (ii) the credit facilities were provided by RHB Bank Berhad in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefit from the Listing, save for the fees received in relation to its appointment as Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter;
- (iii) the team in charge of our Listing in RHB Banking Group is independent from the team handling the credit facilities; and
- (iv) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013 and RHB Banking Group's own internal controls and checks.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

RHB Investment Bank has also confirmed that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our Listing.

(ii) Maybank IB

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group and/or our affiliates, our shareholders and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by us and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, our Group has credit facilities with the Maybank Group. The said credit facilities have been extended by the Maybank Group in its ordinary course of business.

Notwithstanding this, Maybank IB has confirmed that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Joint Global Coordinator and Joint Bookrunner for the Offering as well as the Joint Underwriter for the Retail Offering as:

- (i) the extension of credit facilities is part of the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013 and the Maybank Group's own internal controls and checks;
- (iii) the total outstanding amount owed by our Group is not material when compared to the audited total assets of the Maybank Group as at 31 December 2014; and
- (iv) the team in charge of the listing in Maybank Group is independent from the team handling the credit facilities.

Maybank IB has also confirmed that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Global Coordinator and Joint Bookrunner for our Offering as well as the Joint Underwriter for the Retail Offering.

10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**(iii) HSBC**

HSBC Holdings Plc and its subsidiaries including HSBC Bank Malaysia Berhad and HSBC Amanah Malaysia Berhad (collectively, "**HSBC Group**") may engage in transactions with, and perform services for our Group, the Selling Shareholder and their respective affiliates and some of the other Promoters in the ordinary course of business and have engaged, and/or may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Group, the Selling Shareholder and their respective affiliates and some of the other Promoters, for which HSBC Group has received, or may in future received, customary compensation.

HSBC is of the view that, notwithstanding the above, there is no conflict of interest which prevents HSBC from acting in its capacity as a Joint Bookrunner in relation to the Offering to foreign institutional and selected investors outside of Malaysia.

(iv) Messrs Mah-Kamariyah & Philip Koh

Messrs Mah-Kamariyah & Philip Koh has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.

(v) Rodyk & Davidson LLP

Rodyk & Davidson LLP has given its confirmation that there is no conflict of interest in its capacity as the Solicitors to our Company as to Singapore Law, in relation to our Offering.

(vi) Kadir Andri & Partners

Messrs Kadir Andri & Partners has given its confirmation that there is no conflict of interest in its capacity as the Solicitors to the Joint Global Coordinators, Joint Bookrunners and Joint Underwriters as to Malaysian law, in relation to our Offering.

(vii) Herbert Smith Freehills

Herbert Smith Freehills has given its confirmation that there is no conflict of interest in its capacity as the Solicitors to the Joint Global Coordinators, Joint Bookrunners and Joint Underwriters as to U.S. Federal securities law, in relation to our Offering.

(viii) Messrs Ernst & Young

Messrs Ernst & Young has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and the Reporting Accountants in relation to our Offering.

(ix) Smith Zander

Smith Zander has given its confirmation that there is no conflict of interest in its capacity as the Independent Market Researcher, in relation to our Offering.

11. FINANCIAL INFORMATION**11.1 HISTORICAL FINANCIAL INFORMATION****11.1.1 Selected Historical Combined Financial Information**

The following table sets out a summary of the audited combined financial information for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014.

The following selected historical audited combined financial information should be read in conjunction with the "Management's Discussion and Analysis of Financial Condition and Results of Operations" set out in Section 11.2 of this Prospectus and the Accountants' Report and related notes set out in Section 12 of this Prospectus.

The selected historical audited combined financial information included in this Prospectus does not purport to predict our Group's financial position, results and cash flows.

	<-----Audited----->		
	<-----FYE 31 December----->		
	2012	2013	2014
	RM'000	RM'000	RM'000
Revenue	1,448,475	1,839,593	1,880,707
Cost of sales	(1,166,619)	(1,501,572)	(1,485,297)
Gross profit	281,856	338,021	395,410
Other income	21,134	13,888	12,850
Distribution costs	(168)	(3)	-
Administrative expenses	(200,426)	(261,755)	(271,685)
Other operating expenses	(54,228)	(47,793)	(16,401)
Operating profit	48,168	42,358	120,174
Finance income and other distribution income	7,247	4,328	4,055
Finance costs	(2,756)	(2,256)	(3,339)
Share of results of joint ventures	29,226	45,382	30,374
PBT	81,885	89,812	151,264
Income tax expense	(18,351)	(23,732)	(26,495)
PAT	63,534	66,080	124,769
Profit attributable to:			
Owner of the parent	54,788	66,926	124,819
Non-controlling interests	8,746	(846)	(50)
	63,534	66,080	124,769

11. FINANCIAL INFORMATION (CONT'D)

	Audited		
	FYE 31 December		
	2012 RM'000	2013 RM'000	2014 RM'000
EBITDA (RM'000) ⁽¹⁾	75,762	85,184	161,816
Number of Shares assumed in issue ('000) ⁽²⁾	1,292,900	1,292,900	1,292,900
EPS – basic /diluted (sen) ⁽³⁾	4.2	5.2	9.7
Gross profit margin (%)	19.5	18.4	21.0
PBT margin (%)	5.7	4.9	8.0
PAT margin (%)	4.4	3.6	6.6

Notes:

- (1) EBITDA represents earnings before taxation, depreciation and amortisation, finance costs, finance income and other distribution income and share of results of joint venture. The table below sets forth a reconciliation of our profit for the financial year to EBITDA.

	Audited		
	FYE 31 December		
	2012 RM'000	2013 RM'000	2014 RM'000
PAT	63,534	66,080	124,769
Income tax expense	18,351	23,732	26,495
PBT	81,885	89,812	151,264
Amortisation and depreciation	27,594	42,826	41,642
Finance costs	2,756	2,256	3,339
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Share of results of joint ventures	(29,226)	(45,382)	(30,374)
EBITDA	75,762	85,184	161,816

"EBITDA", as well as the related ratios presented in this Prospectus, are supplemental measures of our performance and liquidity that are not required by or presented in accordance with MFRS, IFRS and FRS. Furthermore, EBITDA is not a measure of our financial performance or liquidity under MFRS, IFRS and FRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with MFRS or IFRS or FRS or as an alternative to cash flows from operating activities or as a measure of liquidity. In addition, EBITDA is not a standardised term, and hence, a direct comparison of EBITDA between companies may not be possible.

- (2) Based on the SCG Share Capital.

- (3) Computed as profit for the year attributable to owner of the parent of our Company divided by the SCG Share Capital.

11. FINANCIAL INFORMATION (CONT'D)**11.1.2 Pro Forma Consolidated Statement of Financial Position**

The following table sets out a summary of the pro forma consolidated statement of financial position of our Group based on our audited financial statements as at 31 December 2014 to show the effects of the Transfer of SunCon and Offering. The pro forma consolidated statement of financial position is presented for illustrative purposes only and should be read in conjunction with the Reporting Accountants' Report together with the notes and assumptions accompanying the Pro forma Consolidated Statements of Financial Position as set out in Section 13 of this Prospectus.

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and Offering RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	-	178,728	178,728
Other investments	-	273	273
Investments in joint ventures	-	24,189	24,189
Goodwill	-	3,647	3,647
Deferred tax assets	-	7,154	7,154
Total non-current assets	-	213,991	213,991
Current assets			
Inventories	-	20,203	20,203
Receivables	-	789,864	789,864
Tax recoverable	-	8,523	8,523
Cash and bank and short term funds balances	(1) -	221,617	(3) 220,417
Total current assets	-	1,040,207	1,039,007
TOTAL ASSETS	-	1,254,198	1,252,998

11. FINANCIAL INFORMATION (CONT'D)

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and Offering RM'000
EQUITY AND LIABILITIES			
Share capital	(1)(2) -	258,580	258,580
Reserves	(76)	56,853	(3) 55,653
Shareholders' equity	(76)	315,433	314,233
Non-controlling interests	-	(5,222)	(5,222)
Total equity	(76)	310,211	309,011
Current liabilities			
Borrowings	-	135,132	135,132
Payables	76	791,340	791,340
Tax payable	-	13,161	13,161
Total current liabilities	76	939,633	939,633
Non-current liabilities			
Borrowings	-	69	69
Deferred tax liabilities	-	4,285	4,285
Total non-current liabilities	-	4,354	4,354
Total liabilities	76	943,987	943,987
TOTAL EQUITY AND LIABILITIES	-	1,254,198	1,252,998
Number of Shares ('000)	(2) -	1,292,900	1,292,900
NA/(NL) (RM'000)	(76)	315,433	314,233
NA/(NL) per Share (RM)	(4) (7,600)	0.24	0.24
NTA/(NTL) (RM'000)	(76)	311,786	310,586
NTA/(NTL) per Share (RM)	(4) (7,600)	0.24	0.24

Notes:

- (1) RM2.00.
(2) Represents 10 ordinary shares of RM0.20 each.
(3) After deducting the estimated listing expenses of approximately RM1.2 million for the Listing.
(4) Calculated based on NL/NTL of RM76,000 divided by 10 ordinary shares.

11. FINANCIAL INFORMATION (CONT'D)**11.1.3 Audited Combined Statement of Cash Flows**

The following table sets out a summary of the audited combined statement of cash flows of our Group based on our audited combined financial statements for the past three financial years up to the FYE 31 December 2014.

	-----Audited----->		
	-----FYE 31 December----->		
	2012	2013	2014
	RM'000	RM'000	RM'000
	(Restated)	(Restated)	
Cash flows from operating activities			
PBT	81,885	89,812	151,264
Adjustments for:			
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Finance costs	2,756	2,256	3,339
Amortisation and depreciation of property, plant and equipment	27,594	42,826	41,642
Net gain on disposal of property, plant and equipment	(611)	(6,978)	(2,443)
Property, plant and equipment written off	1,180	211	1,740
Unrealised foreign exchange gain	(5,186)	(87)	(565)
Allowance for inventory obsolescence	-	921	-
Employees' share option scheme	-	7,730	5,726
Impairment loss on goodwill	-	8	-
Bad debts written off	1,078	5,090	53
Allowance for impairment losses on receivables	21,421	30,527	4,764
Reversal of allowance for impairment losses on receivables	(8,267)	(62)	(330)
Reversal of impairment losses on property, plant and equipment	-	-	(845)
Gain on derivatives	-	(347)	(142)
Loss on derivatives	3	-	489
Gain on disposal of a subsidiary	(404)	-	-
Gain on liquidation of subsidiaries	(48)	-	(869)
Share of results of joint ventures	(29,226)	(45,382)	(30,374)
Changes in working capital:			
Inventories	2,180	(4,531)	5,315
Trade receivables	(134,829)	41,547	(100,816)
Other receivables	(4,412)	15,122	(2,695)
Trade payables	98,733	(44,230)	56,687
Other payables	33,289	(74,721)	3,656
Amount due from joint ventures	16,732	28,120	-
Amount due to ultimate holding company	1,543	436	7,721
Amount due to immediate holding company	(900)	(3)	-
Amounts due from/(to) other related companies	(28,942)	(29,019)	43,241
Amounts due from related parties	6	(1,010)	1,010
Cash flow generated from operations	68,328	53,908	183,513
Dividend received from joint ventures	-	47,212	28,171
Interest and distribution income received	7,247	4,328	4,055
Interest paid	(2,756)	(2,256)	(3,339)
Tax refunded	2,624	3,912	2,078
Tax paid	(24,402)	(23,966)	(30,549)
Net cash flow generated from operating activities	51,041	83,138	183,929

11. FINANCIAL INFORMATION (CONT'D)

	-----Audited-----		
	-----FYE 31 December-----		
	2012	2013	2014
	RM'000	RM'000	RM'000
	(Restated)	(Restated)	
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	14,278	9,360	7,944
Proceeds from disposal of shares in a subsidiary company	780	-	-
Acquisition of property, plant and equipment	(56,811)	(49,404)	(45,732)
Acquisition of equity interest from non-controlling interest	(9,247)	(35,976)	-
Net cash flow from disposal of a subsidiary company	(837)	-	-
Advances (to)/from other related companies	51,800	(11,994)	320,694
Advances (to)/from an associate	(19,938)	(9,358)	4,875
Redemption of preference shares in a related company	12,800	-	25,300
Increase in equity contribution by parent	-	-	21,782
Withdrawal of deposits with licensed banks	20,273	4,527	4,550
Net cash flow from placements	(46,700)	23,700	9,800
Net cash (used in)/ generated from investing activities	(33,602)	(69,145)	349,213
Cash flows from financing activities			
Drawdown of term loans	7,949	5,423	-
Drawdown of revolving credits	10,000	50,000	50,168
Drawdown of other bank borrowings	87,572	-	231,300
Repayment of term loans	(3,471)	(1,107)	(16,470)
Repayment of revolving credits	-	(10,000)	(50,000)
Repayment of other bank borrowings	(76,373)	(9,818)	(161,048)
Repayment of hire purchase and finance lease liabilities	(7,540)	(5,271)	(7,418)
Dividend paid	(12,800)	(14,453)	(427,958)
Dividend paid to non-controlling interests of subsidiaries	(2,250)	(5,070)	(676)
Net cash generated from/ (used in) financing activities	3,087	9,704	(382,102)
Net increase in cash and cash equivalents	20,526	23,697	151,040
Effects of foreign exchange rate changes	15,468	8,214	640
Cash and cash equivalents at beginning of financial year	58,027	94,021	125,932
Cash and cash equivalents at end of financial year*	94,021	125,932	277,612

11. FINANCIAL INFORMATION (CONT'D)**Note:**

- * Components of cash and cash equivalents as at 31 December 2012, 31 December 2013, 31 December 2014, respectively:

	<-----Audited----->		
	<-----FYE 31 December----->		
	2012	2013	2014
	RM'000 (Restated)	RM'000 (Restated)	RM'000
Cash at banks and on hand	75,380	57,160	65,909
Deposits with:			
Licensed banks	18,742	75,925	4,852
Other financial institutions	13,500	-	207,656
Placement in cash funds	46,700	23,000	13,200
Cash and bank and short term funds balances	154,322	156,085	291,617
Less: Bank overdraft	(3,719)	(1,798)	-
Deposits with licensed banks with maturity of more than 3 months	(9,882)	(5,355)	(805)
Placement in cash funds	(46,700)	(23,000)	(13,200)
Total cash and cash equivalents	94,021	125,932	277,612

See Accountants' Report in Section 12 of this Prospectus for the notes to the audited combined financial statements of our Group for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014.

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11. FINANCIAL INFORMATION (CONT'D)

11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the Accountants' Report included in Section 12 of this Prospectus. Our combined financial statements have been prepared in accordance with MFRS and IFRS for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014.

11.2.1 Overview of Operations

Our Group is principally involved in the building and civil/infrastructure construction services, foundation and geotechnical engineering services, mechanical, electrical and plumbing services, and the manufacturing and sale of precast concrete products in Malaysia and Singapore.

For the FYE 31 December 2014, we had total assets of RM1,272.2 million. For the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, we generated revenues of RM1,448.5 million, RM1,839.6 million and RM1,880.7 million, respectively and PAT of RM63.5 million, RM66.1 million and RM124.8 million, respectively.

(i) Revenue

We derive our revenue primarily from the building and civil/infrastructure construction services, foundation and geotechnical engineering services, mechanical, electrical and plumbing services, and the manufacturing and sale of precast concrete products businesses. Our revenue is presently derived from two main geographical markets, namely Malaysia and Singapore. For the FYE 31 December 2014, approximately 86.4% of our total revenue is derived from Malaysia while the remaining 13.6% of our total revenue is derived from Singapore.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Construction contracts

Revenue from construction contracts are accounted for by the stage of completion method.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date in proportion to the estimated total contract costs or by reference to the physical completion of the contract.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

11. FINANCIAL INFORMATION (CONT'D)

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

For the financial years under review, our revenue was derived from the following businesses:

(a) Building construction services

Revenue from building construction services refers to revenue derived from our construction services for all types of buildings as described in Section 6.3.1(i) of this Prospectus, which include amongst others, foundation and geotechnical engineering services, mechanical, electrical and plumbing services, sub-structures and superstructures construction works, and architectural works in Malaysia and UAE. Our revenue from building construction services was derived from internal and external contracted jobs. Some of our notable projects during the financial years under review include:

- Ministry of Women, Family and Community Development and Ministry of Housing and Local Government buildings, Putrajaya, Malaysia
- The Everly Hotel Putrajaya, Putrajaya, Malaysia
- Impiana KLCC Hotel Extension, Kuala Lumpur, Malaysia
- KLCC North East Carpark, Kuala Lumpur, Malaysia
- KLCC Package II, Kuala Lumpur, Malaysia
- Sunway Velocity Phase 1A (service apartments and offices), Kuala Lumpur, Malaysia
- Sunway Velocity Shopping Mall, Kuala Lumpur, Malaysia
- Sunway Putra Mall, Kuala Lumpur, Malaysia
- Sunway Pyramid Phase 3, Bandar Sunway, Malaysia
- New academic block for Sunway University, Bandar Sunway, Malaysia
- Sunway Pinnacle office tower, Bandar Sunway, Malaysia
- Legoland Malaysia Theme Park, Johor, Malaysia
- Bio-XCell Central Utilities Facility, Johor, Malaysia
- Pinewood Iskandar Malaysia Studios facility, Johor, Malaysia
- Legoland Water Theme Park, Johor, Malaysia
- Afiniti Medini, Johor, Malaysia
- Universiti Teknologi MARA campus expansion, Shah Alam, Malaysia
- Phase 1A, Plot H of the Rihan Heights project, Abu Dhabi, UAE

11. FINANCIAL INFORMATION (CONT'D)**(b) Civil/infrastructure construction services**

Revenue from civil/infrastructure construction services refers to revenue derived from construction services for all types of civil/infrastructure projects as described in Section 6.3.1(i) of this Prospectus, which includes, amongst others, infrastructure and civil engineering works, foundation and geotechnical engineering services and mechanical, electrical and plumbing services in Malaysia. Our revenue from civil/infrastructure construction services was mostly derived from external jobs. Some of our notable projects in Malaysia during the financial years under review include:

- Klang Valley MRT Package V4
- LRT Package B (Kelana Jaya Line Extension)
- BRT - Sunway Line

(c) Foundation and geotechnical engineering services

Revenue from foundation and geotechnical engineering services refers to revenue derived from services as described in Section 6.3.1(ii) of this Prospectus. We undertake foundation and geotechnical engineering services for internal and external projects. Some of our notable projects during the financial years under review include foundation and geotechnical engineering solutions for:

- Tropicana Gardens, Selangor, Malaysia
- Tropicana Avenue, Selangor, Malaysia
- Sunway Velocity Shopping Mall, Kuala Lumpur, Malaysia
- Sunway Velocity Phase 3 (mixed development), Kuala Lumpur, Malaysia
- Commercial developments at Sunway South Quay, Bandar Sunway, Malaysia
- Sunway Pinnacle office tower, Bandar Sunway, Malaysia
- Sunway Pyramid Phase 3, Bandar Sunway, Malaysia

(d) Mechanical, electrical and plumbing services

Revenue from mechanical, electrical and plumbing services refers to revenue derived from services as described in Section 6.3.1(iii) of this Prospectus. We undertake mechanical, electrical and plumbing services for internal and external projects. Some of our notable projects during the financial years under review include mechanical, electrical and plumbing engineering solutions for:

- Gas District Cooling Plant, Putrajaya, Malaysia
- Chilled Water Reticulation Network and Energy Transfer Station at KLIA, Kuala Lumpur, Malaysia
- Sunway Putra Mall, Kuala Lumpur, Malaysia
- Sunway Velocity Phase 1A (service apartment and offices), Kuala Lumpur, Malaysia
- Sunway Pinnacle office tower, Bandar Sunway, Malaysia
- Monash University Malaysia campus extension, Bandar Sunway, Malaysia
- Penang International Airport development and upgrading works, Penang, Malaysia
- Phase 1A, Plot H of the Rihan Heights project, Abu Dhabi, UAE

11. FINANCIAL INFORMATION (CONT'D)**(e) Manufacturing and sale of precast concrete products**

In respect of our manufacturing and sale of concrete products business, our revenue was mostly derived from supply of concrete products to HDB developments including DBSS public housing projects such as City View @ Boon Keng, The Peak @ Toa Payoh and Lake Vista @ Yuan Ching in Singapore. In addition, we also supply concrete products to property development projects undertaken by Sunway Group joint ventures and other private developers. Our key products are as described in Section 6.3.2.1 of this Prospectus.

(f) Others

Revenue derived from other businesses includes revenue from the provision of machinery rental and logistic services, and the supply and installation of decorative stones. The revenue contributed is mainly from our subsidiaries namely Sunway Machinery and Sunway Creative Stones.

(ii) Cost of sales

Cost of sales comprises subcontractor costs, raw materials costs, staff costs, hire of plant and machinery costs, and depreciation of plant and equipment. Our contract expenses are accounted for by the stage of completion method.

(a) Subcontractor costs

We engage our subcontractors for various labour-intensive works and specialist trade work. By engaging our subcontractors for the various jobs mentioned above, we are able to focus on our competitive strengths as a turnkey contractor. As subcontractor costs constitute a major component in our costs of sales, we practice a prudent selection process before engaging with our subcontractors.

(b) Raw materials costs

Our Group's raw materials mainly consist of steel bars, ready-mixed concrete, diesel, electrical cables and fittings. These raw materials are generally widely available in Malaysia and from a large base of suppliers. We generally purchase our raw materials based on projects' requirements. These raw materials were mainly sourced from local suppliers, selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long term business relationships with our suppliers, we also source for our raw materials from alternative suppliers, if the need arises.

(c) Staff costs

Our staff costs mainly comprise salaries, bonuses and other staff-related cost for employees who are directly involved in our manufacturing and sale of precast concrete products business.

11. FINANCIAL INFORMATION (CONT'D)**(d) Hire of plant and machinery costs**

Our hire of plant and machinery costs mainly comprise cost incurred on rental payable to external suppliers, repair, replace parts and tools and routine maintenance of machinery and equipment such as boring machine, excavator, launcher, tower crane and formwork to ensure that they are properly and adequately maintained so as to achieve minimal breakdowns and operational efficiency at our work sites.

(e) Depreciation of plant and equipment

Depreciation of plant and equipment consists of depreciation charges on our plant and equipment over the estimated useful lives of these assets directly attributed to our projects.

(f) Others

Others include contribution made to CIDB, professional and consultation fees, office site rental, utilities, insurance paid and other miscellaneous expenses.

(iii) Gross profit and gross profit margins

Our Group's gross profit is determined after deducting the cost of sales from our revenue. Hence, the key determinants of gross profit are the revenue generated from our various businesses less cost of sales. The gross profit and gross profit margin may fluctuate for each financial year as each project differs in terms, *inter-alia* of project scope of work, technical specifications, project duration and costs.

(iv) Other income

Our other income consists primarily of rental income of plant and machinery, reversal of allowance for impairment, bad debts recovered, gains on disposal of property, plant and equipment and foreign exchange gains.

(v) Total operating expenses

Our total operating expenses include distribution costs, administrative expenses and other operating expenses.

Distribution costs mainly comprise sales and marketing staff and staff related cost.

Administrative expenses mainly comprise staff costs relating to salaries, bonuses, allowances and travelling, depreciation of property, plant and equipment, and management fees.

Other operating expenses mainly comprise losses on foreign exchange transactions, allowance for impairment, loss on disposal of property, plant and equipment, and bad debts written off.

11. FINANCIAL INFORMATION (CONT'D)**(vi) Finance costs, and finance income and other distribution income**

Our finance costs comprise mainly of interest expense on bank borrowings and hire purchase obligations, and our finance income and other distribution income comprises mainly of interest income from deposits with licensed banks and placement in cash funds with Sunway Treasury.

(vii) Share of results of joint ventures

Our share of results of joint ventures mainly reflects the results from our SunCon Central Glass Joint Venture for the Pinewood Iskandar Malaysia Studios project in Johor, Malaysia and the Ministry of Women, Family and Community Development and Ministry of Housing and Local Government buildings in Putrajaya Malaysia, our Silver Coast-Sunway Innopave Joint Venture for the Rihan Heights project in Abu Dhabi, UAE and our SunCity-SunCon Joint Venture for the Sunway Alam Suria development in Shah Alam, Malaysia.

(viii) Taxation

For the past three financial years up to the FYE 31 December 2014, the applicable statutory tax rate is 25% in Malaysia and 17% in Singapore. Profits derived from Abu Dhabi, UAE are non-taxable.

11.2.2 Review of Results of Operations**(i) Segmental information by revenue**

The following tables set forth the breakdown of our segmental revenue by business and as a percentage of our total revenue for the financial years indicated.

(a) Segmental revenue by business

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Building construction services	680,908	47.0	809,582	44.0	816,717	43.4
Civil/infrastructure construction services	181,686	12.6	440,840	24.0	632,149	33.6
Foundation and geotechnical engineering services	384,403	26.5	404,071	22.0	278,267	14.8
Mechanical, electrical and plumbing	328,621	22.7	300,650	16.3	305,083	16.2
Manufacturing and sale of precast concrete	204,284	14.1	252,486	13.7	300,906	16.0
Others	19,038	1.3	46,674	2.5	1,211	0.1
Consolidated adjustments ⁽¹⁾	(350,465)	(24.2)	(414,710)	(22.5)	(453,626)	(24.1)
	1,448,475	100.0	1,839,593	100.0	1,880,707	100.0

11. FINANCIAL INFORMATION (CONT'D)**(b) Revenue by subsidiaries**

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
SunCon	860,799	59.5	1,293,624	70.3	1,448,867	77.1
Sunway Geotechnics	384,403	26.5	403,510	21.9	278,267	14.8
Sunway Engineering	328,622	22.7	300,650	16.3	305,083	16.2
Sunway Concrete Products	201,519	13.9	229,133	12.5	254,554	13.5
Others	23,597	1.6	27,386	1.5	47,562	2.5
Consolidated adjustments ⁽¹⁾	(350,465)	(24.2)	(414,710)	(22.5)	(453,626)	(24.1)
	1,448,475	100.0	1,839,593	100.0	1,880,707	100.0

(c) Revenue by geographical

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,226,806	84.7	1,553,530	84.4	1,625,825	86.4
Singapore	201,519	13.9	267,906	14.6	254,882	13.6
UAE	20,150	1.4	18,157	1.0	-	-
Others ⁽¹⁾	-	-	-	-	-	-
	1,448,475	100.0	1,839,593	100.0	1,880,707	100.0

(ii) Segmental information by gross profit and gross profit margin**(a) Segmental gross profit by business**

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Building construction services	99,178	35.2	97,250	28.8	90,083	22.8
Civil/infrastructure construction services	9,841	3.5	43,155	12.8	102,995	26.0
Foundation and geotechnical engineering services	54,285	19.3	73,854	21.8	54,723	13.8
Mechanical, electrical and plumbing	67,645	24.0	61,232	18.1	38,282	9.7
Manufacturing and sale of precast concrete	40,722	14.4	61,541	18.2	108,170	27.4
Others	10,641	3.8	(137)	(0.0)	1,157	0.3
Consolidated adjustments ⁽¹⁾	(456)	(0.2)	1,126	0.3	-	-
	281,856	100.0	338,021	100.0	395,410	100.0

11. FINANCIAL INFORMATION (CONT'D)

	FYE 31 December					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Overall gross profit margin		19.5		18.4		21.0
Gross profit margin:						
Building construction services		14.6		12.0		11.0
Civil/infrastructure construction services		5.4		9.8		16.3
Foundation and geotechnical engineering services		14.1		18.3		19.7
Mechanical, electrical and plumbing		20.6		20.4		12.5
Manufacturing and sale of precast concrete		19.9		24.4		35.9
Others		55.9		(0.3)		95.5

(b) Gross profit by subsidiaries

	FYE 31 December					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
SunCon	105,052	37.3	137,599	40.7	191,900	48.5
Sunway Geotechnics	53,949	19.1	73,814	21.8	54,723	13.8
Sunway Engineering	67,645	24.0	61,232	18.1	38,282	9.7
Sunway Concrete Products	39,723	14.1	55,020	16.4	91,165	23.1
Others	15,943	5.7	9,230	2.7	19,340	4.9
Consolidated adjustments ⁽¹⁾	(456)	(0.2)	1,126	0.3	-	-
	281,856	100.0	338,021	100.0	395,410	100.0
Overall gross profit margin		19.5		18.4		21.0
Gross profit margin:						
SunCon		12.2		10.6		13.2
Sunway Geotechnics		14.0		18.3		19.7
Sunway Engineering		20.7		20.4		12.5
Sunway Concrete Products		19.7		24.0		35.8
Others		67.6		33.7		40.7

11. FINANCIAL INFORMATION (CONT'D)**(c) Gross profit by geographical**

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	231,955	82.3	261,010	77.2	302,954	76.6
Singapore	40,059	14.2	55,060	16.3	91,165	23.1
UAE	13,323	4.7	21,754	6.4	⁽²⁾ 1,291	0.3
Others ⁽¹⁾	(3,481)	(1.2)	197	0.1	-	-
	281,856	100.0	338,021	100.0	395,410	100.0
Overall gross profit margin		19.5		18.4		21.0
Gross profit margin:						
Malaysia		18.9		16.8		18.6
Singapore		19.9		20.6		35.8
UAE		66.1		119.8		-
Others		-		-		-

Notes:(1) *Comprising gross profit/(loss) from India, Trinidad and Tobago, and China*(2) *Being reversal of over accrual of costs in prior years*

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11. FINANCIAL INFORMATION (CONT'D)**(iii) FYE 31 December 2012 compared to FYE 31 December 2013**

The table below presents our combined statements of income and such amounts are expressed as a percentage of our total revenue and their percentage of change for the years indicated.

	<-----Audited----->				% change
	FYE 31 December 2012		FYE 31 December 2013		
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	1,448,475	100.0	1,839,593	100.0	27.0
Cost of sales	(1,166,619)	(80.5)	(1,501,572)	(81.6)	28.7
Gross profit	281,856	19.5	338,021	18.4	19.9
Other income	21,134	1.5	13,888	0.7	(34.3)
Distribution costs	(168)	(0.0)	(3)	(0.0)	(98.2)
Administrative expenses	(200,426)	(13.8)	(261,755)	(14.2)	30.6
Other operating expenses	(54,228)	(3.7)	(47,793)	(2.6)	(11.9)
Operating profit	48,168	3.3	42,358	2.3	(12.1)
Finance income and other distribution income	7,247	0.5	4,328	0.2	(40.3)
Finance costs	(2,756)	(0.2)	(2,256)	(0.1)	(18.1)
Share of results of joint ventures	29,226	2.0	45,382	2.5	55.3
PBT	81,885	5.7	89,812	4.9	9.7
Income tax expense	(18,351)	(1.3)	(23,732)	(1.3)	29.3
PAT	63,534	4.4	66,080	3.6	4.0

Revenue

Our revenue increased by 27.0% from RM1,448.5 million in 2012 to RM1,839.6 million in 2013. The increase was mainly due to higher revenue from our building construction services business which increased by 18.9% from RM680.9 million in 2012 to RM809.6 million in 2013, higher revenue from our civil/infrastructure construction services business which increased by 142.6% from RM181.7 million in 2012 to RM440.8 million in 2013 and higher revenue from our manufacturing and sale of precast concrete business which increased by 23.6% from RM204.3 million in 2012 to RM252.5 million in 2013.

The following table sets forth the breakdown of our revenue by our businesses and as a percentage of our total revenue for the years indicated.

	<-----FYE 31 December----->			
	2012		2013	
	RM'000	% of revenue	RM'000	% of revenue
Building construction services	680,908	47.0	809,582	44.0
Civil/infrastructure construction services	181,686	12.6	440,840	24.0
Foundation and geotechnical engineering services	384,403	26.5	404,071	22.0
Mechanical, electrical and plumbing	328,621	22.7	300,650	16.3
Manufacturing and sale of precast concrete	204,284	14.1	252,486	13.7
Others	19,038	1.3	46,674	2.5
Consolidated adjustments	(350,465)	(24.2)	(414,710)	(22.5)
Total revenue	1,448,475	100.0	1,839,593	100.0

11. FINANCIAL INFORMATION (CONT'D)

The increase in revenue for FYE 31 December 2013 amounting to RM391.1 million was mainly attributable to the revenue from the following projects in the building construction services, civil/infrastructure construction services, and manufacturing and sale of precast concrete business, as set out below:

Project	Location	Industry	Revenue 2012 RM'000	Revenue 2013 RM'000	Movement RM'000
Building construction services					
Pinewood Iskandar Malaysia Studios	Nusajaya, Johor, Malaysia	Media studio facility	109,984	⁽²⁾ 186,249	76,265
Sunway Pinnacle	Bandar Sunway, Malaysia	Office building	34,689	⁽²⁾ 108,700	74,011
Civil/infrastructure construction services					
LRT Package B (Kelana Jaya Line Extension)	Subang Jaya to Putra Heights, Malaysia	Infrastructure	81,658	⁽²⁾ 160,740	79,082
Klang Valley MRT Package V4	S17 to Jalan Semantan, Malaysia	Infrastructure	25,948	⁽²⁾ 154,377	128,429
BRT – Sunway Line	USJ16 to Federal Highway, Malaysia	Infrastructure	-	⁽¹⁾ 110,700	110,700
Manufacturing and sale of precast products					
Segar Palmview	Bukit Panjang, Singapore	HDB	640	⁽²⁾ 43,550	42,910

Notes:

(1) Project commenced in 2013.

(2) Higher revenue as project was at the highest level of activity in 2013.

11. FINANCIAL INFORMATION (CONT'D)**Cost of sales**

Our cost of sales increased by 28.7% from RM1,166.6 million in 2012 to RM1,501.6 million in 2013 in tandem with the increase in revenue. The increase was mainly due to an increase in the subcontractor costs by 26.0% from RM816.5 million in the FYE 31 December 2012 to RM1,028.4 million in the FYE 31 December 2013, an increase in the purchase of raw materials by 30.1% from RM243.3 million in the FYE 31 December 2012 to RM316.4 million in the FYE 31 December 2013 and increase in the hire of plant and machinery costs by 99.9% from RM49.1 million in the FYE 31 December 2012 to RM98.1 million in the FYE 31 December 2013. The increase in subcontractor costs, raw materials costs and hire of plant and machinery costs is in line with the increase in new projects that we have been awarded in 2013 such as Sunway Putra Mall, Sunway University new academic block, Legoland Water Park and BRT Sunway Line.

The following table sets forth the breakdown of our cost of sales and as a percentage of our total cost of sales for the years indicated.

	<-----FYE 31 December----->			
	2012		2013	
	RM'000	% of cost of sales	RM'000	% of cost of sales
Subcontractor costs	816,461	70.0	1,028,428	68.5
Raw materials costs	243,254	20.9	316,395	21.1
Staff costs	7,322	0.6	10,881	0.7
Hire of plant and machinery	49,094	4.2	98,146	6.5
Depreciation of plant and equipment	5,642	0.5	5,368	0.4
Others	44,846	3.8	42,354	2.8
Total cost of sales	1,166,619	100.00	1,501,572	100.00

Gross profit and gross profit margins

As a result of the factors discussed above, our gross profit for the FYE 31 December 2013 increased by 19.9% to RM338.0 million, compared to RM281.9 million for the FYE 31 December 2012. Our overall gross profit margin decreased to 18.4% in 2013, compared to 19.5% in 2012 due to additional profits recognised as a result of more finalisation of accounts in the FYE 31 December 2012 for building construction services, mechanical, electrical and plumbing businesses and others. Finalisation of accounts refers to the final claim or certification to be issued by the client on the physical handover of the project.

The decrease in the gross profit margins for the above businesses in 2013 was mitigated by the higher gross profit margin for the civil/infrastructure construction services, foundation and geotechnical engineering services, and the manufacturing and sale of precast concrete products businesses as shown in Section 11.2.2(ii)(a) above.

11. FINANCIAL INFORMATION (CONT'D)**Other income**

Our other income decreased by 34.3% from RM21.1 million in 2012 to RM13.9 million in 2013, mainly due to a reversal of allowance for impairment amounting to RM7.8 million recognised in 2012 from our project in Trinidad and Tobago. In addition, we had a foreign exchange gain of RM5.3 million in 2012 compared to RM0.3 million in 2013 mainly due to unrealised foreign exchange gains on funds from Abu Dhabi, UAE and Trinidad and Tobago. The decrease in other income is offset by the increase in the gain on disposal of property, plant and equipment of RM5.8 million.

Total operating expenses

Our total operating expenses increased by 21.5% from RM254.8 million in 2012 to RM309.6 million in 2013 mainly due to staff costs which increased by RM25.7 million from RM137.2 million in 2012 to RM162.9 million in 2013. The increase in staff cost is in line with the increase in the number of staff, salary increment and ESOS expenses in 2013.

The increase in our total operating expenses is also due to provision for advances ("**Advances**") made to the ISZL Consortium, an unincorporated joint venture for the Al-Reem project in Abu Dhabi, UAE of RM24.4 million in 2013. Our Group decided to make a provision for the Advances as there is uncertainty on the recovery of the Advances due to the inability of ISZL Consortium to collect its trade debt from its client after a long period.

There was also an increase in administrative cost attributable to the depreciation charge from RM27.6 million in 2012 to RM42.8 million in 2013 due to property, plant and equipment acquired in 2013 amounting to RM75.5 million and change in the depreciation policy from 10 years to five years for system formwork.

Finance costs, and finance income and other distribution income

Our finance costs decreased by 18.1% from RM2.8 million in 2012 to RM2.3 million in 2013 due to repayment of borrowings in 2013.

Our finance income and other distribution income decreased by 40.3% from RM7.2 million in 2012 to RM4.3 million in 2013, mainly due to a reduction in interest income received from RM1.8 million in 2012 to RM1.1 million in 2013 in line with the reduction in placements with Sunway Treasury (a central treasury management company of Sunway) and a reduction in interest income from licensed banks from RM3.4 million in 2012 to RM1.5 million in 2013. The average interest rate on deposits placed with licensed banks reduced from 4.0% in 2012 to 3.6% in 2013, contributing to the reduction in finance income and other distribution income.

11. FINANCIAL INFORMATION (CONT'D)**Share of results of joint ventures**

Our share of results of joint ventures increased by 55.3% from RM29.2 million in 2012 to RM45.4 million in 2013 as a result of an increase in the contributions from the projects undertaken by SunCon Central Glass Joint Venture, Silver Coast-Sunway Innopave Joint Venture and SunCity-SunCon Joint Venture of RM0.7 million, RM4.7 million, and RM10.7 million respectively.

The largest contributor to the share of results of joint ventures is Silver Coast-Sunway Innopave Joint Venture from its Phase 1A, Plot H of Rihan Heights project, Abu Dhabi, UAE which contributed profits of RM34.8 million following the finalisation of accounts where majority of its revenue and costs were ascertained. SunCity-SunCon Joint Venture recognised a profit contribution from Sunway Alam Suria development of RM9.2 million due to the completion of one phase of the project for the FYE 31 December 2013. SunCon Central Glass Joint Venture, which was formed for the delivery of glass facades for building projects, contributed its share of profits of RM1.4 million from the Pinewood Iskandar Malaysia Studio project and the Ministry of Women, Family and Community Development and Ministry of Housing and Local Government buildings in Putrajaya.

Taxation

Our income tax expense increased by 29.3% from RM18.4 million in 2012 to RM23.7 million in 2013 due to an increase in PBT from RM81.9 million in 2012 to RM89.8 million in 2013. The effective tax rate increased from 22.4% in 2012 to 26.4% in 2013, mainly due to higher expenses not deductible for tax purposes in 2013.

(iv) FYE 31 December 2013 compared to FYE 31 December 2014

The table below presents our combined statements of income and such amounts are expressed as a percentage of our total revenue and their percentage of change for the years indicated.

	<-----Audited----->				% change
	FYE 31 December 2013		FYE 31 December 2014		
	RM'000	% of revenue	RM'000	% of revenue	
Revenue	1,839,593	100.0	1,880,707	100.0	2.2
Cost of sales	(1,501,572)	(81.6)	(1,485,297)	(79.0)	(1.1)
Gross profit	338,021	18.4	395,410	21.0	17.0
Other income	13,888	0.7	12,850	0.7	(7.5)
Distribution costs	(3)	(0.0)	-	(0.0)	(100.0)
Administrative expenses	(261,755)	(14.2)	(271,685)	(14.4)	3.8
Other operating expenses	(47,793)	(2.6)	(16,401)	(0.9)	(65.7)
Operating profit	42,358	2.3	120,174	6.4	183.7
Finance income and other distribution income	4,328	0.2	4,055	0.2	(6.3)
Finance costs	(2,256)	(0.1)	(3,339)	(0.2)	48.0
Share of results of joint ventures	45,382	2.5	30,374	1.6	(33.1)
PBT	89,812	4.9	151,264	8.0	68.4
Income tax expense	(23,732)	(1.3)	(26,495)	(1.4)	11.6
PAT	66,080	3.6	124,769	6.6	88.8

11. FINANCIAL INFORMATION (CONT'D)**Revenue**

Our revenue increased by 2.2% from RM1,839.6 million in the FYE 31 December 2013 to RM1,880.7 million in the FYE 31 December 2014. The increase was mainly due to higher revenue from our civil/infrastructure construction services business which increased by 43.4% from RM440.8 million in 2013 to RM632.1 million in 2014, higher revenue from manufacturing and sale of precast concrete business which increased by 19.2% from RM252.5 million in 2013 to RM300.9 million in 2014. This increase was offset by lower revenue from our foundation and geotechnical engineering services business which decreased by 31.1% from RM404.1 million in 2013 to RM278.3 million in 2014.

The following table sets forth the breakdown of our revenue by our businesses and as a percentage of our total revenue for the years indicated.

	<-----FYE 31 December----->			
	2013		2014	
	RM'000	% of revenue	RM'000	% of revenue
Building construction services	809,582	44.0	816,717	43.4
Civil/infrastructure construction services	440,840	24.0	632,149	33.6
Foundation and geotechnical engineering services	404,071	22.0	278,267	14.8
Mechanical, electrical and plumbing	300,650	16.3	305,083	16.2
Manufacturing and sale of precast concrete	252,486	13.7	300,906	16.0
Others	46,674	2.5	1,211	0.1
Consolidated adjustments	(414,710)	(22.5)	(453,626)	(24.1)
Total revenue	1,839,593	100.0	1,880,707	100.0

The increase in revenue for the FYE 31 December 2014 amounting to RM41.1 million was mainly attributable to the increase in revenue from the following civil/infrastructure projects and mitigated by the decrease in contribution from the foundation and geotechnical engineering services projects, as set out below:

Project	Location	Industry	Revenue 2013 RM'000	Revenue 2014 RM'000	Movement RM'000
Civil/infrastructure construction services					
LRT Package A piling works (Kelana Jaya Line Extension)	Along Jalan Jengka and Kesas Highway, Malaysia	Infrastructure	1,318	25,970	24,652
MRT Package V4	S17 to Jalan Semantan, Malaysia	Infrastructure	154,377	210,269	55,892

11. FINANCIAL INFORMATION (CONT'D)

Project	Location	Industry	Revenue 2013 RM'000	Revenue 2014 RM'000	Movement RM'000
BRT – Sunway Line	USJ 16 to Federal Highway, Malaysia	Infrastructure	110,699	222,734	112,035
Foundation and geotechnical engineering services					
Tropicana Avenue	Petaling Jaya, Selangor, Malaysia	Township/Mixed-developments	21,843	-	(21,843)
Sunway Pyramid 3	Bandar Sunway, Subang Jaya, Malaysia	Township/Mixed-developments	25,853	6,899	(18,954)
Phase 3, Sunway Velocity	Sunway Velocity, Kuala Lumpur, Malaysia	Township/Mixed-developments	80,944	35,838	(45,106)
Phase 2, Sunway Velocity	Sunway Velocity, Kuala Lumpur, Malaysia	Township/Mixed-developments	53,078	39,082	(13,966)
Tropicana Garden	Petaling Jaya, Malaysia	Township/Mixed-developments	38,176	3,521	(34,655)
Manufacturing and sale of precast concrete					
Waterway Cascadia	Punggol, Singapore	HDB	-	51,941	51,941

11. FINANCIAL INFORMATION (CONT'D)**Cost of sales**

Our cost of sales decreased by 1.1% from RM1,501.6 million in the FYE 31 December 2013 to RM1,485.3 million in the FYE 31 December 2014. The decrease in cost of sales was mainly due to the decrease in subcontractor costs by 6.2% from RM1,028.4 million in FYE 31 December 2013 to RM964.6 million in the FYE 31 December 2014. The overall decrease in cost of sales is offset by the increase in hire of plant and machinery costs by 59.9% from RM98.1 million in the FYE 31 December 2013 to RM157.0 million in the FYE 31 December 2014. The decrease in subcontractor costs was due to our Group relying on own workers as opposed to hiring subcontractors for the building construction services and civil/infrastructure construction services while the increase in hire of plant and machinery costs was due to acceleration work for civil/infrastructure construction services such as BRT Sunway Line, MRT Package V4 and LRT Package A piling works (Kelana Jaya Line Extension).

The following table sets forth the breakdown of our cost of sales and as a percentage of our total cost of sales for the years indicated.

	<-----FYE 31 December----->			
	2013		2014	
	RM'000	% of cost of sales	RM'000	% of cost of sales
Subcontractor costs	1,028,428	68.5	964,606	64.9
Raw materials costs	316,395	21.1	305,302	20.6
Staff costs	10,881	0.7	8,604	0.6
Hire of plant and machinery costs	98,146	6.5	156,973	10.6
Depreciation of plant and equipment	5,368	0.4	3,225	0.2
Others	42,354	2.8	46,587	3.1
Total cost of sales	1,501,572	100.00	1,485,297	100.00

Gross profit and gross profit margins

Our gross profit for the FYE 31 December 2014 increased by 17.0% to RM395.4 million, compared to RM338.0 million for the FYE 31 December 2013. Our overall gross profit margin has also increased to 21.0% in 2014, compared to 18.4% in 2013 mainly due to higher margin from civil/infrastructure construction services and additional profits recognised as a result of more finalisation of accounts from the manufacturing and sale of precast concrete business in the FYE 31 December 2014. Finalisation of accounts refers to the final claim or certification to be issued by the client on the physical handover of the project.

Other income

Our other income decreased by 7.5% from RM13.9 million in 2013 to RM12.9 million in 2014, mainly due to the lower gain on disposal of plant and equipment of RM2.4 million in 2014 compared to RM7.0 million in 2013. The decrease in other income is offset by the recognition of gain on disposal of property stock of RM1.4 million in 2014 (2013: Nil) and recognition of reversal of impairment losses on property, plant and equipment of RM0.8 million in 2014 (2013: Nil).

11. FINANCIAL INFORMATION (CONT'D)**Total operating expenses**

Our total operating expenses decreased by 6.9% from RM309.5 million in 2013 to RM288.1 million in 2014 mainly due to provision of advances made to ISZL Consortium, an unincorporated consortium for Al-Reem project in Abu Dhabi, UAE of RM24.4 million in 2013 and professional fees and agency fees incurred of RM17.2 million for Rihan Heights project, Abu Dhabi, UAE in 2013.

The decrease in our operating expenses is offset by the increase in staff costs by RM26.7 million as there was an overall salary increase as well as higher bonus provision for 2014.

Finance costs, and finance income and other distribution income

Our finance costs increased by 48.0% from RM2.3 million in 2013 to RM3.3 million in 2014 mainly due to increase in interest expense on bank borrowings which have increased from RM90.5 million in 2013 to RM135.2 million in 2014.

Our finance income and other distribution income decreased by 6.3% from RM4.3 million in 2013 to RM4.1 million in 2014 due to the lower receipt of interest income from deposit with licensed bank and others but offset by increase in interest and distribution income from advances to other related company and placement in cash funds.

Share of results of joint ventures

Our share of results of joint ventures decreased by 33.1% from RM45.4 million in 2013 to RM30.4 million in 2014 as a result of decrease in the contributions from the projects undertaken by Silver Coast – Sunway Innopave Joint Venture for Rihan Heights project, Abu Dhabi, UAE of RM10.9 million and SunCity-SunCon Joint Venture of RM19.5 million.

Taxation

Our income tax expense increased by 11.6% from RM23.7 million in 2013 to RM26.5 million in 2014 in tandem with the increase in PBT from RM89.8 million in 2013 to RM151.3 million in 2014. The effective tax rate has decreased from 26.4% in 2013 to 17.5% in 2014 due to lower expenses not deductible for tax purposes in 2014.

11.2.3 Significant Factors Affecting Our Group's Financial Condition and Results of Operations

Our Groups' financial condition and results of operations have been, and will continue to be affected by, amongst others, the following key factors:

(i) Project risk

Our Group's contracts with clients are subject to the following risk factors:

- (a) Clients may delay or cancel their projects. Delays may arise from changes in client's requirements or delay in approval by the relevant authorities. In the event that the delay is prolonged, clients may resort to cancellation, postponement or scaling down of their projects. Project delays may affect profit margins and may delay the recognition of revenues. Additional costs may also be incurred as a result of these delays.

11. FINANCIAL INFORMATION (CONT'D)

- (b) For each project, the detailed management and execution of the works are headed by a project manager. The project manager is also responsible for day-to-day operations of the project site. While we have a management control system in place involving tabling of periodic reports and our senior management review the periodic reports and conduct their separate assessment on the delays and problems on site, if any, the progress of the works will be seriously affected if the project manager fails to perform his duty expediently as this will result in delays and cost overruns.
- (c) Unfavourable economic conditions and/or financial performance of our clients may cause them to terminate their project(s) with us. Alternatively, due to the clients' financial difficulties or other reasons, they may not pay for work done or pay promptly according to the agreed timeline, resulting in cash flow difficulties for our Group. While we are generally selective in our clients and our clientele includes organisations with strong credit standing like government-linked companies and agencies of the government, our Group's business may be adversely affected by the occurrence of such events.
- (d) There may be disputes with our clients on the scope or quality of work carried out by us which may lead to unbudgeted additional costs at our end. Our key management team, armed with their experience and expertise, work closely with our clients and their consultants to ensure that work requirements and quality expectations are met. Further, our works are also supervised by our clients' project consultants, which typically consists people from various professions such as architects, engineers and quantity surveyors. Notwithstanding the above, there can be no assurance that we will not encounter disputes with our clients.

(ii) Possible delays in completion of construction projects

Construction projects are subject to certain deadlines and budgets. Any extensions of time in the projects will usually result in project cost overruns as well as possibly attract negative reputation and legal uncertainties such as the imposition of the LAD by the client.

Further details are set out in Section 4.1.3 of this Prospectus.

(iii) Availability and fluctuations in prices of raw materials

Due to the nature of our business, we are constantly required to purchase a wide range of raw materials, which include steel bars, ready mixed concrete, diesel, electrical cables and fittings from our suppliers. However, raw materials are price sensitive and there can be no assurance that our Group will be able to obtain sufficient quantities of raw materials for our projects when such materials are scarce in the market. At the same time, there is no assurance that any shortage or increase in the cost of raw materials will not have an adverse effect on our financial performance. Price fluctuations in the raw materials market caused by the price volatility of raw materials, which are beyond our control, could also result in increased costs and result in a material adverse effect on our Group's financial performance.

Further details are set out in Section 4.1.4 of this Prospectus.

11. FINANCIAL INFORMATION (CONT'D)**(iv) Dependence on the services of our subcontractors**

Our Group customarily engages subcontractors to provide various services and certain labour-intensive works in our construction projects.

Notwithstanding our contractual relationship with the subcontractors, any failure of a subcontractor to provide its contracted services may lead to delays or damages and penalties against our Group in favour of the client who awarded the construction project to us.

Further details are set out in Section 4.1.5 of this Prospectus.

(v) Borrowings and financing risks

Our total borrowings as at FYE 31 December 2014 amounted to approximately RM135.2 million, all of which are interest-bearing. As such, any additional borrowings and/or increase in interest rates, which is beyond our control, may result in an increase in interest expense, which may affect our profitability. There can be no assurance that current interest rates will be maintained in the future and/or that any increase in our borrowings will not have any material adverse effect on our financial performance.

Further details are set out in Section 4.1.8 of this Prospectus.

(vi) Competition risks

The construction industry is highly competitive and we face competition from various construction companies, both listed and non-listed companies. Competitive pressures may result in highly competitive pricing in order to secure a contract, which may affect our financial performance.

Further details are set out in Section 4.2.2 of this Prospectus.

(vii) Uncertainty in securing new contracts and maintaining order book

The financial results of our Group depend on our ability to secure contracts on a timely basis. Our business development team is always on the lookout for new business opportunities to sustain our Group's business continuity and growth. Our technical team and labour workforce will concurrently seek to provide and maintain a consistent quality and timeliness of service delivery to our clients to encourage recurring business with existing clients and business with new clients. However, there can be no assurance that we will not face a situation of uncertainty in securing new contracts in the future.

Further details are set out in Section 4.2.6 of this Prospectus.

(viii) Political, economic and regulatory risk

Our financial and business prospects, and the prospects of the industry in which we operate, will depend to some degree on the developments on the political, economic and regulatory front in the countries in which we operate. Amongst the political, economic and regulatory factors are changes in inflation rates, interest rates and foreign exchange rates, war, terrorism activities, riots, expropriations, changes in political leadership and unfavourable changes in government policies and regulations.

Further details are set out in Section 4.2.7 of this Prospectus.

11. FINANCIAL INFORMATION (CONT'D)**(ix) Exceptional / extraordinary items**

We accounted for exceptional / extraordinary items during the financial years under review to derive our core PAT as follows:

	<-----FYE 31 December----->		
	2012 RM'000	2013 RM'000	2014 RM'000
PAT	63,534	66,080	124,769
Share of profit from SunCity-SunCon Joint Venture ⁽¹⁾	1,469	(9,213)	(19,457)
Exceptional / Extraordinary items	⁽²⁾ 12,406	⁽³⁾ 36,762	⁽⁴⁾ 8,837
Core PAT	77,409	93,629	114,149

Notes:

- (1) SunCity-SunCon Joint Venture, an unincorporated joint venture between SunCon and SunCity, is currently a property development company with its sole property development project being Sunway Alam Suria in Shah Alam, Malaysia. The construction of the last phase of the said project was completed in 2014 and upon the sale of the unsold units of the said joint venture, the SunCity-SunCon Joint Venture shall be dormant and will no longer contribute to SCG's profits.
- (2) In the FYE 31 December 2012, we incurred additional land compensation expenses due to the land acquisition required for the construction of SILK Highway amounting to RM10.6 million as awarded by the Land Administrator under the Land Acquisition Act 1960 in 2012, we made a provision for tax recoverable of RM7.0 million in India as a prudent basis as we have been pursuing the recoverability of various tax refunds in the past, and unrealised foreign exchange gains of RM5.2 million.
- (3) In the FYE 31 December 2013, our Group made provisions for advances totaling RM24.4 million made to our unincorporated consortium, ISZL Consortium, due to doubts on recoverability, an inter-company write-off of advances of RM4.7 million pursuant to the internal reorganisation within the SunCon Group, expenses incurred from ESOS of RM7.7 million and unrealised foreign exchange gains of RM0.1 million.
- (4) In the FYE 31 December 2014, we incurred additional land compensation expenses due to the land acquisition required for the construction of SILK Highway amounting to RM3.5 million as awarded by the Land Administrator under the Land Acquisition Act 1960, incurred expenses from ESOS of RM5.7 million and unrealised foreign exchange gain of RM0.6 million.

11.2.4 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Operating Profits

In the FYE 31 December 2012, 31 December 2013 and 31 December 2014, we recorded revenue/ receipts from our projects in Malaysia, Singapore, UAE, Trinidad and Tobago, and India. Our foreign exchange rates losses for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 were RM8.2 million, RM3.9 million and RM4.2 million respectively.

Our Group was also not materially affected by the movements in interest rates in Malaysia during the past three FYE 31 December 2012 to 2014. However, a major increase in interest rates would raise the cost of borrowings and our finance costs for our construction projects, which may have an adverse effect on the performance of our Group.

11. FINANCIAL INFORMATION (CONT'D)

Our Group's raw materials mainly consist of steel bars, ready-mixed concrete, diesel, electrical cables and fittings. These raw materials are generally widely available in Malaysia and from a large base of suppliers. As such, our financial performance for the past three FYE 31 December 2012 to 2014 had not been materially affected by any fluctuation in commodity prices save as disclosed in Section 4 of this Prospectus.

11.2.5 Impact of Inflation on Our Group's Operations

There was no material impact of inflation on our historical profits for the past three financial years up to the FYE 31 December 2014.

11.2.6 Impact of Government/ Economic/ Fiscal or Monetary Policies on Our Group's Operations

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, are set out in Section 4 of this Prospectus.

There was no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three financial years up to the FYE 31 December 2014.

11.2.7 Liquidity and Capital Resources**(i) Working capital**

Our working capital calculated as current assets less current liabilities amounts to RM403.9 million, RM392.3 million and RM118.6 million as at 31 December 2012, 31 December 2013 and 31 December 2014, respectively. Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external sources of funds mainly comprise credit and loan facilities from financial institutions and advances from Sunway Treasury. The principal uses of these funds are for working capital requirements such as payment of trade payables, financing of trade receivables balances and operating expenses.

As at 31 December 2014, we have cash and bank and short term fund balances of RM291.6 million and bank borrowings of RM135.2 million. Further, as at 31 December 2014, the credit and loan facilities comprising amongst others, bank overdrafts, term loans, bills discounting and hire purchase available to our Group amounted to RM270.9 million, out of which RM135.7 million are unutilised. Based on the total borrowings, and cash and bank and short term funds balances as at 31 December 2014, our total net cash position is RM156.4 million.

Our Directors are of the opinion that, after taking into consideration the cash and cash equivalents, the expected funds to be generated from operating activities and amounts available under our existing credit facilities, our Group will have adequate working capital for our existing business for a period of 12 months from the date of this Prospectus.

11. FINANCIAL INFORMATION (CONT'D)**(ii) Cash flows**

The table below sets forth a summary of our cash flows for the years indicated.

	<-----Audited----->		
	<-----FYE 31 December----->		
	2012	2013	2014
	RM'000 (Restated)	RM'000 (Restated)	RM'000
Cash flows			
Net cash generated from operating activities	51,041	83,138	183,929
Net cash (used in)/ generated from investing activities	(33,602)	(69,145)	349,213
Net cash generated from/ (used in) financing activities	3,087	9,704	(382,102)
Net increase in cash and cash equivalents	20,526	23,697	151,040
Effects of foreign exchange rate changes	15,468	8,214	640
Cash and cash equivalents at beginning of financial year	58,027	94,021	125,932
Cash and cash equivalents at end of financial year	94,021	125,932	277,612

Most of our cash and cash equivalents are denominated in RM. Our Board is of the opinion that as at the LPD, there are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to availability of distributable reserves, and/or restrictive covenants imposed by the financiers in respect of the loans or advances granted to our Group. Further, other than customary bank restrictive covenants and any cross border transfer of funds restrictions applicable at any point of transfer, there are no restrictions on the abilities of our subsidiaries to transfer funds to our Company in the form of loans and advances.

11. FINANCIAL INFORMATION (CONT'D)**Net cash generated from operating activities**

We had positive cash flows from operating activities for the FYE 31 December 2012, FYE 31 December 2013, and FYE December 2014.

Net cash generated from operating activities in 2012 was RM51.0 million.

For the FYE 31 December 2012, the operating cash flows before working capital changes were RM84.9 million. The decrease in working capital was mainly due to decrease in trade receivables of RM134.8 million, other receivables of RM4.4 million and amounts due to other related companies of RM28.9 million. The decrease in working capital was offset by increase in trade payables of RM98.7 million due to a general delay in payment to subcontractors and suppliers of raw materials caused by a general delay in collection from SunCon and Sunway Geotechnics' customers. In addition, the decrease in working capital was offset by other payables of RM33.3 million due to an increase in Sunway Concrete Products' accruals from its projects in Singapore.

Net cash generated from operating activities in 2013 was RM83.1 million.

For the FYE 31 December 2013, the operating cash flows before working capital changes were RM122.2 million. The decrease in working capital was mainly due to decrease in trade payables of RM44.2 million and other payables of RM74.7 million. The decrease in working capital was offset by increase in trade receivables of RM41.5 million and amount due from a joint venture of RM28.1 million. We also received dividend from our joint ventures of RM47.2 million due to repayment from our SunCity-SunCon Joint Venture for our share of land contribution.

Net cash generated from operating activities in 2014 was RM183.9 million.

For the FYE 31 December 2014, the operating cash flows before working capital changes were RM169.4 million. The increase in working capital was mainly due to increase in trade payables of RM56.7 million and amount due from other related companies of RM43.2 million. The increase in working capital has been offset by decrease in trade receivables of RM100.8 million. We have also received dividend of RM28.2 million from joint ventures namely SunCity-SunCon Joint Venture of RM16.9 million, Silver Coast – Sunway Innopave Joint Venture of RM10.2 million and Central Glass Joint Venture of RM1.1 million.

Our Group actively manages our operating cash flows and the availability of funding to ensure that all repayment and funding needs are met. Other than the funds generated from our operations, funds used in our Group's operating activities during the financial year was also sourced from the amount of cash and cash equivalents at the beginning of the financial year.

Net cash (used in)/generated from investing activities

For the FYE 31 December 2012, the net cash used in investing activities of RM33.6 million was mainly due to placement in cash funds of RM46.7 million and acquisition of property, plant and equipment of RM56.8 million which is offset by advances from other related company being Sunway Treasury of RM51.8 million, proceeds from disposal of property, plant and equipment of RM14.3 million, redemption of preference shares in a related company of RM12.8 million and withdrawal of deposits with licensed banks of RM20.3 million.

11. FINANCIAL INFORMATION (CONT'D)

For the FYE 31 December 2013, the net cash used in investing activities of RM69.1 million was mainly due to acquisition of property, plant and equipment of RM49.4 million, the acquisition of equity interest from non-controlling interests in Sunway Engineering of RM36.0 million and advances to other related companies of RM12.0 million but was offset by withdrawal from placement of RM23.7 million.

For the FYE 31 December 2014, the net cash generated from investing activities of RM349.2 million was mainly due to redemption of preference shares in related company being Sunway Paving Solutions Sdn Bhd of RM25.3 million, increase in equity contribution by parent being SunHoldings of RM21.8 million and advances from other related companies of RM320.7 million comprising namely advances from Sunway Development Sdn Bhd of RM189.5 million, Sunway Treasury of RM62.7 million, Sunway Land Sdn Bhd of RM50.4 million and Hoi Hup Sunway Development Pte Ltd of RM35.4 million and offset by advances to SunCity-SunCon Joint Venture of RM17.3 million as well as the acquisition of property, plant and equipment of RM45.7 million.

Net cash generated from/ (used in) financing activities

For the FYE 31 December 2012, the net cash generated from financing activities of RM3.1 million was mainly due to the net drawdown of borrowings of RM18.1 million offset by payment of dividends of RM15.1 million.

For the FYE 31 December 2013, the net cash generated from financing activities of RM9.7 million was mainly due to the net drawdown of borrowings of RM29.2 million offset by payment of dividends of RM19.5 million.

For the FYE 31 December 2014, the net cash used in financing activities of RM382.1 million was mainly due to the payment of dividends of RM428.6 million and offset by net drawdown of borrowings of RM46.5 million.

(iii) Loans and borrowings

The table below sets forth our total outstanding loans and borrowings as at 31 December 2014.

Loans and borrowings	As at 31 December 2014
	RM'000
Short-term borrowings	
Secured:	
Hire purchase obligations	412
Term loans	208
Unsecured:	
Bankers' acceptances	505
Bills discounting	83,839
Revolving credits	50,168
Long-term borrowings	
Secured:	
Hire purchase obligations	69
Total loans and borrowings	135,201

11. FINANCIAL INFORMATION (CONT'D)

	As at 31 December 2014
Loans and borrowings	RM'000
Gross gearing ratio as at 31 December 2014 (times) ⁽¹⁾	0.41
Net gearing ratio as at 31 December 2014 (times) ⁽²⁾	⁽⁵⁾ Net cash
Gross gearing ratio after the Transfer of SunCon and Offering (times) ⁽³⁾	0.44
Net gearing ratio after the Transfer of SunCon and Offering (times) ⁽⁴⁾	⁽⁵⁾ Net cash

Notes:

- (1) Calculated based on loans and borrowings of approximately RM135.2 million and total equity as at 31 December 2014 of approximately RM328.3 million.
- (2) Calculated based on loans and borrowings of approximately RM135.2 million, cash and bank and short term funds balances of approximately RM291.6 million and total equity as at 31 December 2014 of approximately RM328.3 million.
- (3) Calculated based on pro forma consolidated statements of financial position of our Company as at 31 December 2014:
- loans and borrowings of approximately RM135.2 million and total equity of approximately RM309.0 million (after the Transfer of SunCon and Offering).
- (4) Calculated based on pro forma consolidated statements of financial position of our Company as at 31 December 2014:
- loans and borrowings of approximately RM135.2 million, cash and bank and short term funds balances of approximately RM220.4 million, and total equity of approximately RM309.0 million (after the Transfer of SunCon and Offering).
- (5) Cash and bank and short term funds balances being greater than total indebtedness.

The table below sets forth our outstanding loans and borrowings by the currency in which they are denominated as of the date indicated.

Currency	As at 31 December 2014	As at 31 December 2014
	SGD'000	RM'000
The currency exposure profile of loans and borrowings is as follows:		
RM		134,215
SGD*	373	986
Total loans and borrowings		135,201

Note:

- * Translated based on the exchange rate of SGD1.00 to RM2.6445, which is the exchange rate used for purposes of our audited combined financial statements as at 31 December 2014.

11. FINANCIAL INFORMATION (CONT'D)

The table below sets forth the maturity profile of our loans and borrowings as of the dates indicated.

	<-----As at 31 December----->		
	2012 RM'000	2013 RM'000	2014 RM'000
On demand and not later than 1 year	45,155	75,057	135,132
1 – 2 years	7,225	5,129	69
2 – 3 years	3,860	2,726	-
3 – 4 years	1,396	2,658	-
4 – 5 years	1,156	2,422	-
More than 5 years	4,369	2,475	-
Total loans and borrowings	63,161	90,467	135,201

The table below sets forth the outstanding principal amounts of our loans and borrowings, by fixed and floating interest rate terms, as at 31 December 2014.

	As at 31 December 2014
	RM'000
Fixed rate	134,488
Floating rate	713
Total loans and borrowings	135,201

The weighted average interest rates per annum of deposits as at 31 December 2012, 31 December 2013 and 31 December 2014 are as follows:

	As at 31 December 2012 %	As at 31 December 2013 %	As at 31 December 2014 %
Deposits with licensed banks	4.04	3.56	1.39
Deposits with other licensed financial institutions	2.98	-	5.28
Placements in cash funds	3.17	3.29	4.75

Our Group has not defaulted on payments of either interest and/ or principal sums in respect of any borrowings throughout the past three financial years and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

11. FINANCIAL INFORMATION (CONT'D)**(iv) Type of financial instruments used**

Our key operations are in Malaysia but we also have presence in Singapore. As at the LPD, our Group maintains a natural hedge for our operations in Singapore, as the revenue for our projects are generally denominated in the same currency as the associated costs and expenses. We do not have a formal hedging policy in respect of our foreign exchange exposure and we do not enter into foreign exchange transactions for hedging and/or speculative purposes. Should the need arises, we may hedge our material foreign exchange transactions in the future after considering the foreign exchange exposure, the exposure period and the hedging costs.

Save as disclosed above, our Group did not hold other financial instruments for hedging purposes.

(v) Material capital commitments

As at 31 December 2014, the material capital commitments are as follows:

	As at 31 December 2014
Material commitments	
Approved and contracted for ⁽¹⁾	RM'000 266
Approved but not contracted for ⁽²⁾	33,682
Total material capital commitments⁽³⁾	33,948

Notes:

(1) *Comprises a lorry truck*

(2) *Comprises mainly tools for boring machines, formworks, mobile and tower cranes and our future Sunway Iskandar precast plant.*

(3) *The material capital commitment is anticipated to be financed using internally generated funds and funding from Sunway Treasury, if required.*

As at 31 December 2014, save as disclosed above, our Board is not aware of any other material capital commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results or position.

(vi) Material litigation, claims and arbitration

Save as disclosed in Section 15.5 of this Prospectus, as at LPD, neither our Company nor our Group is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our Group and our Board has no knowledge of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Company or our Group.

11. FINANCIAL INFORMATION (CONT'D)**(vii) Contingent liabilities**

Save as disclosed below, as at 31 December 2014, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business:

	As at 31 December 2014
	RM'000
Guarantees given to third parties in relation to contracts and trade performance	307,560

(viii) Treasury policies and objectives

We have been financing our operations through a combination of internal and external sources of funds. Internal sources of funds comprises mainly cash generated from operations while external sources of funds comprise mainly bank borrowings, credit from suppliers and loans and advances from Sunway Treasury.

We have short-term and long-term borrowings facilities available to our Group. Our short-term bank borrowings comprise mainly bankers' acceptances, revolving credits and bills discounting, which are used to finance working capital, payment of suppliers and subcontractors and purchases of raw materials. The interest rates for our short-term bank borrowings are based on the market rates prevailing at the dates of the respective transactions.

Our long-term bank borrowings relate to hire purchase obligations obtained to finance our capital expenditure and construction activities.

(ix) Key financial ratios

The following table sets forth certain of our key financial ratios as of the dates indicated.

	<-----FYE 31 December----->		
	2012	2013	2014
Trade receivables turnover period (days) ⁽¹⁾	98	92	92
Trade payables turnover period (days) ⁽²⁾	115	90	92
Inventory turnover period (days) ⁽³⁾	42	50	48
Current ratio ⁽⁴⁾ (times)	1.48	1.48	1.13
Gross gearing ratio ⁽⁵⁾ (times)*	0.11	0.15	0.41

11. FINANCIAL INFORMATION (CONT'D)**Notes:**

- (1)
$$\frac{(\text{Trade receivables (excluding retention sum) at beginning} + \text{trade receivables (excluding retention sum at end)}) / 2}{\text{Revenue}} \times 365 \text{ days}$$
- (2)
$$\frac{(\text{Trade payables (excluding retention sum) at beginning} + \text{trade payables (excluding retention sum at end)}) / 2}{\text{Cost of sales}} \times 365 \text{ days}$$
- (3)
$$\frac{\text{Trading inventories and spare parts}}{\text{Cost of goods sold}} \times 365 \text{ days}$$
- (4)
$$\frac{\text{Total current assets}}{\text{Total current liabilities}}$$
- (5)
$$\frac{\text{Total borrowings}}{\text{Total equity}}$$

* For the financial years under review, our Group has positive cash position.

Trade receivables turnover period

Our Group's normal credit period given to our trade debtors ranges from 30 to 60 days while the credit period may be extended in certain cases after taking into consideration, *inter-alia*, the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer. Our trade receivables turnover period improved from 98 days in the FYE 31 December 2012 to 92 days in the FYE 31 December 2014, which is still higher than the normal credit period from 30 to 60 days. The projects undertaken between 2012 and 2014 were sizeable and more complex in nature, as such the verification process was longer due to more rigid compliance procedures to adhere to, which resulted in additional parties involved in verifying our claims such as project management consultants.

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11. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade receivables, retention sums, related companies (trade), related parties (trade) as at 31 December 2014 and the subsequent collections and balance of trade receivables as at 31 March 2015 are set out below:

	Neither past due nor impaired	0 – 30 days	31 – 60 days	61 – 90 days	< 120 days	< 150 days	> 150 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2014:								
Trade receivables	453,701	28,390	18,346	46,842	55,850	21,051	22,822	647,002
% of total trade receivables	70.1	4.4	2.8	7.3	8.6	3.3	3.5	100.0
Impairment							(22,822)	(22,822)
As at 31 March 2015:								
Subsequent collections								338,047
% of total trade receivables								52.2
Net trade receivables*								308,955
% of total trade receivables								47.8
Retention sum								146,227
% of total trade receivables								22.6
Net trade receivables less retention sum								162,728
% of total trade receivables								25.2

Note:

* Being trade receivables less subsequent collections

11. FINANCIAL INFORMATION (CONT'D)

As at 31 December 2014, 70.1% of our trade receivables were within the normal credit period of 30 to 60 days. Based on the above, approximately RM338.0 million was collected subsequent to 31 December 2014 and RM22.8 million is impaired, while the remaining balance was still outstanding due to slower collection from certain customers. The impairment of RM22.8 million relates to debts that have been outstanding for a very long period of time, being disputed by the clients and clients that had been liquidated. Nevertheless, we continue to pursue certain long outstanding debts through legal means.

The increase and decrease in receivable turnover days is dependent on the following three key factors:

- (a) The time taken by our customers to verify our claims made to them which were incurred from completion of works done. The trade receivable turnover days will increase if longer time is taken by our customers to verify our claims made to them and decrease if shorter time is taken by our customers to verify our claims made to them.
- (b) The outcome of negotiations with our customers on our variation order rates. Our customers would only normally grant us payment of up to 75% of our variation orders and the remaining will be paid upon final accounts.
- (c) There may be disputes on deductions imposed on our projects which are mostly only resolved upon finalisation of accounts for the projects. These disputes on deductions include liquidated ascertained damages and purchases relating to the projects made on behalf of our customers. Our trade receivable turnover days is higher if there are more disputes on deductions imposed by our customers and our trade receivable turnover days is shorter if there are less disputes on deductions imposed by our customers.

Trade payables turnover period

The normal credit terms granted to us by our trade creditors ranges from 14 to 60 days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period. We have not experienced any disruptions in supplies from our raw material suppliers and subcontractors notwithstanding the longer payment period extended to us as our suppliers and subcontractors generally understand the nature of our business and reliability of our constant payments to them. Our trade payables turnover period improved from 115 days in the FYE 31 December 2012 to 92 days in the FYE 31 December 2014 which is longer than normal credit terms granted by our trade creditors that range from 14 up to 60 days, largely due to longer verification process required for the projects undertaken between 2012 and 2014 given that they are larger in size and more complex in nature. As such, we have to ensure the sub-contractors adhere to more rigid compliance procedures before payment is released to them.

11. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade payables as at 31 December 2014 are set out below:

	Not due	0 – 30 days	31 – 60 days	61 – 90 days	< 120 days	> 120 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 31 December 2014							
Trade payables – Regular	-	375,132	15,609	11,924	4,962	12,052	419,679
% of total trade payables	-	71.0	2.9	2.3	0.9	2.3	79.4
Trade payables - Retention sum	78,912	-	-	47	1,010	28,671	108,640
% of total payables	15.0	-	-	0.0	0.2	5.4	20.6
Total trade payables	78,912	375,132	15,609	11,971	5,972	40,723	528,319

As at 31 December 2014, 88.9% of our trade payables were within the credit period of 14 to 60 days. Trade payables exceeding 60 days amounting to RM58.7 million as at 31 December 2014 primarily includes amount owing to our subcontractors.

The increase and decrease in payable turnover days is dependent on the following two key factors:

- (a) Payment held back from paying our subcontractors given the time required to verify the claims made by them. Our trade payables turnover period will increase if longer time is required to verify such claims and trade payables turnover period will decrease if shorter time is required to verify such claims made by our subcontractors.
- (b) We will require much more verification work to determine the final quantity on our subcontractor's final claims after going through any final negotiations with our subcontractors of sums payable to them taking into account any deductions in disputes. Our trade payables turnover period will increase if longer time is required to determine the final quantity on the sums payable to our subcontractors and trade payables turnover period will decrease if shorter time is required to determine the final quantity on the sums payable to our subcontractors.

11. FINANCIAL INFORMATION (CONT'D)**Inventory turnover period**

Our inventory turnover period is calculated based on the trading inventories and spare parts mainly contributed by our subsidiaries, Sunway Concrete Products and Sunway Precast Industries, in our manufacturing and sale of precast concrete products business.

For the FYE 31 December 2012 to FYE 31 December 2014, our inventory turnover period is within the range of 42 to 48 days, which is at a healthy and acceptable level.

Current ratio

For the FYE 31 December 2013, our current ratio was maintained at 1.48 times compared to 1.48 times in the FYE 31 December 2012. The improvement in total payables from RM796.0 million in the FYE 31 December 2012 to RM730.7 million in the FYE 31 December 2013 was offset by an increase in short term borrowings from RM45.2 million as at 31 December 2012 to RM75.1 million as at 31 December 2013 and a decrease in receivables from RM1,069.9 million as at 31 December 2012 to RM1,020.5 million as at 31 December 2013.

For the FYE 31 December 2014, our current ratio decreased from 1.48 times in the FYE 31 December 2013 to 1.13 times, mainly due to a decrease in receivables from RM1,020.5 million as at 31 December 2013 to RM737.9 million as at 31 December 2014 and offset by an increase in total payables from RM730.7 million as at 31 December 2013 to RM791.3 million as at 31 December 2014 as well as an increase in short term borrowings from RM75.1 million as at 31 December 2013 to RM135.1 million as at 31 December 2014.

Gearing ratio

Our gearing ratios have been on an increasing trend for the past three financial years up to the FYE 31 December 2014.

For the FYE 31 December 2013, our gearing ratio increased from 0.11 times in the FYE 31 December 2012 to 0.15 times, mainly due to an increase in drawdown from revolving credit from RM10.0 million in 2012 to RM50.0 million in 2013 for working capital purposes.

For the FYE 31 December 2014, our gearing ratio increased from 0.15 times in the FYE 31 December 2013 to 0.41 times, mainly due to a decrease in our total equity from RM609.7 million as at 31 December 2013 to RM328.3 million as at 31 December 2014 and increase in short term borrowings from RM75.1 million as at 31 December 2013 to RM135.1 million as at 31 December 2014.

For all the financial years under review, our Group was in net cash position.

11. FINANCIAL INFORMATION (CONT'D)**11.2.8 State of Our Order Book**

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three years, we have been able to secure notable projects such as government-initiated infrastructure projects and projects from property developers, government-linked companies and other large corporations.

Our sales cycle generally ranges from typically three years for buildings and civil/infrastructure construction services businesses, and six months to two years for foundation and geotechnical engineering services, and manufacturing and sale of precast concrete products depending on the size and complexity of the projects.

As the revenue from our construction projects are recognised based on the percentage-of-completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

As at 31 March 2015, the state of our order book is set out below:

	RM'million
By Existing or New Contracts:	
Contracts/ orders brought forward from 2014	3,059
Less: Order book recognised as turnover from 1 January 2015 up to 31 March 2015	(502)
Add: New contracts/ orders secured from 1 January 2015 up to 31 March 2015	203
	2,760

The order book is expected to be completed in following financial years:

	RM'million
Expected completion (in the FYE)	
FYE 31 December 2015	1,771
FYE 31 December 2016	931
FYE 31 December 2017	58
Total	2,760

11. FINANCIAL INFORMATION (CONT'D)

The state of our order book by projects is as follows:

	RM'million
Government-initiated infrastructure projects and projects from government linked companies	1,324
Projects from Sunway Group ⁽¹⁾	1,032
Projects from other private corporations ⁽²⁾	404
Total	2,760

Notes:

- (1) *Projects awarded by Sunway comprise property development and property investment projects as set out below:*

	RM'000
Property development projects	525
Property investment projects	507
	<u>1,032</u>

Property development projects relate to building of residential and commercial properties for sale to public while property investment projects relate to building of investment properties such as shopping malls, hotels, university buildings and hospitals which are built for own use or for long term leasing purposes by the businesses of Sunway Group.

- (2) *Projects awarded by other private corporations comprise mainly clients of our precast concrete products business in Singapore which are the main contractors.*

There may be variations from the amount awarded as compared to the final works to be performed resulting from further discussions with customers, which may take place after our tender has been shortlisted and/or awarded.

11.2.9 Trend Analysis

As at LPD, to the best of our Director's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in Sections 4 and 6 of this Prospectus;
- (ii) material commitment for capital expenditure and contingent liabilities as disclosed in Sections 11.2.7(v) and 11.2.7(vii) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations of our Group, save as disclosed in this section and in Section 4 of this Prospectus;

11. FINANCIAL INFORMATION (CONT'D)

- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and/ or profits save for those that have been disclosed in this section, future plans and business strategies as set out in Section 6.5 of this Prospectus and industry overview as set out in Section 7 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

11.2.10 Dividend Policy

It is our Board's policy to recommend and distribute minimum dividends of 35% of our annual core profit attributable to shareholders of our Company. This will allow our shareholders to participate in our Group's profits. Any final dividends declared are subjected to the approval of our shareholders at our annual general meeting.

Our ability to pay dividends or make other distributions to our shareholders is subject to various factors including, but not limited to, the level of our cash, gearing, return on equity and retained earnings, our expected financial performance, our working capital requirements and our existing and future debt obligations.

You should note that this dividend policy merely describes our Group's present intention and shall not constitute legally binding statements in respect of our Group's future dividends that are subject to modification and our Board's discretion.

No inference should be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in the future.

11. FINANCIAL INFORMATION (CONT'D)**11.2.11 Capitalisation and Indebtedness**

The following information should be read in conjunction with the Reporting Accountants' Report together with the notes and assumptions accompanying the Pro forma Consolidated Statements of Financial Position as at 31 December 2014 as set out in Section 13 of this Prospectus.

The table below sets out our cash and bank and short term funds balances as well as capitalisation and indebtedness based on our audited financial statements as at 31 December 2014 to show the effects of the Transfer of SunCon and Offering.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 December 2014 and is provided for information purposes only.

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and the Offering RM'000
Cash and bank and short term funds balances	(1)_	221,617	(2)220,417
Indebtedness			
Short-term indebtedness:			
Secured:			
Hire purchase obligations	-	412	412
Term loans	-	208	208
Bankers' acceptances	-	505	505
Revolving credits	-	50,168	50,168
Bills discounting	-	83,839	83,839
	-	135,132	135,132
Long-term indebtedness:			
Secured:			
Hire purchase obligations	-	69	69
Total indebtedness	-	135,201	135,201
Capitalisation			
Shareholders' equity	(76)	315,433	314,233
Non-controlling interests	-	(5,222)	(5,222)
Total capitalisation	(76)	310,211	309,011
Total capitalisation and indebtedness	(76)	445,412	444,212
Gearing ratio (times)	-	0.44	0.44
Net gearing ratio (times)	(3)Net cash	(3)Net cash	(3)Net cash

Notes:

(1) RM2.00.

(2) After deducting the estimated listing expenses of approximately RM1.2 million for the Listing.

(3) Cash and bank and short term funds balances being greater than total indebtedness.

12. ACCOUNTANTS' REPORT



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ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus of Sunway Construction Group Berhad ("Prospectus"))

9 June 2015

The Board of Directors
Sunway Construction Group Berhad
Level 16 Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya
Malaysia

Dear Sirs:

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") ACCOUNTANTS' REPORT

1.0 Introduction

This report has been prepared by Messrs. Ernst & Young, an approved company auditor, for inclusion in the Prospectus of SCG in connection with the offering of ordinary shares of SCG ("Offering and Listing") and the listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities Berhad (hereinafter referred to as the "Prospectus").

This report is issued for the sole purpose of complying with the Prospectus Guidelines – Equity issued by the Securities Commission in connection with the Offering and Listing and should not be relied upon for any other purposes. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Offering and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the Offering and Listing.

12. ACCOUNTANTS' REPORT (CONT'D)**2.0 Abbreviation**

Unless the context otherwise requires, the following definition shall apply throughout this report:

Sunway	Sunway Berhad
SCG	Sunway Construction Group Berhad
SCG Group	Collectively, SCG and its subsidiaries, unincorporated joint ventures and an associate, which is an unincorporated consortium
SunHoldings	Sunway Holdings Sdn Bhd
SunCon	Sunway Construction Sdn Bhd
EY	Ernst & Young

3.0 General information**3.1 Background**

The Company was incorporated on 10 September 2014 as a public limited liability company in Malaysia.

The principal activity of the Company is investment holding whilst the subsidiaries, unincorporated joint ventures and associate are principally involved in construction of buildings and civil/infrastructure works and the manufacturing and sale of precast concrete products in Malaysia and Singapore. The principal activities of the subsidiaries, unincorporated joint ventures and associate are disclosed in Note 23, Note 24 and Note 26.

3.2 Details of the relevant proposals and transactions**(a) Internal re-organisation**

- (i) Transfer of Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd

SunHoldings acquired the entire equity interests in Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd from SunCon.

- (ii) Transfer of Hoi Hup Sunway Developments Pte Ltd

SunHoldings acquired 30% of the share capital of Hoi Hup Developments Pte Ltd from Sunway Concrete Products (S) Pte Ltd, an indirect wholly-owned subsidiary of SunCon.

12. ACCOUNTANTS' REPORT (CONT'D)**(iii) Share subscription in Sunway Developments Pte Ltd**

SunHoldings has undertaken a share subscription of new shares in Sunway Developments Pte Ltd ("Sunway Developments"), a wholly-owned subsidiary of Sunway Concrete Products (S) Pte Ltd, which in turn is an indirect wholly-owned subsidiary of SunCon, whereby SunHoldings will subscribe for new ordinary shares in Sunway Developments and Sunway Developments will thereafter undertake a selective share buy-back of the existing ordinary shares held by Sunway Concrete Products (S) Pte Ltd in Sunway Developments, thereby resulting in SunHoldings being the sole shareholder of Sunway Developments.

(iv) Transfer of SunCon

Upon the completion of the Transfer of Identified Companies, Transfer of Hoi Hup Sunway Developments Pte Ltd and Share subscription in Sunway Developments, SunHoldings disposed of its entire equity interests in SunCon to SCG for an aggregate sale and purchase consideration of RM258,580,000 which was satisfied entirely via the issuance of 1,292,900,000 new ordinary shares of SCG of RM0.20 each.

Upon the completion of the Transfer of SunCon, the authorised share capital of SCG increased from RM400,000 to RM2,000,000,000 via the creation of 9,998,000,000 new ordinary shares of RM0.20 each. The issued and paid-up share capital of SCG increased from RM2.00 comprising 10 ordinary shares of SCG of RM0.20 each to RM258,580,002 comprising 1,292,900,010 ordinary shares of SCG.

(b) Offering and Listing

SCG's Offering and Listing involves the listing of and quotation for the entire issued and paid-up share capital of SCG comprising 1,292,900,010 ordinary shares of RM0.20 each.

The listing entails the following:

(i) Distribution

SunHoldings will undertake a distribution of at least 175,009,901 ordinary shares of SCG, representing at least approximately 13.5% of the issued and paid-up share capital of SCG following the completion of the Transfer of SunCon to Sunway by way of a dividend-in-specie. Thereafter, Sunway undertook a distribution of at least 175,009,901 ordinary shares of SCG representing at least approximately 13.5% of the issued and paid-up share capital of SCG to all the entitled shareholders on the entitlement date by way of a dividend-in-specie, on the basis of 1 ordinary share of SCG for every 10 ordinary shares of Sunway held as at the entitlement date.

12. ACCOUNTANTS' REPORT (CONT'D)**(ii) Offer for sale**

SunHoldings, in addition to the Distribution, shall undertake the offer for sale of up to 398,705,400 ordinary shares of SCG representing up to approximately 30.8% of the issued and paid-up share capital of SCG, subject to the over-allotment option and clawback and reallocation provisions, in the following manner:

- (a) Institutional offering of up to 327,595,900 ordinary shares of SCG, representing up to approximately 25.3% of the issued and paid-up share capital of SCG in the following manner:
 - (i) up to 135,754,600 ordinary shares of SCG representing up to approximately 10.5% of the issued and paid-up share capital of SCG to Bumiputera investors approved by the Ministry of International Trade and Industry; and
 - (ii) up to 191,841,300 ordinary shares of SCG representing up to approximately 14.8% of the issued and paid-up share capital of SCG to the following persons:
 - (aa) Malaysian institutional and selected investors (other than Bumiputera investors approved by Ministry of International Trade and Industry pursuant to paragraph (i) above); and
 - (bb) foreign institutional and selected investors outside the United States in reliance on Regulation S,
- (b) Retail offering of 71,109,500 ordinary shares of SCG, representing approximately 5.5% of the issued and paid-up share capital of SCG in the following manner:
 - (i) 19,393,500 ordinary shares of SCG, representing approximately 1.5% of the issued and paid-up share capital of SCG, reserved for application by the eligible directors and employees of Sunway and SCG Group, being the persons who have contributed to the success of SCG Group; and
 - (ii) 51,716,000 ordinary shares of SCG representing approximately 4.0% of the issued and paid-up share capital of SCG, reserved for application by the Malaysian public, of which 25,858,000 ordinary shares of SCG are set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

12. ACCOUNTANTS' REPORT (CONT'D)**3.3 Share capital****(a) Authorised share capital**

Number of ordinary shares of RM0.20 each

As at date of incorporation	Increased	As at 31 December 2014	Cumulative authorised share capital
			RM
2,000,000	9,998,000,000	10,000,000,000	2,000,000,000

(b) Issued and paid-up share capital

Number of ordinary shares of RM0.20 each

As at date of incorporation	Alloted	As at 31 December 2014	Cumulative issued and paid-up share capital
			RM
10	-	10	2

3.4 Subsidiaries, unincorporated joint ventures and associate

The subsidiaries, unincorporated joint ventures and associate are as follows:

<u>Entities</u>	<u>Effective equity /participating interest of SCG (%)</u>	<u>Principal activities</u>
Sunway Construction Sdn Bhd	100	Turnkey, construction related design and build, civil engineering and building works
<u>Subsidiaries of Sunway Construction Sdn Bhd</u>		
Sunway Innopave Sdn Bhd	100	Construction of civil and building works and provision of project management
Sunway M & E Sdn Bhd	100	Dormant (ceased operation)
Sunway Machinery Sdn Bhd	100	Renting of machinery and site equipment and undertaking sub-contract work

12. ACCOUNTANTS' REPORT (CONT'D)

<u>Entities</u>	<u>Effective equity/ participating interest of SCG (%)</u>	<u>Principal activities</u>
Sunway Engineering Sdn Bhd	100	Provision of mechanical and engineering works
Sunway Geotechnics (M) Sdn Bhd	100	Provision of geotechnical services and related products and hire of heavy machineries
Sunway Builders Sdn Bhd	100	Construction of building and civil works
Sunspan Sdn Bhd	100	Dormant (ceased operation)
Sunway Industrial Products Sdn Bhd	100	Investment holding
Sunway Machineries Services Sdn Bhd	100	Investment holding
Sunway Construction India Pte Ltd	100	Dormant (ceased operation)
Sunway Creative Stones Sdn Bhd	70	Dormant (ceased operation)
Sunway GD Piling Sdn Bhd	100	Dormant (ceased operation)
Sunway Construction Caribbean Limited	100	Dormant (ceased operation)
Sunway Precast Industries Sdn Bhd	100	Manufacturing precast concrete building components and undertaking of precast concrete building contracts
Sunway IBS Sdn Bhd	70	Dormant (has not commenced operation)
Sun-Block (Batang Kali) Sdn Bhd	100	Dormant (ceased operation)
Sunway Construction (S) Pte Ltd	100	Dormant (ceased operation)

12. ACCOUNTANTS' REPORT (CONT'D)

<u>Entities</u>	<u>Effective equity/ participating interest of SCG (%)</u>	<u>Principal activities</u>
<u>Subsidiary of Sunway Industrial Products Sdn Bhd</u>		
Sunway Concrete Products (S) Pte Ltd	100	Manufacturing and sale of precast concrete building components
<u>Subsidiary of Sunway Machineries Services Sdn Bhd</u>		
Sunway SK Sdn Bhd	100	Construction of building and civil works
<u>Subsidiary of Sunway Engineering Sdn Bhd</u>		
Sunway Smartek Sdn Bhd	100	Dormant (has not commenced operation)
<u>Subsidiary of Sunway Geotechnics (M) Sdn Bhd</u>		
Sunway Geotechnics (S) Pte Ltd	100	Dormant (ceased operation)
<u>Unincorporated joint ventures</u>		
SunCity - SunCon Joint Venture	50	Property development
SunCon - Central Glass Joint Venture	70	Completion of curtain walling works
SunGeo - Awangsa Joint Venture	50.8	Piling and substructure works
Silver Coast - Sunway Innopave Joint Venture	60	Construction works
Fableplus Sdn Bhd – Sunway Engineering Joint Venture	30	Provision of mechanical and engineering works
Sunway Geotechnics (M) Sdn Bhd – Bauer (Malaysia) Sdn Bhd Joint Venture	50	Bored piling works, installation of plunge in column and associated ancillary works
<u>Associate, which is an unincorporated consortium</u>		
ISZL Consortium	25	Construction

12. ACCOUNTANTS' REPORT (CONT'D)**4.0 Auditors and audited financial statements**

The financial year end of SCG and its subsidiaries, unincorporated joint ventures and associate falls on 31 December.

The combined financial statements of SCG Group for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014. Our report on the combined financial statements of SCG Group dated 17 April 2015 was not subject to any qualification or modification.

The separate financial statements of the subsidiaries, unincorporated joint ventures and associate were audited by EY in respect of the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 except for the following:

Entities audited by another firm of auditors:

- (a) Sunway Construction (Caribbean) Limited
- (b) Sunway Construction India Pte. Ltd.
- (c) Sunway Construction (S) Pte. Ltd.
- (d) Sunway Creative Stones (Xiamen) Co. Ltd.
- (e) Sunway Geotechnics (S) Pte. Ltd.
- (f) ISZL Consortium
- (g) Silver Coast-Sunway Innopave Joint Venture
- (h) SunCon Central Glass Joint Venture
- (i) SunGeo – Awangsa Joint Venture
- (j) Fableplus Sdn. Bhd. – Sunway Engineering Joint Venture
- (k) Sunway Geotechnics (M) Sdn. Bhd. – Bauer (Malaysia) Sdn Bhd Joint Venture

The separate financial statements of Sunway GD Piling Sdn Bhd, Sunway Industrial Products Sdn Bhd, Sunway Machineries Services Sdn Bhd, Sun-Block (Batang Kali) Sdn Bhd, Sunspan Sdn Bhd and Sunway IBS Sdn Bhd for the financial year ended 31 December 2014 were audited by another firm of auditors.

The auditors' reports of the respective audited financial statements for the respective financial years under review were not subjected to any qualification or modification except for ISZL Consortium of which the auditors' report for the financial year ended 31 December 2012 was qualified. However, the qualification is not material to our report on the combined financial statements of SCG Group.

12. ACCOUNTANTS' REPORT (CONT'D)



5.0 Basis of preparation of financial information

This report has been prepared based on the combined financial statements of SCG Group which were drawn up so as to give a true and fair view of the financial position of SCG Group and of its financial performance and cash flows for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014.

The combined financial statements of SCG for financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 have been carved out from the consolidated financial statements of SunCon, which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia for financial years ended 31 December 2012, 31 December 2013 and 31 December 2014. In preparing the combined financial statements, certain comparatives carved out from the consolidated financial statements of Suncon have been reclassified to conform with current period's presentation.

The combined financial statements of SCG Group have been prepared as if SCG Group has operated as a single economic entity throughout financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and have been prepared from the books and records maintained by each entity.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the SCG Group after incorporating the relevant proposals and transactions. Such financial information from the combined financial statements does not purport to predict the SCG Group's financial position, results and cash flows.

6.0 Dividend

The Company has not paid or declared any dividend since its date of incorporation.

Dividends paid by the subsidiaries in respect of the combined financial statements for the relevant financial years and period ended are as set out in Note 21.

12. ACCOUNTANTS' REPORT (CONT'D)



7.0 Combined income statements

		Group		
	Note	2012 RM'000	2013 RM'000	2014 RM'000
Revenue	14	1,448,475	1,839,593	1,880,707
Cost of sales	15	(1,166,619)	(1,501,572)	(1,485,297)
Gross profit		281,856	338,021	395,410
Other income	16	21,134	13,888	12,850
Distribution costs		(168)	(3)	-
Administrative expenses		(200,426)	(261,755)	(271,685)
Other operating expenses		(54,228)	(47,793)	(16,401)
Operating profit		48,168	42,358	120,174
Finance income and other distribution income	17a	7,247	4,328	4,055
Finance costs	17b	(2,756)	(2,256)	(3,339)
Share of results of joint ventures		29,226	45,382	30,374
Profit before tax	18	81,885	89,812	151,264
Income tax expense	20	(18,351)	(23,732)	(26,495)
Profit net of tax		63,534	66,080	124,769
Profit attributable to:				
Owner of the parent		54,788	66,926	124,819
Non-controlling interests		8,746	(846)	(50)
		63,534	66,080	124,769

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)**7.0 Combined statements of comprehensive income**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Profit net of tax	63,534	66,080	124,769
Other comprehensive income to be reclassified to profit or loss in subsequent periods*:			
Foreign currency translation	15,407	6,110	664
Total comprehensive income for the year	<u>78,941</u>	<u>72,190</u>	<u>125,433</u>
Total comprehensive income attributable to:			
Owner of the parent	70,195	73,036	125,483
Non-controlling interests	8,746	(846)	(50)
	<u>78,941</u>	<u>72,190</u>	<u>125,433</u>

* There is no tax effect arising from the component of other comprehensive income.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)**8.0 Combined statements of financial position**

		2012	Group 2013	2014
	Note	RM'000	RM'000	RM'000
Assets				
Non-current assets				
Property, plant and equipment	22	150,627	180,895	178,728
Investment in an associate	24	-	-	-
Other investments	25	25,573	25,573	273
Investments in joint ventures	26	26,236	22,122	24,189
Goodwill	27	3,651	3,643	3,643
Deferred tax assets	34	2,079	2,132	7,154
		<u>208,166</u>	<u>234,365</u>	<u>213,987</u>
Current assets				
Inventories	28	21,908	25,518	20,203
Receivables	29	1,069,885	1,020,483	737,853
Tax recoverable		1,519	4,946	8,523
Derivatives	31	-	489	-
Cash and bank and short term funds balances	32	154,322	156,085	291,617
		<u>1,247,634</u>	<u>1,207,521</u>	<u>1,058,196</u>
Total assets		<u>1,455,800</u>	<u>1,441,886</u>	<u>1,272,183</u>

12. ACCOUNTANTS' REPORT (CONT'D)**8.0 Combined statements of financial position (contd.)**

		2012	Group 2013	2014
	Note	RM'000	RM'000	RM'000
Equity and liabilities				
Current liabilities				
Borrowings	33	45,155	75,057	135,132
Payables	35	795,953	730,742	791,264
Tax payable		2,636	9,273	13,161
Derivatives	31	-	142	-
		<u>843,744</u>	<u>815,214</u>	<u>939,557</u>
Non-current liabilities				
Borrowings	33	18,006	15,410	69
Deferred tax liabilities	34	1,050	1,571	4,285
		<u>19,056</u>	<u>16,981</u>	<u>4,354</u>
Total liabilities		<u>862,800</u>	<u>832,195</u>	<u>943,911</u>
Equity				
Invested equity		560,413	614,187	333,494
Non-controlling interests		32,587	(4,496)	(5,222)
Total equity		<u>593,000</u>	<u>609,691</u>	<u>328,272</u>
Total equity and liabilities		<u>1,455,800</u>	<u>1,441,886</u>	<u>1,272,183</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)



9.0 Combined statements of changes in equity

	Invested equity RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2012	503,018	36,265	539,283
Profit for the year	54,788	8,746	63,534
Other comprehensive income	15,407	-	15,407
Total recognised income for the year	70,195	8,746	78,941
Disposal of a subsidiary	-	(927)	(927)
Transactions with owner			
Dividend paid to non-controlling interests	-	(2,250)	(2,250)
Dividends paid (Note 21)	(12,800)	-	(12,800)
Acquisition of equity interest from non-controlling interests	-	(9,247)	(9,247)
Total transactions with owner	(12,800)	(11,497)	(24,297)
At 31 December 2012	560,413	32,587	593,000
At 1 January 2013	560,413	32,587	593,000
Profit for the year	66,926	(846)	66,080
Other comprehensive income	6,110	-	6,110
Total recognised income for the year	73,036	(846)	72,190
Transactions with owner			
Dividend paid to non-controlling interests	-	(5,070)	(5,070)
Dividends paid (Note 21)	(14,453)	-	(14,453)
Acquisition of equity interest from non-controlling interests	(4,809)	(31,167)	(35,976)
Total transactions with owner	(19,262)	(36,237)	(55,499)
At 31 December 2013	614,187	(4,496)	609,691

12. ACCOUNTANTS' REPORT (CONT'D)**9.0 Combined statements of changes in equity (contd.)**

	Invested equity RM'000	Non- controlling interest RM'000	Total equity RM'000
At 1 January 2014	614,187	(4,496)	609,691
Profit for the year	124,819	(50)	124,769
Other comprehensive income	664	-	664
Total recognised income for the year	125,483	(50)	125,433
Transactions with owner			
Dividend paid to non-controlling interests	-	(676)	(676)
Dividends paid (Note 21)	(427,958)	-	(427,958)
Equity contribution by parent	21,782	-	21,782
Total transactions with owner	(406,176)	(676)	(406,852)
At 31 December 2014	333,494	(5,222)	328,272

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)**10.0 Combined statements of cash flows**

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
Cash flows from operating activities			
Profit before tax	81,885	89,812	151,264
Adjustments for:			
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Finance costs	2,756	2,256	3,339
Amortisation and depreciation of property, plant and equipment	27,594	42,826	41,642
Net gain on disposal of property, plant and equipment	(611)	(6,978)	(2,443)
Property, plant and equipment written off	1,180	211	1,740
Unrealised foreign exchange gain	(5,186)	(87)	(565)
Allowance for inventory obsolescence	-	921	-
Employees' share option scheme	-	7,730	5,726
Impairment loss on goodwill	-	8	-
Bad debts written off	1,078	5,090	53
Allowance for impairment losses on receivables	21,421	30,527	4,764
Reversal of allowance for impairment losses on receivables	(8,267)	(62)	(330)
Reversal of impairment losses on property, plant and equipment	-	-	(845)
Gain on derivatives	-	(347)	(142)
Loss on derivatives	3	-	489
Gain on disposal of a subsidiary	(404)	-	-
Gain on liquidation of subsidiaries	(48)	-	(869)
Share of results of joint ventures	(29,226)	(45,382)	(30,374)
Operating cash flows before working capital changes carried forward	84,928	122,197	169,394

12. ACCOUNTANTS' REPORT (CONT'D)**10.0 Combined statements of cash flows (contd.)**

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
Cash flows from operating activities (contd.)			
Operating cash flows before working capital changes brought forward	84,928	122,197	169,394
Changes in working capital:			
Inventories	2,180	(4,531)	5,315
Trade receivables	(134,829)	41,547	(100,816)
Other receivables	(4,412)	15,122	(2,695)
Trade payables	98,733	(44,230)	56,687
Other payables	33,289	(74,721)	3,656
Amount due from joint ventures	16,732	28,120	-
Amount due to ultimate holding company	1,543	436	7,721
Amount due to immediate holding company	(900)	(3)	-
Amounts due (to)/from other related companies	(28,942)	(29,019)	43,241
Amount due from related parties	6	(1,010)	1,010
Cash flow generated from operations	68,328	53,908	183,513
Dividend received from joint ventures	-	47,212	28,171
Interest and distribution income received	7,247	4,328	4,055
Interest paid	(2,756)	(2,256)	(3,339)
Tax refunded	2,624	3,912	2,078
Tax paid	(24,402)	(23,966)	(30,549)
Net cash flow generated from operating activities	51,041	83,138	183,929

12. ACCOUNTANTS' REPORT (CONT'D)**10.0 Combined statements of cash flows (contd.)**

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	14,278	9,360	7,944
Proceeds from disposal of shares in a subsidiary company	780	-	-
Acquisition of property, plant and equipment (Note a)	(56,811)	(49,404)	(45,732)
Acquisition of equity interest from non-controlling interests	(9,247)	(35,976)	-
Net cash flow from disposal of a subsidiary company	(837)	-	-
Advances from/(to) other related companies	51,800	(11,994)	320,694
Advances (to)/from an associate	(19,938)	(9,358)	4,875
Redemption of preference shares in a related company	12,800	-	25,300
Increase in equity contribution by parent	-	-	21,782
Withdrawal of deposits with licensed banks	20,273	4,527	4,550
Net cash flow from placements	(46,700)	23,700	9,800
Net cash (used in)/generated from investing activities	(33,602)	(69,145)	349,213
Cash flows from financing activities			
Drawdown of term loans	7,949	5,423	-
Drawdown of revolving credits	10,000	50,000	50,168
Drawdown of other bank borrowings	87,572	-	231,300
Repayment of term loans	(3,471)	(1,107)	(16,470)
Repayment of revolving credits	-	(10,000)	(50,000)
Repayment of other bank borrowings	(76,373)	(9,818)	(161,048)
Net cash generated from financing activities carried forward	25,677	34,498	53,950

12. ACCOUNTANTS' REPORT (CONT'D)**10.0 Combined statements of cash flows (contd.)**

	2012	Group	2014
	RM'000	2013	RM'000
	(Restated)	RM'000	RM'000
		(Restated)	
Cash flows from financing activities (contd.)			
Net cash generated from financing activities brought forward	25,677	34,498	53,950
Repayment of hire purchase and finance lease liabilities	(7,540)	(5,271)	(7,418)
Dividend paid	(12,800)	(14,453)	(427,958)
Dividends paid to non-controlling interests of subsidiaries	(2,250)	(5,070)	(676)
Net cash generated from/(used in) financing activities	3,087	9,704	(382,102)
Net increase in cash and cash equivalents	20,526	23,697	151,040
Effects of foreign exchange rate changes	15,468	8,214	640
Cash and cash equivalents at beginning of financial year	58,027	94,021	125,932
Cash and cash equivalents at end of financial year (Note 32) *	94,021	125,932	277,612

Note a:

Additions of property, plant and equipment by way of:

- cash	56,811	49,404	45,732
- hire purchase and finance lease liabilities	5,298	-	-
- other deferred payment terms	23,326	26,086	-
Total additions of property plant and equipment (Note 22)	85,435	75,490	45,732

* Placement in cash funds and deposits with licensed banks with maturity of over 3 months of the Group amounting to RM14,005,000 (2013: RM28,355,000 and 2012: RM56,582,000) respectively are excluded from cash and cash equivalents.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)

Notes to the combined financial statements
For the financial year ended 31 December 2014

11.0 Corporate information

The Sunway Construction Group Berhad ("SCG") was incorporated as a public limited liability company in Malaysia. The principal activity of SCG is investment holding. The principal activities of the subsidiaries are as disclosed in Note 23. There have been no significant changes in the nature of these principal activities during the financial years.

12.0 Summary of significant accounting policies**12.1 Basis of preparation of combined financial statements**

The combined financial statements of SCG for financial years ended 31 December 2012 and 31 December 2013 have been carved out from the consolidated financial statements of Sunway Construction Sdn. Bhd. ("SunCon"), which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia for financial years ended 31 December 2012 and 31 December 2013. In preparing the combined financial statements, certain comparatives carved out from the consolidated financial statements of Suncon have been reclassified to conform with current year's presentation.

The combined financial statements for the year ended 31 December 2014 has been prepared using financial information obtained from the financial records of the entities within Suncon, its subsidiaries, unincorporated joint venture and associate as disclosed in Notes 23, 24 and 26 respectively for the financial year ended 31 December 2014. SCG and SunCon, its subsidiaries, unincorporated joint venture and associate as disclosed in Notes 23, 24 and 26 respectively are hereinafter collectively referred to as "SCG Group" or "Group".

The combined financial statements of SCG Group have been prepared as if SCG Group has operated as a single economic entity throughout financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and have been prepared from the books and records maintained by each entity.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the SCG Group after incorporating the relevant proposals and transactions. Such financial information from the combined financial statements does not purport to predict the SCG Group's financial position, results and cash flows.

The combined financial statements have not been prepared in respect of any year subsequent to 31 December 2014.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 January 2014, the Group adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company except for those discussed below:

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When MFRS 136 was originally changed as a consequence of MFRS 13 Fair Value Measurement, it is intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. However, as written, an entity was required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendments. However, the amendments added two disclosure requirements:

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.2 Changes in accounting policies (contd.)****Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136) (contd.)**

- (a) additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal; and
- (b) information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

12.3 Standards and Interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans:	
Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116: Property, Plant and Equipment and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.3 Standards and Interpretations issued but not yet effective (contd.)**

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as discussed below:

Annual Improvements to MFRSs 2010-2012 Cycle**(a) Amendment to MFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

(b) Amendment to MFRS 3 Business Combinations

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of MFRS 9 (or MFRS 139, as appropriate).

12. ACCOUNTANTS' REPORT (CONT'D)



12.0 Summary of significant accounting policies (contd.)

12.3 Standards and Interpretations issued but not yet effective (contd.)

Annual Improvements to MFRSs 2010-2012 Cycle (contd.)

(c) Amendment to MFRS 8 Operating Segments

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in preparing operating segments, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

(d) Amendment to MFRS 116 Property, Plant & Equipment and Amendment to FRS 138 Intangible Assets

The amendment clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount and that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset.

(e) Amendment to MFRS 124 Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

Annual Improvements to MFRSs 2011-2013 Cycle

(a) Amendment to MFRS 3 Business Combinations

The amendment clarifies that:

- Joint arrangements, not just joint ventures, are outside the scope of MFRS 3
- The scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.3 Standards and Interpretations issued but not yet effective (contd.)****Annual Improvements to MFRSs 2011-2013 Cycle (contd.)****(b) Amendment to MFRS 13 Fair Value Measurement**

The amendment clarifies that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139, as applicable).

MFRS 9 Financial Instruments

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

12.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

12. ACCOUNTANTS' REPORT (CONT'D)



12.0 Summary of significant accounting policies (contd.)

12.4 Fair value measurement (contd.)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- | | |
|----------------|--|
| Level 1 | Quoted (unadjusted) market prices in active markets for identical assets or liabilities |
| Level 2 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| Level 3 | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale ("AFS") financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as AFS financial assets, and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.4 Fair value measurement (contd.)**

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each of changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

12.5 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

- (i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.6 Basis of combination**

The combined financial statements comprise the financial statements of the parent and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date.

Intragroup transactions, balances, and resulting unrealised gains are eliminated in full on combination. The combined financial statements reflect external transactions only. Unrealised losses are eliminated on combination unless costs cannot be recovered. Uniform accounting policies are adopted in the combined financial statements for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.6 Basis of combination (contd.)**

Subsidiaries are combined when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

Business Combinations

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 12.11. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.6 Basis of combination (contd.)****Business Combinations (contd.)**

Subsidiaries are combined from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statements of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

12.7 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the combined statements of comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to owner of the parent.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owner of the parent.

12.8 Foreign currency**(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.8 Foreign currency (contd.)****(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.9 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. The lease period for short term leasehold land is less than 50 years. The lease periods for long term leasehold land range from 50-99 years. Leasehold lands are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2
Plant and machinery	10 - 20
Motor vehicles	20
Office equipment, furniture and fittings	10 - 33

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.10 Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs or by reference to the physical completion of the contract.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

12.11 Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.11 Goodwill (contd.)**

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 12.8.

12.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

12.13 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.13 Associates (contd.)**

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired. Unrealised profits arising from transactions with associates are eliminated.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

12.14 Joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for in the combined financial statements using the equity method of accounting as described in Note 12.13.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those at the Group.

On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.15 Financial assets**

Financial assets are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determine the classification of their financial assets at initial recognition, and the categories include available-for-sale financial assets and loans and receivables.

(a) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as loan and receivables, fair value through profit or loss and held for maturity.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.15 Financial assets (contd.)****(b) Loans and receivables (contd.)**

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commit to purchase or sell the asset.

12.16 Impairment of financial assets

The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.16 Impairment of financial assets (contd.)****(a) Trade and other receivables and other financial assets carried at amortised cost (contd.)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

12.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

12.18 Inventories

Trading inventories and spare parts are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined using the weighted average method. Cost comprises costs of purchase, costs of direct materials and labour and a proportion of overhead based on normal operating capacity.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.18 Inventories (contd.)**

Property stocks are stated at lower of cost and net realisable value. Cost comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

12.19 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

12.20 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group has not designated any financial liabilities as at fair value through profit or loss.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.20 Financial liabilities (contd.)****(b) Other financial liabilities**

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

12.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.22 Employee benefits****(a) Defined contribution plans**

The Group participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option scheme

Employees of the Group and of the Company receive remuneration in the form of share options of the ultimate holding company as consideration for services rendered. The cost of these liability-settle transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding payable to the ultimate holding company. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

12.23 Leases**(a) As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.23 Leases (contd.)****(a) As lessee (contd.)**

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 12.24(c).

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the term net investment method so as to reflect a constant periodic rate of interest on the balance outstanding. When the assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight line basis.

12.24 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 12.10.

(b) Sale of goods

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.24 Revenue (contd.)****(c) Rental income**

Rental income including those from property stocks and buildings, is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

(d) Investment income

Dividend income is recognised when the Group's right to receive payment is established.

Interest income 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.

12.25 Income taxes**(a) Current tax**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.25 Income taxes (contd.)****(b) Deferred tax (contd.)**

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

12. ACCOUNTANTS' REPORT (CONT'D)**12.0 Summary of significant accounting policies (contd.)****12.26 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

12.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

12.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

13.0 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

13.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

12. ACCOUNTANTS' REPORT (CONT'D)**13.0 Significant accounting estimates and judgements (contd.)****13.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

(a) Construction contracts

The Group recognises construction contract revenue and expenses in the income statements by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant estimation is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the estimate, the Group evaluate based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 30.

(b) Income taxes

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are provided for in Note 34.

12. ACCOUNTANTS' REPORT (CONT'D)**13.0 Significant accounting estimates and judgements (contd.)****13.2 Key sources of estimation uncertainty (contd.)****(d) Impairment of loans and receivables**

- (i) The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the reporting date are disclosed in Note 29.

- (ii) During the financial year ended 31 December 2013, the Group had advances due from its associate, which is an unincorporated consortium, ISZL Consortium ("Consortium") of RM24.4 million. The Consortium was established to undertake construction projects in Abu Dhabi. The Consortium was faced with significant delays in collections from its sole customer and this had affected the ability of the Consortium to repay the advances due to the Group. The Group made an assessment of the recoverability of the advances based on the latest settlement agreement entered into between the Consortium and its customer by present valuing of the estimated future cash flows and accordingly, the advances was fully impaired as at 31 December 2013. The key assumptions used in determining the present value of the estimated future cash flows are the timing of the future cash flows and the discount rate. The nature of these key assumptions give rise to some uncertainty.
- (iii) In 2011, the Land Administrator under the Land Acquisition Act 1960 had awarded a sum of RM10.6 million as additional land compensation payable by Sunway Construction Sdn Bhd ("SunCon") to a land owner in connection with the construction of a highway. SunCon filed a judicial review application to challenge the Land Administrator's award. While waiting for the result of the appeal, SunCon had to pay the award of RM10.6 million into a joint-solicitors stakeholders interest-bearing account. The RM10.6 million was recognised as a deposit in SunCon's books as at 31 December 2011. However, during the financial year ended 31 December 2012, the land owner, with appropriate Court Order, had successfully requested for SunCon to release the additional land compensation sum. Even though the case is on-going, the management had fully impaired the amount deposited as the management is of the view that the recovery of the sum deposited is remote.

12. ACCOUNTANTS' REPORT (CONT'D)**13.0 Significant accounting estimates and judgements (contd.)****13.2 Key sources of estimation uncertainty (contd.)****(e) Impairment of goodwill**

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill in respect of acquisition of subsidiaries as at 31 December 2014 was RM3,643,000 (2013: RM3,643,000 and 2012: RM3,651,000). Further details are disclosed in Note 27.

14.0 Revenue

	2012	Group	
	2013	2014	
	RM'000	RM'000	RM'000
Construction revenue	1,246,850	1,610,460	1,626,151
Manufacturing of precast concrete	201,625	229,133	254,556
	<u>1,448,475</u>	<u>1,839,593</u>	<u>1,880,707</u>

15.0 Cost of sales

	2012	Group	
	2013	2014	
	RM'000	RM'000	RM'000
Construction costs	1,005,717	1,333,980	1,339,008
Cost of goods sold	160,902	167,592	146,289
	<u>1,166,619</u>	<u>1,501,572</u>	<u>1,485,297</u>

12. ACCOUNTANTS' REPORT (CONT'D)**16.0 Other income**

Included in other income are the followings:

	2012	Group	
	2012	2013	2014
	RM'000	RM'000	RM'000
Rental income of plant and machinery	1,006	1,292	639
Reversal of allowance for impairment:			
- trade receivables (Note 29)	7,751	-	-
- other receivables (Note 29)	516	62	330
Bad debts recovered	-	-	601
Gain on disposal of property, plant and equipment	1,150	6,978	2,443
Rental income from buildings	653	145	121
Foreign exchange gain:			
- realised	110	175	393
- unrealised	5,186	87	565
Gain on derivatives	-	347	142
Gain on liquidation of subsidiaries	48	-	869
Gain on disposal of subsidiary	404	-	-
Disposal of waste	2,208	1,761	1,358
Gain on disposal of property stock	139	-	1,431
Reversal of impairment losses on property, plant and equipment (Note 22)	-	-	845

12. ACCOUNTANTS' REPORT (CONT'D)**17a. Finance income and other distribution income**

	2012	Group	
	2013	2014	
	RM'000	RM'000	RM'000
Interest and distribution income from:			
Advances to:			
- other related company (Note 39)	1,782	1,068	1,131
Deposits with licensed banks	3,406	1,486	970
Placement in cash funds	1,449	715	1,580
Others	610	1,059	374
	<u>7,247</u>	<u>4,328</u>	<u>4,055</u>

17b. Finance costs

	2012	Group	
	2013	2014	
	RM'000	RM'000	RM'000
Interest expense on:			
Advances from:			
- other related company (Note 39)	(180)	-	-
Hire purchase obligations	(895)	(624)	(122)
Bank borrowings	(1,499)	(1,337)	(3,217)
Others	(182)	(295)	-
	<u>(2,756)</u>	<u>(2,256)</u>	<u>(3,339)</u>

12. ACCOUNTANTS' REPORT (CONT'D)
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18.0 Profit before tax

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

	2012	Group	
	2012	2013	2014
	RM'000	RM'000	RM'000
Auditors' remuneration:			
- statutory audits	643	670	795
- (over)/underprovision in prior year	(4)	57	11
- other services	13	36	41
Allowance for impairment (Note 29):			
- trade receivables	2,388	2,510	2,408
- other receivables	19,033	3,639	2,356
- amount due from an associate	-	24,378	-
Allowance for inventory obsolescence	-	921	-
Impairment loss on goodwill (Note 27)	-	8	-
Bad debts written off	1,078	5,090	53
Exchange losses:			
- realised	13,467	4,130	5,182
Property, plant and equipment:			
- amortisation and depreciation (Note 22)	27,594	42,826	41,642
- loss on disposal	539	-	-
- written off	1,180	211	1,740
Rental of land and buildings	9,474	10,218	9,945
Hire of plant and machinery	12,745	4,690	2,141
Loss on derivatives	3	-	489
Management fees paid to ultimate holding company (Note 39)	14,404	16,693	16,649
Service level agreement fee (Note 39)	4,213	3,776	4,939
Staff costs			
- wages, salaries and bonuses	123,022	135,486	163,783
- contribution to defined contribution plan	8,938	10,645	12,596
- social security fund	625	757	847
- employees' share option scheme	-	7,730	5,726
- other employee benefits	4,653	8,282	6,671

12. ACCOUNTANTS' REPORT (CONT'D)
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19.0 Compensation of key management personnel

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Short-term employee benefits	6,327	8,062	11,042
Defined contribution plan	529	753	1,315
Employees' share option	-	1,177	774
	<u>6,856</u>	<u>9,992</u>	<u>13,131</u>

20.0 Income tax expense

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Current income tax:			
Malaysian income tax	16,234	15,677	11,998
Foreign tax	4,623	8,038	13,200
	<u>20,857</u>	<u>23,715</u>	<u>25,198</u>
Under/(over)provision in prior years:			
Malaysian income tax	933	(451)	4,208
Foreign tax	(715)	-	(624)
	<u>218</u>	<u>(451)</u>	<u>3,584</u>
	<u>21,075</u>	<u>23,264</u>	<u>28,782</u>
Deferred tax (Note 34):			
Relating to origination and reversal of temporary differences	(831)	84	901
(Over)/underprovision in prior year	(1,893)	384	(3,188)
	<u>(2,724)</u>	<u>468</u>	<u>(2,287)</u>
Total income tax expense	<u>18,351</u>	<u>23,732</u>	<u>26,495</u>

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25% and 2012: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 Budget.

12. ACCOUNTANTS' REPORT (CONT'D)
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20.0 Income tax expense (contd.)

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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 is as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Profit before tax	81,885	89,812	151,264
Taxation at Malaysian statutory tax rate of 25%	20,471	22,453	37,816
Different tax rates in other countries	(5,200)	(3,928)	(5,604)
Differences in current and future tax rate	-	(31)	142
Income not subject to tax	(6,940)	(8,298)	(1,972)
Expenses not deductible for tax purposes	12,482	21,112	8,796
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	6,520	6,100	228
Utilisation of deferred tax assets previously not recognised	-	(2,264)	(5,713)
Effect of share of profit of joint ventures	(7,307)	(11,345)	(7,594)
Under/(over)provision of income tax in prior years	218	(451)	3,584
(Over)/underprovision of deferred tax in prior year	(1,893)	384	(3,188)
Income tax expense for the year	18,351	23,732	26,495

12. ACCOUNTANTS' REPORT (CONT'D)**21.0 Dividends**

	Dividends in respect of year		Dividends recognised in year			
	2012	2013	2012	2013	2014	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Interim dividend for 2012:						
Franked dividend of 3.2998% less 25% taxation (2.47 sen per share)	4,800	-	4,800	-	-	
Franked dividend of 5.49967% less 25% taxation (4.12 sen per share)	8,000	-	8,000	-	-	
Franked dividend of 9.9356% less 25% taxation (7.45 sen per share)	14,453	-	-	14,453	-	
Interim dividend for 2013:						
Single-tier dividend of 17.01434% (17.01 sen per share)	-	33,000	-	-	33,000	
Interim dividend for 2014:						
Single-tier dividend of 3.6091% (3.61 sen per share)	-	-	-	-	7,000	
Single-tier dividend of 9.43522% (RM1.00 per share)	-	-	-	-	18,300	
	54					
	435					

12. ACCOUNTANTS' REPORT (CONT'D)**21.0 Dividends (contd.)**

	Dividends in respect of year		Dividends recognised in year		
	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Interim dividend for 2014: (contd.)					
Single-tier dividend of 7.47599% (RM1.00 per share)	-	-	-	-	14,500
Single-tier dividend of 10.87886% (RM1.00 per share)	-	-	-	-	21,100
Single-tier dividend of 44.72824% (RM1.00 per share)	-	-	-	-	86,752
Single-tier dividend of 88.75201% (RM1.00 per share)	-	-	-	-	172,138
Single-tier dividend of 38.35456% (RM1.00 per share)	-	-	-	-	74,390
Single-tier dividend of 0.40111% (RM1.00 per share)	-	-	-	-	778
	27,253	33,000	12,800	14,453	427,958

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12. ACCOUNTANTS' REPORT (CONT'D)**22.0 Property, plant and equipment**

Group	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2012						
Cost						
At 1 January 2012	12,702	174,568	13,611	18,125	846	219,852
Additions	7,148	61,652	8,461	5,481	2,693	85,435
Written off	-	(2,383)	(10)	(4,901)	-	(7,294)
Disposals	-	(34,033)	(3,906)	(636)	-	(38,575)
Exchange differences	-	(383)	8	63	-	(312)
At 31 December 2012	19,850	199,421	18,164	18,132	3,539	259,106
Accumulated depreciation						
At 1 January 2012	2,271	82,604	8,228	9,708	-	102,811
Depreciation charge for the year (Note 18)	700	22,076	1,832	2,986	-	27,594
Written off	-	(1,984)	(10)	(4,120)	-	(6,114)
Disposals	-	(21,410)	(2,925)	(573)	-	(24,908)
Exchange differences	-	(267)	(15)	32	-	(250)
At 31 December 2012	2,971	81,019	7,110	8,033	-	99,133
Accumulated impairment losses						
At beginning/end of financial year	4,958	3,543	-	-	845	9,346
Net carrying amount	11,921	114,859	11,054	10,099	2,694	150,627

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12. ACCOUNTANTS' REPORT (CONT'D)**22.0 Property, plant and equipment (contd.)****Group (contd.)****At 31 December 2013****Cost**

At 1 January 2013	19,850	199,421	18,164	18,132	3,539	259,106
Additions	6,509	55,377	4,579	3,078	5,947	75,490
Written off	-	(559)	-	(165)	-	(724)
Disposals	-	(4,710)	(655)	(1,516)	-	(6,881)
Exchange differences	-	804	83	167	-	1,054
At 31 December 2013	26,359	250,333	22,171	19,696	9,486	328,045

Accumulated depreciation

At 1 January 2013	2,971	81,019	7,110	8,033	-	99,133
Depreciation charge for the year (Note 18)	914	34,336	3,118	4,458	-	42,826
Written off	-	(359)	-	(154)	-	(513)
Disposals	-	(3,247)	(419)	(833)	-	(4,499)
Exchange differences	-	682	47	128	-	857
At 31 December 2013	3,885	112,431	9,856	11,632	-	137,804

Accumulated impairment losses

At beginning/end of financial year

	4,958	3,543	-	-	845	9,346
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Net carrying amount

	17,516	134,359	12,315	8,064	8,641	180,895
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12. ACCOUNTANTS' REPORT (CONT'D)**22.0 Property, plant and equipment (contd.)****Group (contd.)****At 31 December 2014****Cost**

At 1 January 2014	26,359	250,333	22,171	19,696	9,486	328,045
Additions	826	34,180	2,289	3,430	5,007	45,732
Written off	-	(2,259)	(4)	(214)	(845)	(3,322)
Disposals	-	(10,462)	(262)	(72)	-	(10,796)
Reclassifications	-	12,352	-	-	(12,352)	-
Exchange differences	-	594	40	80	1	715
At 31 December 2014	27,185	284,738	24,234	22,920	1,297	360,374

Accumulated depreciation

At 1 January 2014	3,885	112,431	9,856	11,632	-	137,804
Depreciation charge for the period (Note 18)	866	31,796	3,607	5,373	-	41,642
Written off	-	(1,373)	(4)	(205)	-	(1,582)
Disposals	-	(4,963)	(262)	(70)	-	(5,295)
Exchange differences	-	474	22	80	-	576
At 31 December 2014	4,751	138,365	13,219	16,810	-	173,145

Accumulated impairment losses

At 1 January 2014	4,958	3,543	-	-	845	9,346
Reversal of impairment loss (Note 16)	-	-	-	-	(845)	(845)
At 31 December 2014	4,958	3,543	-	-	-	8,501

Net carrying amount

	17,476	142,830	11,015	6,110	1,297	178,728
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The net carrying amount of property, plant and equipment held under finance lease and hire purchase agreements for plant and machinery and motor vehicles are RM2,963,000 and Nil (2012: RM17,712,000 and RM815,000, 2013: RM14,355,000 and RM566,000) respectively.

Assets acquired under finance lease and hire purchase agreements

Leased assets with net carrying amount of RM2,963,000 (2013: RM3,087,000) are pledged as securities for the related hire purchase obligations as disclosed in Note 33.

12. ACCOUNTANTS' REPORT (CONT'D)**23.0 Subsidiaries**

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by					
			Group		Non-controlling interest			
			2012 %	2013 %	2012 %	2013 %	2014 %	2014 %
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works	100.00	100.00	100.00	-	-	-
Sunway Innopave Sdn. Bhd.	Malaysia	Construction of civil and building works and provision of project management	100.00	100.00	100.00	-	-	-
Sunway M & E Sdn. Bhd. (In member's voluntary winding up)	Malaysia	Dormant	100.00	100.00	100.00	-	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking of sub-contract work	100.00	100.00	100.00	-	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering works	82.60	100.00	100.00	17.40	-	-
Sunway Industrial Products Sdn. Bhd. *	Malaysia	Investment holding	100.00	100.00	100.00	-	-	-

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12. ACCOUNTANTS' REPORT (CONT'D)**23.0 Subsidiaries (contd.)**

Name	Country of incorporation	Principal activities	% of ownership interest held by					
			Group			Non-controlling interest		
			2012 %	2013 %	2014 %	2012 %	2013 %	2014 %
Sunway Machineries Services Sdn. Bhd.*	Malaysia	Investment holding	100.00	100.00	100.00	-	-	-
Sunway Creative Stones Sdn. Bhd.	Malaysia	Dormant	70.00	70.00	70.00	30.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing precast concrete building components and undertaking of precast concrete building contracts	100.00	100.00	100.00	-	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00	-	-	-
Sunway Construction Caribbean Limited *	Trinidad and Tobago	Construction of civil and building works	100.00	100.00	100.00	-	-	-
Sunway Construction India Pte. Ltd. *	India	Construction of civil and building works	100.00	100.00	100.00	-	-	-
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Provision of geotechnical services and related products and hire of heavy machineries	100.00	100.00	100.00	-	-	-

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12. ACCOUNTANTS' REPORT (CONT'D)**23.0 Subsidiaries (contd.)**

Name	Country of incorporation	Principal activities	% of ownership interest held by					
			Group		Non-controlling interest			
			2012 %	2013 %	2012 %	2013 %	2014 %	2014 %
Sunway GD Piling Sdn. Bhd. *	Malaysia	Dormant	100.00	100.00	-	-	-	-
Sun-Block (Batang Kali) Sdn. Bhd. *	Malaysia	Dormant	100.00	100.00	-	-	-	-
Sunway IBS Sdn. Bhd. *	Malaysia	Dormant	70.00	70.00	30.00	30.00	30.00	30.00
Sunway Construction (S) Pte. Ltd. *	Singapore	Dormant	100.00	100.00	-	-	-	-
Sunspan Sdn. Bhd. *	Malaysia	Dormant	100.00	100.00	-	-	-	-
Subsidiaries of Sunway Machineries Services Sdn. Bhd.:								
Sunway PMI-Pile Construction Sdn. Bhd. (In liquidation)	Malaysia	Dormant	98.30	98.30	-	1.70	1.70	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	100.00	-	-	-

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12. ACCOUNTANTS' REPORT (CONT'D)



23.0 Subsidiaries (contd.)

Name	Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2012 %	2013 %	2012 %	2013 %
Subsidiary of Sunway Engineering Sdn. Bhd.:						
Sunway Smartek Sdn. Bhd. (In member's voluntary winding up)	Malaysia	Dormant	82.60	100.00	100.00	17.40
Subsidiary of Sunway Industrial Products Sdn. Bhd.:						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Building construction NEC and manufacturing of miscellaneous products of petroleum and coal	100.00	100.00	100.00	-
Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.:						
Sunway Geotechnics (S) Pte. Ltd. *	Singapore	Dormant	100.00	100.00	100.00	-

* Audited by firms of auditors other than Ernst & Young

12. ACCOUNTANTS' REPORT (CONT'D)
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23.0 Subsidiaries (contd.)

Summarised information of companies with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests of the other companies are not material to the Group.

(i) Summarised statements of financial position

	Sunway Engineering Sdn. Bhd. *	Sunway Creative Stones Sdn. Bhd.	Total
	RM'000	RM'000	RM'000
At 31 December 2012			
Non-current assets	47,430	80	47,510
Current assets	228,367	15,614	243,981
Total assets	275,797	15,694	291,491
Non-current liabilities	27	-	27
Current liabilities	103,385	4,527	107,912
Total liabilities	103,412	4,527	107,939
Net assets	172,385	11,167	183,552
Equity attributable to owners of the company	142,390	7,817	150,207
Non-controlling interests	29,995	3,350	33,345
Total equity	172,385	11,167	183,552
At 31 December 2013			
Non-current assets	-	63	63
Current assets	-	5,791	5,791
Total assets	-	5,854	5,854
Current liabilities	-	3,473	3,473
Total liabilities	-	3,473	3,473
Net assets	-	2,381	2,381
Equity attributable to owners of the company	-	1,667	1,667
Non-controlling interests	-	714	714
Total equity	-	2,381	2,381

12. ACCOUNTANTS' REPORT (CONT'D)**23.0 Subsidiaries (contd.)****(i) Summarised statements of financial position (contd.)**

	Sunway Engineering Sdn. Bhd.* RM'000	Sunway Creative Stones Sdn. Bhd. RM'000	Total RM'000
At 31 December 2014			
Non-current assets	-	46	46
Current assets	-	4,941	4,941
Total assets	-	4,987	4,987
Current liabilities	-	4,787	4,787
Total liabilities	-	4,787	4,787
Net assets	-	200	200
Equity attributable to owners of the company	-	140	140
Non-controlling interests	-	60	60
Total equity	-	200	200

- * The summarised financial information has not been presented for Sunway Engineering Sdn. Bhd. for the financial years ended 31 December 2013 and 31 December 2014 respectively as Sunway Engineering Sdn. Bhd. had become a wholly-owned subsidiary of the Group from 28 May 2013.

12. ACCOUNTANTS' REPORT (CONT'D)
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23.0 Subsidiaries (contd.)**(ii) Summarised statements of comprehensive income**

	Sunway Engineering Sdn. Bhd. *	Sunway Creative Stones Sdn. Bhd.	Total
	RM'000	RM'000	RM'000
At 31 December 2012			
Revenue	327,209	12,257	339,466
Profit for the year	48,314	3,209	51,523
Total comprehensive income	48,314	3,209	51,523
Profit attributable to:			
- owners of the Company	39,907	2,246	42,153
- non-controlling interests	8,407	963	9,370
Total comprehensive income attributable to:			
- owners of the Company	39,907	2,246	42,153
- non-controlling interests	8,407	963	9,370
At 31 December 2013			
Revenue	67,074	114	67,188
Profit for the year	4,061	7,227	11,288
Total comprehensive income	4,061	7,227	11,288
Profit attributable to:			
- owners of the Company	3,354	5,059	8,413
- non-controlling interests	707	2,168	2,875
Total comprehensive income attributable to:			
- owners of the Company	3,354	5,059	8,413
- non-controlling interests	707	2,168	2,875

12. ACCOUNTANTS' REPORT (CONT'D)**23.0 Subsidiaries (contd.)****(ii) Summarised statements of comprehensive income/(loss) (contd.)**

	Sunway Engineering Sdn. Bhd.* RM'000	Sunway Creative Stones Sdn. Bhd. RM'000	Total RM'000
At 31 December 2014			
Revenue	-	-	-
Loss for the year	-	(177)	(177)
Total comprehensive loss	-	(177)	(177)
Loss attributable to:			
- owners of the Company	-	(127)	(127)
- non-controlling interests	-	(50)	(50)
Total comprehensive loss attributable to:			
- owners of the Company	-	(127)	(127)
- non-controlling interests	-	(50)	(50)

- * The summarised financial information has not been presented for Sunway Engineering Sdn. Bhd. for the financial years ended 31 December 2013 and 31 December 2014 respectively as Sunway Engineering Sdn. Bhd. had become a wholly-owned subsidiary of the Group from 28 May 2013.

12. ACCOUNTANTS' REPORT (CONT'D)
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23.0 Subsidiaries (contd.)**(iii) Summarised statements of cash flows**

	Sunway Engineering Sdn. Bhd. *	Sunway Creative Stones Sdn. Bhd.	Total
	RM'000	RM'000	RM'000
At 31 December 2012			
Net cash generated from/(used in):			
- Operating activities	(3,289)	4,341	1,052
- Investing activities	28	2,563	2,591
- Financing activities	(2,358)	(8,395)	(10,753)
Net decrease in cash and cash equivalents	(5,619)	(1,491)	(7,110)
Effects of foreign exchange rates changes	(225)	(8)	(233)
Cash and cash equivalents at beginning of the financial year	10,948	1,772	12,720
Cash and cash equivalents at end of the financial year	5,104	273	5,377
At 31 December 2013			
Net cash generated from/(used in):			
- Operating activities	97,185	(1,772)	95,413
- Investing activities	13	18,366	18,379
- Financing activities	(14,002)	(16,772)	(30,774)
Net increase/(decrease) in cash and cash equivalents	83,196	(178)	83,018
Effects of foreign exchange rates changes	(170)	112	(58)
Cash and cash equivalents at beginning of the financial year	5,104	273	5,377
Cash and cash equivalents at end of the financial year	88,130	207	88,337

12. ACCOUNTANTS' REPORT (CONT'D)Building a better
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(iii) Summarised statements of cash flows (contd.)

	Sunway Engineering Sdn. Bhd.* RM'000	Sunway Creative Stones Sdn. Bhd. RM'000	Total RM'000
At 31 December 2014			
Net cash generated from/(used in):			
- Operating activities	-	2,932	2,932
- Investing activities	-	(656)	(656)
- Financing activities	-	(2,264)	(2,264)
Net increase in cash and cash equivalents	-	12	12
Effects of foreign exchange rates changes	-	(139)	(139)
Cash and cash equivalents at end of the financial year	-	207	207
Cash and cash equivalents at end of the financial year	-	80	80

- * The summarised financial information has not been presented for Sunway Engineering Sdn. Bhd. for the financial years ended 31 December 2013 and 31 December 2014 respectively as Sunway Engineering Sdn. Bhd. had become a wholly-owned subsidiary of the Group from 28 May 2013.

12. ACCOUNTANTS' REPORT (CONT'D)



24.0 Investment in an associate

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Unquoted:			

Share of post-acquisition profits	-	-	-
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Details of the associate, which is an unincorporated consortium, are as follows:

Name	Principal activity	Proportion of ownership interest		
		2012 %	2013 %	2014 %
Associate of				
Sunway Builders Sdn. Bhd.:				
ISZL Consortium*^	Construction	25.00	25.00	25.00

* Audited by firm of auditor other than Ernst & Young

^ Unincorporated

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	ISZL Consortium		
	2012 RM'000	2013 RM'000	2014 RM'000
Current assets	222,040	206,556	197,882
Total assets	222,040	206,556	197,882
Non-current liabilities	(1,042)	(355)	-
Current liabilities	(232,214)	(222,507)	(221,551)
Total liabilities	(233,256)	(222,862)	(221,551)
Net liabilities	(11,216)	(16,306)	(23,669)

12. ACCOUNTANTS' REPORT (CONT'D)**24.0 Investment in an associate (contd.)****(ii) Summarised statement of comprehensive loss**

	ISZL Consortium		
	2012	2013	2014
	RM'000	RM'000	RM'000
Revenue	81,598	19,854	(18,838)
Loss before tax from continuing operations	(57,052)	(4,962)	(5,061)
Loss for the year from continuing operations representing total comprehensive loss	(57,052)	(4,962)	(5,061)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	ISZL Consortium		
	2012	2013	2014
	RM'000	RM'000	RM'000
Net assets/(liabilities) at 1 January	47,025	(11,216)	(16,306)
Loss for the year	(57,052)	(4,962)	(5,061)
Effect of translation to closing foreign exchange rates	(1,189)	(128)	(2,302)
Net liabilities at 31 December	(11,216)	(16,306)	(23,669)
Interest in associate as at year end	25%	25%	25%
Carrying value of Group's interest in associate	(2,804)	(4,077)	(5,917)
Less: Losses not recognised	2,804	4,077	5,917
	-	-	-

The balance of advances due from the unincorporated consortium amounting to RM24,378,000 has been fully impaired during the financial year ended 31 December 2013 as disclosed in Note 29.

12. ACCOUNTANTS' REPORT (CONT'D)**25.0 Other investments**

	2012 RM'000	Group 2013 RM'000	2014 RM'000
At cost:			
Unquoted redeemable preference shares	25,300	25,300	-
Club memberships (unquoted)	273	273	273
	<u>25,573</u>	<u>25,573</u>	<u>273</u>

26.0 Investments in joint ventures

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Share of post-acquisition profits	<u>26,236</u>	<u>22,122</u>	<u>24,189</u>

All joint ventures are unincorporated. Details of the joint ventures are as follows:

Name	Principal activities	Proportion of ownership interest		
		2012 %	2013 %	2014 %
SunCity Suncon Joint Venture	Property development	50.00	50.00	50.00
Silver Coast-Sunway Innopave J. V. *	Construction works	60.00	60.00	60.00
SunCon Central Glass Joint Venture *	Completion of curtain walling work	70.00	70.00	70.00

12. ACCOUNTANTS' REPORT (CONT'D)Building a better
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Details of the joint ventures are as follows: (contd.)

Name	Principal activities	Proportion of ownership interest		
		2012 %	2013 %	2014 %
SunGeo - Awangsa J.V. *	Piling and substructure works	50.80	50.80	50.80
Fableplus Sdn. Bhd. - Sunway Engineering J.V. *	Provision of mechanical and electrical engineering works	30.00	30.00	30.00

* Audited by firms of auditors other than Ernst & Young

12. ACCOUNTANTS' REPORT (CONT'D)**26.0 Investments in joint ventures (contd.)**

Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. The other joint ventures are not material to the Group.

(i) Summarised statements of financial position

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
At 31 December 2012			
Non-current assets	835	673	1,508
Cash and cash equivalents	24,238	24,949	49,187
Other current assets	32,761	111,890	144,651
Current assets	56,999	136,839	193,838
Total assets	57,834	137,512	195,346
Current liabilities (excluding trade and other payables and provisions)	-	36,498	36,498
Trade and other payables and provisions	40,148	75,115	115,263
Total liabilities	40,148	111,613	151,761
Net assets	17,686	25,899	43,585
At 31 December 2013			
Non-current assets	814	587	1,401
Cash and cash equivalents	14,900	9,101	24,001
Other current assets	43,125	32,764	75,889
Current assets	58,025	41,865	99,890
Total assets	58,839	42,452	101,291
Trade and other payables and provisions	22,727	37,822	60,549
Total liabilities	22,727	37,822	60,549
Net assets	36,112	4,630	40,742

12. ACCOUNTANTS' REPORT (CONT'D)
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26.0 Investments in joint ventures (contd.)**(i) Summarised statements of financial position (contd.)**

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
At 31 December 2014			
Non-current assets	62	578	640
Cash and cash equivalents	25,870	5,329	31,199
Other current assets	27,294	7,291	34,585
Current assets	53,164	12,620	65,784
Total assets	53,226	13,198	66,424
Trade and other payables and provisions	12,052	7,591	19,643
Total liabilities	12,052	7,591	19,643
Net assets	41,174	5,607	46,781

12. ACCOUNTANTS' REPORT (CONT'D)
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26.0 Investments in joint ventures (contd.)**(ii) Summarised statements of comprehensive income**

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
At 31 December 2012			
Revenue	1,109	115,958	117,067
Depreciation and amortisation	(9)	(107)	(116)
Interest income	712	398	1,110
Interest expense	(36)	-	(36)
(Loss)/profit before tax	(2,938)	50,055	47,117
Income tax expense	-	-	-
(Loss)/profit after tax	(2,938)	50,055	47,117
Other comprehensive income	-	-	-
Total comprehensive (loss)/income	(2,938)	50,055	47,117
Dividend received from the joint venture during the year	-	-	-
At 31 December 2013			
Revenue	88,740	9,481	98,221
Depreciation and amortisation	(22)	(131)	(153)
Interest income	757	34	791
Interest expense	(221)	-	(221)
Profit before tax	18,426	57,956	76,382
Income tax expense	-	-	-
Profit after tax	18,426	57,956	76,382
Other comprehensive loss	-	(3,805)	(3,805)
Total comprehensive income	18,426	54,151	72,577
Dividend received from the joint venture during the year	-	45,252	45,252

12. ACCOUNTANTS' REPORT (CONT'D)
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26.0 Investments in joint ventures (contd.)

(ii) Summarised statements of comprehensive income (contd.)

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
At 31 December 2014			
Revenue	114,872	2,754	117,626
Depreciation and amortisation	(22)	(42)	(64)
Interest income	640	2	642
Interest expense	81	-	81
Profit before tax	38,914	18,195	57,109
Income tax expense	-	-	-
Profit after tax	38,914	18,195	57,109
Other comprehensive income	-	(226)	(226)
Total comprehensive income	38,914	17,969	56,883
Dividend received from the joint venture during the year	16,926	10,195	27,121

12. ACCOUNTANTS' REPORT (CONT'D)**26.0 Investments in joint ventures (contd.)**

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
At 31 December 2012			
Net assets/(liabilities) at 1 January	20,624	(24,156)	(3,532)
(Loss)/profit for the year	(2,938)	50,055	47,117
Effect of translation to closing foreign exchange rates	-	-	-
Net assets at 31 December	17,686	25,899	43,585
Interest in joint ventures as at year end	50%	60%	
Carrying amount of the Group's interest	8,843	15,539	24,382
At 31 December 2013			
Net assets at 1 January	17,686	25,899	43,585
Profit for the year	18,426	57,956	76,382
Effect of translation to closing foreign exchange rates	-	(3,805)	(3,805)
Dividend paid during the year	-	(75,420)	(75,420)
Net assets at 31 December	36,112	4,630	40,742
Interest in joint ventures as at year end	50%	60%	
Carrying amount of the Group's interest	18,056	2,778	20,834

12. ACCOUNTANTS' REPORT (CONT'D)**26.0 Investments in joint ventures (contd.)**

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures (contd.)

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
At 31 December 2014			
Net assets at 1 January	36,112	4,630	40,742
Profit for the year	38,914	18,195	57,109
Effect of translation to closing foreign exchange rates	-	(226)	(226)
Dividend paid during the year	(16,926) ^	(16,992)	(33,918)
Net assets at 31 December	58,100	5,607	63,707
Interest in joint ventures as at year end	50%	60%	
	29,050	3,364	32,414
Adjustment on dividend paid solely to SunCon during the year	(8,463)	-	(8,463)
Carrying amount of the Group's interest	20,587	3,364	23,951

* After adjustments to align to Group's accounting policies and sharing of profits based on percentage other than that of the ownership interest.

^ Dividend paid during the year was solely made to SunCon.

Aggregate information of joint ventures that are not individually material are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
The Group's share of profit before tax	661	1,395	-
The Group's share of profit after tax, representing total comprehensive income	661	1,395	-
Carrying amount of the Group's interest	1,854	1,288	238

12. ACCOUNTANTS' REPORT (CONT'D)

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27.0 Goodwill

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Cost			
At beginning/end of financial year	35,383	35,383	35,383
Accumulated impairment losses			
At beginning of financial year	(31,732)	(31,732)	(31,740)
Impairment loss recognised in profit or loss (Note 18)	-	(8)	-
At end of financial year	(31,732)	(31,740)	(31,740)
Net carrying amount	3,651	3,643	3,643

The carrying amounts of goodwill allocated to the Group's cash-generating unit (CGU) are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Construction	3,651	3,643	3,643

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	2012 %	Group 2013 %	2014 %
Gross margin	11.5	15.5	6.3
Growth rate	10.5	3.1	*
Discount rate	14.0	14.0	14.0

* The management assumes that there is no growth in determining the value-in-use.

12. ACCOUNTANTS' REPORT (CONT'D)**27.0 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 increased for expected efficiency improvements.

(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 five years and the growth rate after the fifth year is assumed to be zero.

(iii) Discount rate

The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

28.0 Inventories

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Property stocks	3,443	2,370	979
Trading inventories and spare parts	18,465	23,148	19,224
	<u>21,908</u>	<u>25,518</u>	<u>20,203</u>

Property stocks comprise properties received from trade receivables as settlement of debts in prior years.

12. ACCOUNTANTS' REPORT (CONT'D)
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29.0 Receivables

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Trade receivables	433,800	406,648	431,272
Retention sums (Note 30)	145,892	155,589	146,227
	579,692	562,237	577,499
Less: Allowance for impairment	(43,295)	(45,843)	(22,822)
	536,397	516,394	554,677
Amounts due from customers on contracts (Note 30)	53,503	24,446	85,083
Other receivables	57,774	34,631	43,011
Less: Allowance for impairment	(22,292)	(20,632)	(22,572)
	35,482	13,999	20,439
Amounts due from:			
- associate company			
- non-trade	19,938	29,296	26,925
Less: Allowance for impairment	-	(24,378)	(26,882)
	19,938	4,918	43
Amounts due from:			
- joint venture			
- non-trade	28,120	-	-
- other related companies			
- trade	76,185	104,621	69,503
- non-trade	310,520	342,588	1,372
- related parties			
- non-trade	-	1,010	-
	434,763	453,137	70,918
Deposits	7,796	10,515	6,048
Prepayments	1,944	1,992	688
	444,503	465,644	77,654
Total receivables	1,069,885	1,020,483	737,853

12. ACCOUNTANTS' REPORT (CONT'D)**29.0 Receivables (contd.)**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Total receivables	1,069,885	1,020,483	737,853
Less: Amounts due from customers on contracts (Note 30)	(53,503)	(24,446)	(85,083)
Less: Prepayments	(1,944)	(1,992)	(688)
Add: Cash and bank and short term balances (Note 32)	154,322	156,085	291,617
Less: Placement in cash funds (Note 32)	(46,700)	(23,000)	(13,200)
Total loans and receivables	<u>1,122,060</u>	<u>1,127,130</u>	<u>930,499</u>

Amounts due from other related companies (trade), associate (non-trade), joint venture (non-trade) and related parties (non-trade) are unsecured, interest free and the term of repayment is on demand.

Amounts due from other related companies (non-trade) of the Group are unsecured, interest free and the term of repayment is on demand, except for amount due from a related company of RM1,115,000 (2012: RM55,012,000 and 2013: RM63,217,000) respectively, which bears interests at rates ranging from 2.98% to 3.47% (2012: 2.95% to 3.00% and 2013: 2.95% to 3.00%) per annum.

(a) Trade receivables, retention sums and other related companies (trade)

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2012: 30 to 60 days and 2013: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. ACCOUNTANTS' REPORT (CONT'D)**29.0 Receivables (contd.)****(a) Trade receivables, retention sums and other related companies (trade) (contd.)**Ageing analysis of trade receivables, retention sums and other related companies (trade)

The ageing analysis of the Group's trade receivables, retention sums and other related companies (trade) are as follows:

	Group		
	2012	2013	2014
	RM'000	RM'000	RM'000
Neither past due nor impaired	405,324	465,485	453,701
1 to 30 days past due not impaired	103,146	51,079	28,390
31 to 60 days past due not impaired	12,615	5,002	18,346
61 to 90 days past due not impaired	7,222	8,129	46,842
91 to 120 days past due not impaired	41,094	34,340	55,850
More than 121 past due not impaired	43,181	56,980	21,051
	207,258	155,530	170,479
Impaired	43,295	45,843	22,822
	<u>655,877</u>	<u>666,858</u>	<u>647,002</u>

Receivables that are neither past due nor impaired

Trade receivables, retention sums and other related companies (trade) that are neither past due nor impaired relate to customers with good track record with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables, retention sums and other related companies (trade) that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables, retention sums and other related companies (trade) amounting to RM170,479,000 (2012: RM207,258,000 and 2013: RM155,530,000) that are past due at the reporting date but not impaired. Based on credit history, there are no indications as at reporting date that these customers will not be able to meet their obligations.

Receivables that are impaired

The Group's trade receivables, retention sums and other related companies (trade) that are impaired have been individually determined.

12. ACCOUNTANTS' REPORT (CONT'D)**29.0 Receivables (contd.)****(a) Trade receivables, retention sums and other related companies (trade) (contd.)**Receivables that are impaired (contd.)

These trade receivables, retention sums and other related companies (trade) relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables, retention sums and other related companies (trade) that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Total RM'000	Individually impaired RM'000	Collectively impaired RM'000
As at 31 December 2012			
Trade receivables			
- nominal amounts	43,295	43,127	168
Less: Allowance for impairment	(43,295)	(43,127)	(168)
	-	-	-
As at 31 December 2013			
Trade receivables			
- nominal amounts	45,843	45,675	168
Less: Allowance for impairment	(45,843)	(45,675)	(168)
	-	-	-
As at 31 December 2014			
Trade receivables			
- nominal amounts	22,822	22,654	168
Less: Allowance for impairment	(22,822)	(22,654)	(168)
	-	-	-

12. ACCOUNTANTS' REPORT (CONT'D)**29.0 Receivables (contd.)****(a) Trade receivables, retention sums and other related companies (trade) (contd.)**Receivables that are impaired (contd.)

Movement in allowance for impairment accounts for trade receivables:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
At 1 January	49,076	43,295	45,843
Charge for the year (Note 18)	2,388	2,510	2,408
Reversal of impairment losses (Note 16)	(7,751)	-	-
Written off	(301)	(90)	(25,429)
Exchange differences	(117)	128	-
At 31 December	<u>43,295</u>	<u>45,843</u>	<u>22,822</u>

(b) Other receivables

Movement in allowance for impairment accounts for other receivables:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
At 1 January	3,886	22,292	20,632
Charge for the year (Note 18)	19,033	3,639	2,356
Reversal of impairment losses (Note 16)	(516)	(62)	(330)
Written off	-	(6,167)	(86)
Exchange differences	(111)	930	-
At 31 December	<u>22,292</u>	<u>20,632</u>	<u>22,572</u>

12. ACCOUNTANTS' REPORT (CONT'D)

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29.0 Receivables (contd.)**(c) Amount due from an associate (non trade)**

Movement in allowance for impairment accounts for amount due from an associate (non trade):

	2012	Group	
	RM'000	2013	2014
		RM'000	RM'000
At 1 January	-	-	24,378
Charge for the year (Note 18)	-	24,378	-
Exchange differences	-	-	2,504
At 31 December	-	24,378	26,882

30.0 Construction contracts

	2012	Group	
	RM'000	2013	2014
		RM'000	RM'000
Cost incurred to date	4,353,950	6,039,616	7,072,984
Accrued profits to date	675,976	1,016,850	1,204,530
Less: Provision for foreseeable losses	-	(19,566)	(23,996)
Total costs and accrued profits to date	5,029,926	7,036,900	8,253,518
Progress billings to date	(5,093,961)	(7,135,235)	(8,248,666)
	(64,035)	(98,335)	4,852
Amounts due from customers on contracts (Note 29)	53,503	24,446	85,083
Amounts due to customers on contracts (Note 35)	(117,538)	(122,781)	(80,231)
	(64,035)	(98,335)	4,852
Advances received on contracts (included in payables)	31,282	31,282	34,951
Retention sums (Note 29)	145,892	155,589	146,227

12. ACCOUNTANTS' REPORT (CONT'D)**31.0 Derivatives**

	Contract/ Notional Amount RM'000	Asset RM'000	Liability RM'000
Group			
As at 31 December 2012			
Derivative:			
Current			
Forward currency contract	-	-	-
As at 31 December 2013			
Derivatives:			
Current			
Forward currency contract (Note 41)	19,051	489	(142)
As at 31 December 2014			
Derivative:			
Current			
Forward currency contract	-	-	-

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

12. ACCOUNTANTS' REPORT (CONT'D)**32.0 Cash and bank and short term funds balances**

	2012	Group	
	RM'000	2013	2014
	(Restated)	RM'000	RM'000
		(Restated)	
Cash at banks and on hand	75,380	57,160	65,909
Deposits with:			
Licensed banks	18,742	75,925	4,852
Other financial institutions	13,500	-	207,656
Placement in cash funds	46,700	23,000	13,200
Cash and bank and short term funds balances	<u>154,322</u>	<u>156,085</u>	<u>291,617</u>

The weighted average interest rates per annum of deposits that were effective as at reporting date were as follows:

	2012	Group	
	%	2013	2014
		%	%
Deposits with licensed banks	4.04	3.56	1.39
Deposits with other licensed financial institutions	2.98	-	5.28
Placement in cash funds	<u>3.17</u>	<u>3.29</u>	<u>4.75</u>

The maturity of deposits with licensed banks during the years under review ranged from 1 day to 169 days.

The average maturity of deposits with other financial institutions of the Group is 27 days (2012: 7 days and 2013: nil) respectively at the reporting dates.

The average maturity of fixed income instrument placed with other financial institutions of the Group are from 1 days (2012: 1 day and 2013: 1 day) respectively at the reporting dates.

12. ACCOUNTANTS' REPORT (CONT'D)**32.0 Cash and bank and short term funds balances (contd.)**

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	2012	Group	2014
	RM'000	2013	RM'000
	(Restated)	(Restated)	
Cash and bank and short term funds balances	154,322	156,085	291,617
Bank overdrafts (Note 33)	(3,719)	(1,798)	-
Less: Deposits with licensed banks with maturity of more than 3 months	(9,882)	(5,355)	(805)
Placement in cash funds	(46,700)	(23,000)	(13,200)
Total cash and cash equivalents	<u>94,021</u>	<u>125,932</u>	<u>277,612</u>

33.0 Borrowings

	2012	Group	2014
	RM'000	2013	RM'000
		RM'000	
Short term borrowings			
Secured:			
Hire purchase obligations	5,147	5,490	412
Term loans	2,379	3,677	208
	<u>7,526</u>	<u>9,167</u>	<u>620</u>
Unsecured:			
Bankers' acceptances	23,910	14,092	505
Revolving credits	10,000	50,000	50,168
Bills discounting	-	-	83,839
Bank overdrafts (Note 32)	3,719	1,798	-
	<u>37,629</u>	<u>65,890</u>	<u>134,512</u>
	<u>45,155</u>	<u>75,057</u>	<u>135,132</u>

12. ACCOUNTANTS' REPORT (CONT'D)**33.0 Borrowings (contd.)**

		Group	
	2012	2013	2014
	RM'000	RM'000	RM'000
Long term borrowings			
Secured:			
Hire purchase obligations	8,023	2,409	69
Term loans	9,983	13,001	-
	<u>18,006</u>	<u>15,410</u>	<u>69</u>
Total borrowings			
Hire purchase obligations	(a) 13,170	7,899	481
Term loans	(b) 12,362	16,678	208
Bankers' acceptances	23,910	14,092	505
Revolving credits	10,000	50,000	50,168
Bills discounting	-	-	83,839
Bank overdrafts	32 3,719	1,798	-
Total borrowings (Note 35)	<u>63,161</u>	<u>90,467</u>	<u>135,201</u>

Hire purchase obligations are secured by a charge over the related leased assets as disclosed in Note 22.

The ultimate holding company provide corporate guarantee for all the borrowings of the Group.

The secured term loans were entered into to fund working capital requirements including the purchase of equipments and are secured by first party debenture over all the fixed and floating assets of a subsidiary.

12. ACCOUNTANTS' REPORT (CONT'D)**33.0 Borrowings (contd.)**

The weighted average interest rates per annum of borrowings that effective as at reporting date were as follows:

	Group		
	2012	2013	2014
	%	%	%
Hire purchase obligations	6.28	6.52	6.40
Term loans	5.29	4.85	6.55
Bankers' acceptances	3.00	3.00	2.29
Revolving credits	4.63	3.90	3.95
Bills discounting	-	-	3.95
Bank overdrafts	4.00	5.75	-

The currency profile of borrowings are as follows:

	Group		
	2012	2013	2014
	RM'000	RM'000	RM'000
The currency exposure profile of borrowings is as follows:			
- Ringgit Malaysia ("RM")	34,179	73,698	134,215
- Singapore Dollar ("SGD")	28,982	16,769	986
	63,161	90,467	135,201

12. ACCOUNTANTS' REPORT (CONT'D)**33.0 Borrowings (contd.)**

(a) The maturity of the hire purchase obligations are as follows:

	2012	Group	
	2013	2014	
	RM'000	RM'000	RM'000
Future minimum lease payments:			
Not later than 1 year	5,923	5,941	466
Later than 1 year and not later than 2 years	4,290	2,432	78
Later than 2 years and not later than 3 years	3,016	76	-
Later than 3 years and not later than 4 years	684	-	-
Later than 4 years and not later than 5 years	414	-	-
Total future minimum lease payments	14,327	8,449	544
Less: Future finance charges	(1,157)	(550)	(63)
Present value of finance lease liabilities	13,170	7,899	481

	2012	Group	
	2013	2014	
	RM'000	RM'000	RM'000
Analysis of present value of hire purchase obligations:			
Not later than 1 year	5,147	5,490	412
Later than 1 year and not later than 2 years	4,070	2,341	69
Later than 2 years and not later than 3 years	2,901	68	-
Later than 3 years and not later than 4 years	646	-	-
Later than 4 years and not later than 5 years	406	-	-
	13,170	7,899	481
Less: Amount due within 12 months	(5,147)	(5,490)	(412)
Amount due after 12 months	8,023	2,409	69

12. ACCOUNTANTS' REPORT (CONT'D)**33.0 Borrowings (contd.)**

(b) The maturity of the term loans are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Not later than 1 year	2,379	3,677	208
Later than 1 year and not later than 2 years	3,155	2,788	-
Later than 2 years and not later than 3 years	959	2,658	-
Later than 3 years and not later than 4 years	750	2,658	-
Later than 4 years and not later than 5 years	750	2,422	-
Later than 5 years	4,369	2,475	-
	<u>12,362</u>	<u>16,678</u>	<u>208</u>

34.0 Deferred tax

	2012 RM'000	Group 2013 RM'000	2014 RM'000
At beginning of financial year	(1,695)	1,029	561
Recognised in profit or loss (Note 20)	2,724	(468)	2,287
Exchange differences	-	-	21
At end of financial year	<u>1,029</u>	<u>561</u>	<u>2,869</u>
Presented after appropriate offsetting as follows:			
Deferred tax assets	2,079	2,132	7,154
Deferred tax liabilities	<u>(1,050)</u>	<u>(1,571)</u>	<u>(4,285)</u>
	<u>1,029</u>	<u>561</u>	<u>2,869</u>

12. ACCOUNTANTS' REPORT (CONT'D)**34.0 Deferred tax (contd.)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unutilised business losses RM'000	Provision for liabilities RM'000	Receivables and inventories RM'000	Others RM'000	Total RM'000
At 1 January 2012	2,828	-	495	94	1,611	5,028
Recognised in profit or loss At 31 December 2012	1,226	783	(495)	(82)	784	2,216
Recognised in profit or loss At 31 December 2013	4,054 (890)	783 (324)	-	12 (1)	2,395 2,116	7,244 901
Recognised in profit or loss At 31 December 2014	3,164 (3,164)	459 236	- 5,992	11 (1)	4,511 (617)	8,145 2,446
	-	695	5,992	10	3,894	10,591

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12. ACCOUNTANTS' REPORT (CONT'D)**34.0 Deferred tax (contd.)**

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (contd.)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2012	6,813	(90)	6,723
Recognised in profit or loss	(548)	40	(508)
At 31 December 2012	6,265	(50)	6,215
Recognised in profit or loss	1,311	58	1,369
At 31 December 2013	7,576	8	7,584
Recognised in profit or loss	282	(123)	159
Exchange differences	-	(21)	(21)
At 31 December 2014	7,858	(136)	7,722

12. ACCOUNTANTS' REPORT (CONT'D)**34.0 Deferred tax (contd.)**

Deferred tax assets have not been recognised in respect of the following items:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Unused tax losses	68,262	67,810	27,588
Unabsorbed capital allowances	34,644	49,358	44,830
Other deductible temporary differences	2,577	3,657	26,465
	<u>105,483</u>	<u>120,825</u>	<u>98,883</u>

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowance where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

12. ACCOUNTANTS' REPORT (CONT'D)**35.0 Payables**

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Trade payables	472,514	423,041	521,644
Amounts due to customers on contracts (Note 30)	117,538	122,781	80,231
Other payables	130,543	124,578	129,962
Accruals	65,359	30,419	34,182
Amounts due to:			
- ultimate holding company			
- non-trade	1,564	2,000	9,721
- immediate holding company			
- non-trade	3	-	-
- other related companies			
- trade	3,730	4,989	6,675
- non-trade	4,702	22,934	8,849
Total payables	<u>795,953</u>	<u>730,742</u>	<u>791,264</u>
Total payables	795,953	730,742	791,264
Less: Amounts due to customers on contracts (Note 30)	(117,538)	(122,781)	(80,231)
Add: Total borrowings (Note 33)	<u>63,161</u>	<u>90,467</u>	<u>135,201</u>
Total financial liabilities carried at amortised cost	<u>741,576</u>	<u>698,428</u>	<u>846,234</u>

Credit terms of trade payables granted to the Group range from 14 days to 60 days (2012: 14 days to 60 days and 2013: 14 days to 60 days).

Amounts due to immediate and ultimate holding companies (non-trade) are unsecured, interest free and the term of repayment is on demand.

The amounts due to other related companies (trade and non-trade) are unsecured, interest free and the term of repayment is on demand.

In financial year 2012, the interest bearing amount due to a related company was fully settled as at end of financial year.

12. ACCOUNTANTS' REPORT (CONT'D)**36.0 Capital commitments**

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Capital expenditure:			
Approved and contracted for property, plant and equipment	12,881	6,773	266
Approved but not contracted for			
- property, plant and equipment	44,554	29,394	33,682
- others	30,000	-	-
	<u>87,435</u>	<u>36,167</u>	<u>33,948</u>

37.0 Operating lease agreements

The future minimum lease payments payable in relation to non-cancellable operating leases of the Group contracted for as at the reporting date but not recognised as payables, are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Future minimum lease payments:			
Not later than 1 year	8,252	8,211	9,419
Later than 1 year and not later than 5 years	15,637	9,487	6,490
	<u>23,889</u>	<u>17,698</u>	<u>15,909</u>

38.0 Contingent liabilities

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>478,253</u>	<u>423,015</u>	<u>307,560</u>

12. ACCOUNTANTS' REPORT (CONT'D)**38.0 Contingent liabilities (contd.)**

Material outstanding litigation:

- (a) Pursuant to an agreement entered into between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of highway NH-25 in the state of Uttar Pradesh to four-lane configuration, being a part of the East-West Corridor Project, SunCon entered into a work order for a portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd ("Shristi"). The total value of the work order was INR1,34,37,91,938 (equivalent to approximately RM74.18 million). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of INR11,72,97,625 (equivalent to approximately RM6.47 million) from the encashment of the bank guarantees.

Shristi filed an application at the Supreme Court of India in the year 2007 for the appointment of an arbitrator to arbitrate the disputes between the parties. Shristi filed its statement of claim for a sum of INR89,14,55,048 (equivalent to approximately RM49.21 million). In response to Shristi's claim, SunCon filed its counterclaim amounting to INR78,13,94,629 (equivalent to approximately RM43.13 million).

The arbitration at present cannot proceed due to the demise of the sole arbitrator on 11 January 2013, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi's first witness was being cross-examined. No proceedings can take place unless the tribunal is re-constituted and the arbitration tribunal has not yet been re-constituted.

The Directors are of the opinion, that no provision for the abovementioned claims is necessary.

- (b) Sunway Construction Caribbean Limited ("Sunway Construction Caribbean") was awarded a contract to construct the Ministry of Legal Affairs Tower ("MLA Tower") by the UDCTT in year 2006. Sunway Construction Caribbean has, via a letter of award dated 12 January 2006 ("MLA Tower Sub-Contract"), sub-contracted ANSA MCAL Enterprises Limited ("AMEL") for, inter alia, the provision and installation of curtain walling, facade panelling and window washing equipment in respect of the MLA Tower at the contract price of TTD81,229,508.00 (approximately RM45.78 million). AMEL has alleged, inter-alia, that Sunway Construction Caribbean was in breach of the MLA Tower Sub-Contract by failing to (a) pay the balance of retention sum and continues withholding the retention sum from AMEL and (b) review the shop drawings in a timely manner which has resulted the delays of AMEL's works.

12. ACCOUNTANTS' REPORT (CONT'D)**38.0 Contingent liabilities (contd.)**

Material outstanding litigation: (contd.)

- (b) AMEL had via a claim form and statement of case dated 29 August 2014 and 15 December 2014 respectively, filed its claim against Sunway Construction Caribbean at the High Court of Justice, Republic of Trinidad and Tobago, for an accumulated sum of TTD35,289,007.12 (approximately RM19.90 million), being loss and damages arising from the alleged Sunway Construction Caribbean's breach of the MLA Tower Sub-Contract.

A case management conference for the above claim is fixed on 7 May 2015 at the High Court of Justice, Port-of-Spain, Trinidad and Tobago. The Directors, after consulting the company's acting lawyers, are of the view that it would be premature to express a view on the case as at this juncture prior to the finalisation of Sunway Construction Caribbean's defence.

39.0 Significant related party transactions

Related companies refers to companies within Sunway Berhad group of companies.

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Contract revenue from:			
Other related companies:			
Sunway City Sdn. Bhd.	3,063	6,965	151
Sunway City (Ipoh) Sdn. Bhd.	1,954	163	-
Sunway D'Mont Kiara Sdn. Bhd.	5	-	-
Sunway PKNS Sdn. Bhd. (formerly known as Sunway Damansara Sdn. Bhd.)	2,057	221	2,164
Sunway Pyramid Sdn. Bhd.	372	-	-
Sunway Medical Centre Sdn. Bhd.	1,488	-	11,267
Sunway Pinnacle Sdn. Bhd.	28,093	119,531	21,198
Prosper Revenue Sdn. Bhd.	-	6,908	8,630

12. ACCOUNTANTS' REPORT (CONT'D)**39.0 Significant related party transactions (contd.)**

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	2012	Group	2014
	RM'000	2013	RM'000
		RM'000	RM'000
Contract revenue from: (contd.)			
Other related companies:			
Sunway South Quay Sdn. Bhd.	11,540	34,662	47,563
Sunway Forum Hotel Sdn. Bhd. (formerly known as Sunway Pyramid Hotel Sdn. Bhd.)	12,255	39,419	59,902
Sunway Velocity Sdn. Bhd.	75,646	60,178	98,371
Sunway Integrated Properties Sdn. Bhd.	127,685	167,578	114,560
Sunway Destiny Sdn. Bhd.	18,363	50,203	115,956
Sunway MUSC Sdn. Bhd.	2,607	979	-
Sunway Transit System Sdn. Bhd.	-	-	17,822
Related parties:			
SunCity Suncon Joint Venture	34,291	33,775	33,844
Sunway Iskandar Sdn. Bhd. ^	-	-	53,757
Sunway Real Estate Investment Trust *	6,983	43,367	137,389
Interest income from:			
Other related company:			
Sunway Treasury Sdn. Bhd. (Note 17a)	1,782	1,068	1,131
Rental income of plant and machinery from:			
Other related companies:			
Sunway Lagoon Sdn. Bhd.	105	-	-
Sunway Paving Solutions Sdn. Bhd.	5	-	-
Sunway Enterprise (1988) Sdn. Bhd.	70	65	-
Interest expense to:			
Other related company:			
Sunway Treasury Sdn. Bhd. (Note 17b)	(180)	-	-

12. ACCOUNTANTS' REPORT (CONT'D)**39.0 Significant related party transactions (contd.)**

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Purchases of goods/services from:			
Other related companies:			
Sunway Marketing Sdn. Bhd.	(69,652)	(130,919)	(113,478)
Sunway Quarry Industries Sdn. Bhd.	(3,351)	(2,283)	(3,979)
Sunway Paving Solutions Sdn. Bhd.	(1,105)	(238)	(912)
Sunway Enterprise (1988) Sdn. Bhd.	(170)	(826)	(3,101)
Sunway Risk Management Sdn. Bhd.	(5,363)	(7,319)	(6,967)
Sunway Marketing (S) Pte. Ltd.	(48)	(48)	(27)
Sunway Credit Sdn. Bhd.	(211)	(93)	(144)
Sunway Leasing Sdn. Bhd.	(4,655)	(4,663)	(2,141)
Sunway Hose Centre Sdn. Bhd.	(2)	(110)	(148)
Sunway Travel Sdn. Bhd.	(323)	(336)	(269)
Sunway Medical Centre Sdn. Bhd.	(26)	(50)	(147)
Sunway FSSC Sdn. Bhd.	-	(1,636)	(1,900)
Sunway Treasury Sdn. Bhd.	-	-	(22)
Sunway Lagoon Club Bhd.	(38)	(36)	(98)
Sunway Resort Hotel Sdn. Bhd.	(46)	(78)	(218)
Sunway Leisure Sdn. Bhd.	(68)	(66)	(71)
Sunway Lagoon Sdn. Bhd.	(51)	(13)	(18)
Sunway PFM Sdn. Bhd.	(119)	(34)	(69)
Sunway Shared Services Sdn. Bhd. (Note 18)	<u>(4,213)</u>	<u>(3,776)</u>	<u>(4,939)</u>
Rental of office space from:			
Related party:			
Sunway Real Estate Investment Trust *	<u>(1,097)</u>	<u>(1,097)</u>	<u>(1,165)</u>

12. ACCOUNTANTS' REPORT (CONT'D)**39.0 Significant related party transactions (contd.)**

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Rental of office space from: (contd.)			
Other related companies:			
Sunway City Sdn. Bhd.	(278)	-	-
Sunway Lagoon Sdn. Bhd.	(149)	(174)	(156)
Sunway Paving Solutions Sdn.Bhd.	(407)	(922)	(1,168)
Sunway Integrated Properties Sdn. Bhd.	(227)	(248)	(429)
Sunway Pyramid Development Sdn. Bhd.	(25)	(33)	(36)
Management fees to:			
Ultimate holding company:			
Sunway Berhad (Note 18)	(14,404)	(16,693)	(16,649)

* Sunway Real Estate Investment Trust is an associate of the ultimate holding company.

^ Sunway Iskandar Sdn. Bhd. is a joint venture of the ultimate holding company.

(b) Remuneration of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group include all the directors of the Group who make certain critical decisions in relation to the strategic direction of the Group. The compensation of key management personnel are as disclosed in Note 19.

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments****(a) Financial risk management objectives and policies**

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and fair values. 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.

(b) Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		
	2012	2013	2014
	RM'000	RM'000	RM'000
Fixed rate instruments			
Financial assets	78,942	98,925	225,708
Financial liabilities	(23,170)	(57,899)	(134,488)
	<u>55,772</u>	<u>41,026</u>	<u>91,220</u>
Variable rate instruments			
Financial assets	55,012	63,217	1,115
Financial liabilities	(39,991)	(32,568)	(713)
	<u>15,021</u>	<u>30,649</u>	<u>402</u>

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

As the Group have no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and cash fund.

The Group'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. As at 31 December 2014, approximately 99% (31 December 2012: approximately 37% and 31 December 2013: approximately 64%) of the Group's borrowings are at fixed rates of interest.

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments (contd.)****(b) Interest rate risk (contd.)**Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit or loss before tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2012 RM'000	Group 2013 RM'000	2014 RM'000
<u>25 basis points increase</u>			
Variable rate instruments	38	77	1
<u>25 basis points decrease</u>			
Variable rate instruments	(38)	(77)	(1)

(c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not exposed to significant foreign currency risk as majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), India Rupees ("IR"), Trinidad and Tobago Dollar ("TTD"), Chinese Renminbi ("RMB") and United Arab Emirates Dirham ("AED"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

As at the financial year ended 31 December 2014, 14% (2012: 15% and 2013: 16%) of the Group's sales are denominated in foreign currencies whilst 11% (2012: 15% and 2013: 11%) of costs of sales are denominated in the respective functional currencies of the Group entities.

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments (contd.)****(c) Foreign currency risk (contd.)**

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 cash equivalents denominated in foreign currencies for working capital purposes. As at financial period ended 31 December 2014, such foreign currency balances amount to RM30,391,000 (2012: RM27,299,000 and 2013: RM 26,624,000).

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.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	Group		
	Profit net of tax		
	2012	2013	2014
	RM'000	RM'000	RM'000
SGD/RM			
- strengthened			
2012: 1%, 2013: 0.4%			
and 2014: 2%	255	70	459
- weakened			
2012: 1%, 2013: 0.4%			
and 2014: 2%	(255)	(70)	(459)

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments (contd.)****(c) Foreign currency risk (contd.)**

	Group Profit net of tax		
	2012 RM'000	2013 RM'000	2014 RM'000
IR/RM			
- strenghtened			
2012: 2%, 2013: 1%			
2014: 7%	203	76	381
- weakened			
2012: 2%, 2013: 1%			
2014: 7%	(203)	(76)	(381)
TTD/RM			
- strenghtened			
2012: 3%, 2013: 7%			
2014: 2%	(21)	68	(4)
- weakened			
2012: 3%, 2013: 7%			
2014: 2%	21	(68)	4
AED/RM			
- strenghtened			
2012: 2%, 2011: 7%			
2014: 1%	146	(424)	(7)
- weakened			
2012: 2%, 2013: 7%			
2014: 1%	(146)	424	7

(d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments (contd.)****(d) Liquidity risk (contd.)****Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
At 31 December 2012				
Financial liabilities:				
Total payables (excluding amounts due to customers on contracts)	678,415	-	-	678,415
Loans and borrowings	47,524	14,129	3,619	65,272
Total undiscounted financial liabilities	<u>725,939</u>	<u>14,129</u>	<u>3,619</u>	<u>743,687</u>
At 31 December 2013				
Financial liabilities:				
Total payables (excluding amounts due to customers on contracts)	607,961	-	-	607,961
Derivatives	142	-	-	142
Loans and borrowings	77,110	14,482	2,571	94,163
Total undiscounted financial liabilities	<u>685,213</u>	<u>14,482</u>	<u>2,571</u>	<u>702,266</u>
At 31 December 2014				
Financial liabilities:				
Total payables (excluding amounts due to customers on contracts)	711,033	-	-	711,033
Loans and borrowings	135,202	78	-	135,280
Total undiscounted financial liabilities	<u>846,235</u>	<u>78</u>	<u>-</u>	<u>846,313</u>

12. ACCOUNTANTS' REPORT (CONT'D)

**40.0 Financial instruments (contd.)****(e) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's 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 minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments (contd.)****(e) Credit risk (contd.)**Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and retention sums at the reporting date are as follows:

	2012		Group 2013		2014	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
By country:						
Malaysia	439,918	82.0%	450,379	87.2%	502,172	90.6%
Singapore	85,527	15.9%	48,089	9.3%	44,226	7.9%
India	7,568	1.4%	7,257	1.4%	7,326	1.3%
United Arab Emirates	3,384	0.7%	10,669	2.1%	953	0.2%
	536,397	100.0%	516,394	100.0%	554,677	100.0%

12. ACCOUNTANTS' REPORT (CONT'D)**40.0 Financial instruments (contd.)****(f) Fair values**

The carrying amounts of financial assets and liabilities of the Group as at reporting dates approximated their fair values except for the following:

	2012		2013		2014	
	RM'000		RM'000		RM'000	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Group						
Financial liabilities:						
Hire purchase obligations (Note 41)	13,170	12,568	7,899	7,737	481	477

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables	29
Other receivables	29
Amounts due from other related companies	29
Amounts due from related parties	29
Amounts due from associate company	29
Amounts due from joint venture	29
Borrowings (current)	33
Borrowings (non-current)	33
Trade payables	35
Other payables	35
Amounts due to ultimate holding company	35
Amounts due to immediate holding company	35
Amounts due to other related companies	35

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

12. ACCOUNTANTS' REPORT (CONT'D)**41.0 Fair value measurement**

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 31 December 2012				
Placement of cash funds (Note 32)	(46,700)	-	-	(46,700)
Hire purchase obligations (Note 40(f))	-	12,568	-	12,568
At 31 December 2013				
Placement of cash funds (Note 32)	(23,000)	-	-	(23,000)
Hire purchase obligations (Note 40(f))	-	7,737	-	7,737
Derivative assets (Note 31)	-	(489)	-	(489)
Derivative liabilities (Note 31)	-	142	-	142
At 31 December 2014				
Placement of cash funds (Note 32)	(13,200)	-	-	(13,200)
Hire purchase obligations (Note 40(f))	-	477	-	477

Derivatives

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.

12. ACCOUNTANTS' REPORT (CONT'D)**42.0 Capital management**

The primary objective of the Group'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 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 provide low returns are also made to optimise the capital structure of the Group.

The Group 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 total loans and borrowings divided by invested equity. Invested equity is the equity attributable to owners of the parent.

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Loans and borrowings (Note 33)	63,161	90,467	135,201
Invested Equity	560,413	614,187	333,494
Gearing ratio	11%	15%	41%

43.0 Segment information

For management purposes, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

- (i) Construction - building construction services; civil infrastructure construction services; foundation and geotechnical engineering services and mechanical; electrical and plumbing.
- (ii) Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.
- (iii) Others - smaller construction activities and discontinued operations.

12. ACCOUNTANTS' REPORT (CONT'D)



43.0 Segment information (contd.)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
At 31 December 2012					
Revenue					
Sales to external customers	1,238,341	201,625	8,509	-	1,448,475
Inter-segment sales	337,277	2,659	10,529	(350,465)	-
Total revenue	1,575,618	204,284	19,038	(350,465)	1,448,475
Results					
Operating (loss)/profit	(2,832)	31,554	19,446	-	48,168
Finance income and other distribution income	6,992	31	224	-	7,247
Finance costs	(1,629)	(1,118)	(9)	-	(2,756)
Share of results of joint ventures	30,695	-	(1,469)	-	29,226
Profit before tax	33,226	30,467	18,192	-	81,885
Income tax expense	(15,153)	(4,623)	1,425	-	(18,351)
Net profit for the year	18,073	25,844	19,617	-	63,534
Non-controlling interests	(8,744)	-	(2)	-	(8,746)
Attributable to owners of the parent	9,329	25,844	19,615	-	54,788

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12. ACCOUNTANTS' REPORT (CONT'D)



43.0 Segment information (contd.)

Business segments (contd.)

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment assets	1,045,189	334,158	50,217	-	1,429,564
Investments in joint ventures	17,393	-	8,843	-	26,236
Total assets	1,062,582	334,158	59,060	-	1,455,800
Segment liabilities	689,954	152,630	20,216	-	862,800
Total liabilities	689,954	152,630	20,216	-	862,800
Capital expenditure	62,985	22,333	117	-	85,435
Depreciation and amortisation	22,787	4,439	368	-	27,594

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At 31 December 2012 (contd.)

Assets

Segment assets
Investments in joint ventures
Total assets

Liabilities

Segment liabilities
Total liabilities

Other segment information

Capital expenditure
Depreciation and amortisation

12. ACCOUNTANTS' REPORT (CONT'D)



43.0 Segment information (contd.)

Business segments (contd.)

At 31 December 2013

Revenue

Sales to external customers
Inter-segment sales
Total revenue

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
	1,567,758	229,133	42,702	-	1,839,593
	387,387	23,353	3,971	(414,711)	-
	1,955,145	252,486	46,673	(414,711)	1,839,593

Results

Operating profit/(loss)
Finance income and other distribution income
Finance costs
Share of results of joint ventures
Profit/(loss) before tax
Income tax expense
Net profit/(loss) for the year
Non-controlling interests
Attributable to owners of the parent

	18,217	50,589	(26,448)	-	42,358
	4,263	42	23	-	4,328
	(1,091)	(1,124)	(41)	-	(2,256)
	36,169	-	9,213	-	45,382
	57,558	49,507	(17,253)	-	89,812
	(16,149)	(7,958)	375	-	(23,732)
	41,409	41,549	(16,878)	-	66,080
	846	-	-	-	846
	42,255	41,549	(16,878)	-	66,926

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12. ACCOUNTANTS' REPORT (CONT'D)**43.0 Segment information (contd.)****Business segments (contd.)**

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment assets	1,034,545	386,108	(889)	-	1,419,764
Investments in joint ventures	4,066	-	18,056	-	22,122
Total assets	1,038,611	386,108	17,167	-	1,441,886
Segment liabilities	701,350	114,863	15,982	-	832,195
Total liabilities	701,350	114,863	15,982	-	832,195
Capital expenditure	66,461	9,029	-	-	75,490
Depreciation and amortisation	38,737	4,071	18	-	42,826

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At 31 December 2013 (contd.)**Assets**

Segment assets
Investments in joint ventures
Total assets

Liabilities

Segment liabilities
Total liabilities

Other segment information

Capital expenditure
Depreciation and amortisation

12. ACCOUNTANTS' REPORT (CONT'D)



43.0 Segment information (contd.)

Business segments (contd.)

At 31 December 2014

Revenue

Sales to external customers
Inter-segment sales
Total revenue

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
	1,624,939	254,557	1,211	-	1,880,707
	407,277	46,349	-	(453,626)	-
	2,032,216	300,906	1,211	(453,626)	1,880,707

Results

Operating profit
Finance income and other distribution income
Finance costs
Share of results of joint ventures
Profit before tax
Income tax expense
Net profit for the year
Non-controlling interests
Attributable to owners of the parent

	18,600	99,976	1,598	-	120,174
	4,034	14	7	-	4,055
	(2,925)	(388)	(26)	-	(3,339)
	10,917	-	19,457	-	30,374
	30,626	99,602	21,036	-	151,264
	(12,893)	(12,576)	(1,026)	-	(26,495)
	17,733	87,026	20,010	-	124,769
	50	-	-	-	50
	17,783	87,026	20,010	-	124,819

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12. ACCOUNTANTS' REPORT (CONT'D)**43.0 Segment information (contd.)****Business segments (contd.)**

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
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At 31 December 2014 (contd.)**Assets**

Segment assets	1,140,037	105,991	1,966	-	1,247,994
Investments in joint ventures	3,602	-	20,587	-	24,189
Total assets	1,143,639	105,991	22,553	-	1,272,183

Liabilities

Segment liabilities	840,362	81,122	22,427	-	943,911
Total liabilities	840,362	81,122	22,427	-	943,911

Other segment information

Capital expenditure	43,311	2,421	-	-	45,732
Depreciation and amortisation	38,268	3,348	26	-	41,642

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12. ACCOUNTANTS' REPORT (CONT'D)



43.0 Segment information (contd.)

Geographical segments

	Revenue RM'000	Profit/(loss) before tax RM'000	Net profit/ (loss) RM'000	Attributable to owners of the parent RM'000	Segment assets RM'000
At 31 December 2012					
Malaysia	1,226,806	18,223	4,278	(2,702)	975,673
Singapore	201,519	29,115	24,493	24,493	386,967
India	-	(12,844)	(12,844)	(12,844)	38,963
Trinidad & Tobago	-	14,307	14,523	14,523	451
China	-	(1,485)	(1,485)	(1,485)	-
United Arab Emirates	20,150	34,569	34,569	32,803	27,510
	<u>1,448,475</u>	<u>81,885</u>	<u>63,534</u>	<u>54,788</u>	<u>1,429,564</u>
At 31 December 2013					
Malaysia	1,553,530	(10,444)	(26,185)	(24,956)	964,578
Singapore	267,906	43,749	35,791	35,791	391,013
India	-	(741)	(774)	(774)	35,903
Trinidad & Tobago	-	(82)	(82)	(82)	1,992
United Arab Emirates	18,157	57,330	57,330	56,947	26,278
	<u>1,839,593</u>	<u>89,812</u>	<u>66,080</u>	<u>66,926</u>	<u>1,419,764</u>
At 31 December 2014					
Malaysia	1,625,825	61,796	47,877	47,904	1,061,614
Singapore	254,882	80,740	68,164	68,164	156,399
India	-	(1,305)	(1,305)	(1,305)	25,791
Trinidad & Tobago	-	(977)	(977)	(977)	1
United Arab Emirates	-	11,010	11,010	11,033	4,189
	<u>1,880,707</u>	<u>151,264</u>	<u>124,769</u>	<u>124,819</u>	<u>1,247,994</u>

12. ACCOUNTANTS' REPORT (CONT'D)**44.0 Significant events during the financial years**

In addition to the significant and subsequent events disclosed elsewhere in this report, other significant and subsequent events are as follows:

- (a) On 9 January 2012, Sunway Creative Stones Sdn. Bhd., a 70% owned subsidiary of SunCon disposed of its 100% equity interest in Sunway Creative Stones (Xiamen) Co. Ltd. to Chin Fun Foo for RMB1,600,000 cash (equivalent to approximately RM780,000) at a gain on disposal of RM404,000.

The above disposal of subsidiary did not have any material effect on the financial results and financial position of the Group;

- (b) On 19 January 2012, Binajelata (M) Sdn. Bhd. was dissolved;
- (c) On 20 April 2012, Target Beam (M) Sdn. Bhd., Crosside Realty Sdn. Bhd. and Classvest Realty Sdn. Bhd. were dissolved;
- (d) On 24 April 2012, SunCon had acquired 75,900 ordinary shares of RM1.00 each, equivalent to 7.47% equity interest in Sunway Engineering Sdn. Bhd. ("SWE"), a 75.1% owned subsidiary of the Company from Sincere Bid (M) Sdn. Bhd. ("Sincere") for a total purchase consideration of RM9,246,842. As a result SWE became a 82.6% owned subsidiary of the Company;
- (e) On 17 October 2012, Identiti Jelata (M) Sdn. Bhd. was dissolved;
- (f) On 4 September 2012, SunCon had partially redeemed 4,800,000 Non-Cumulative Redeemable Preference Shares in Sunway Paving Solutions Sdn. Bhd. ("Paving") of RM0.01 each at a premium of RM0.99 per share;
- (g) On 13 September 2012, SunCon had partially redeemed 8,000,000 Non-Cumulative Redeemable Preference Shares in Paving of RM0.01 each at a premium of RM0.99 per share;
- (h) On 1 January 2013, SunCon subscribed for 1,750,001 ordinary shares of RM1.00 each in the capital of Sunway Geotechnics (M) Sdn. Bhd. ("SunGeo") by way of capitalising the amount owing by SunGeo to the Company amounting to RM1,750,001;
- (i) On 23 April 2013, SunCon had partially redeemed 11,270,000 Non-Cumulative Redeemable Preference Shares in Sunway SK Sdn. Bhd. of RM0.01 each at a premium of RM0.99 per share;
- (j) On 9 May 2013, SunCon had partially redeemed 1,300,000 Non-Cumulative Redeemable Preference Shares registered in Sunway SK Sdn. Bhd. of RM0.01 each at a premium of RM0.99 per share;

12. ACCOUNTANTS' REPORT (CONT'D)**44.0 Significant events during the financial years (contd.)**

- (k) On 28 May 2013, SunCon had acquired the remaining 177,100 ordinary shares of RM1.00 each in SWE, a 82.60% owned subsidiary of the Company from Sincere for a total purchase consideration of RM35,975,511.99. As a result, SWE became a wholly-owned subsidiary of the Company;
- (l) On 20 August 2013, SunCon had subscribed for additional 1,484,001 ordinary shares of RM1.00 each in SWE;
- (m) On 29 November 2013, Sunway PMI-Pile Construction Sdn. Bhd. was wound up by High Court of Malaya in Kuala Lumpur pursuant to Section 218 (1) (e) & (i) of the Companies Act, 1965.;
- (n) On 22 July 2014, SunCon had partially redeemed 7,000,000 Non-Cumulative Redeemable Preference Shares in Paving of RM0.01 each at a premium of RM0.99 per share;
- (o) On 3 September 2014, SunCon had fully redeemed 18,300,000 Non-Cumulative Redeemable Preference Shares in Paving of RM0.01 each at a premium of RM0.99 per share; and
- (p) On 10 December 2014, Sunway M&E Sdn. Bhd. and Sunway Smartek Sdn. Bhd. commenced their member's voluntary winding-up pursuant to Section 254 (1) of the Companies Act, 1965.

45.0 Details of the relevant proposals and transactions**(a) Internal re-organisation****(i) Transfer of Identified Companies**

Sunway Holdings Sdn. Bhd. ("SunHoldings") will acquire the entire equity interests in Sunway Permai Sdn. Bhd., Sunway Transit System Sdn. Bhd. and Sunway Dimension Stones Sdn. Bhd. from SunCon.

(ii) Transfer of Hoi Hup Sunway Developments Pte. Ltd.

Sunway Concrete Products (S) Pte. Ltd., an indirect wholly-owned subsidiary of SunCon, will dispose of its entire equity interests representing 30% of the share capital of Hoi Hup Sunway Developments Pte. Ltd. to SunHoldings.

12. ACCOUNTANTS' REPORT (CONT'D)**45. Details of the relevant proposals and transactions (contd.)****(a) Internal re-organisation (contd.)****(iii) Share subscription in Sunway Developments Pte. Ltd.**

SunHoldings will undertake a share subscription of new shares in Sunway Developments Pte. Ltd. ("Sunway Developments"), a wholly-owned subsidiary of Sunway Concrete Products (S) Pte. Ltd., which in turn is an indirect wholly-owned subsidiary of SunCon, whereby SunHoldings will subscribe for new ordinary shares in Sunway Developments and Sunway Developments will thereafter undertake a selective share buy-back of the existing ordinary shares held by Sunway Concrete Products (S) Pte. Ltd. in Sunway Developments, thereby resulting in SunHoldings being the sole shareholder of Sunway Developments.

(iv) Transfer of SunCon

Upon the completion of the Transfer of Identified Companies, Transfer of Hoi Hup Sunway Developments Pte. Ltd. and Share subscription in Sunway Developments Pte. Ltd., SunHoldings will dispose of its entire equity interests in SunCon to SCG for an aggregate sale and purchase consideration of RM258,600,000.

46. Comparatives

Certain amount in the statements of cash flows have been reclassified to conform to current financial year presentation.

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Statements of cash flows			
31 December 2012			
Cash flow from investing activities:			
Net cash flow from placements	-	(46,700)	(46,700)
Net cash generated from/(used in) investing activities	13,098	(46,700)	(33,602)
Net increase in cash and cash equivalents	67,226	(46,700)	20,526
Cash and cash equivalents at end of financial year	140,721	(46,700)	94,021

12. ACCOUNTANTS' REPORT (CONT'D)



46. Comparatives (contd.)

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
Statements of cash flows			
31 December 2013			
Cash flow from investing activities:			
Net cash flow from placements	-	23,700	23,700
Net cash used in investing activities	(92,845)	23,700	(69,145)
Net increase in cash and cash equivalents	(3)	23,700	23,697
Cash and cash equivalents at end of financial year	148,932	(23,000)	125,932

Ernst & Young
AF: 0039
Chartered Accountants

Hoh Yoon Hoong
2990/08/16(J)
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION



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REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (PREPARED FOR INCLUSION IN PROSPECTUS)

9 June 2015

The Board of Directors
Sunway Construction Group Berhad
Level 16 Menara Sunway
Jalan Lagoon Timur
Bandar Sunway
47500 Subang Jaya

Dear Sirs

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY")
AS AT 31 DECEMBER 2014 ("PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION") IN RELATION TO:**

- (a) ACQUISITION OF SUNWAY CONSTRUCTION SDN BHD AND ITS SUBSIDIARIES, UNINCORPORATED JOINT VENTURES AND UNINCORPORATED CONSORTIUM ("ACQUISITION OF SUNCON GROUP"); AND**
- (b) LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SCG ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("LISTING")**

(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position prepared by the Directors. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Appendix I of our letter.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



The Pro Forma Consolidated Statements of Financial Position of SCG have been compiled by the Directors based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and the related notes as set out in Appendix I of our letter to illustrate the impact of an event or transaction on the Company's consolidated statements of financial position as at 31 December 2014 as if the event or transaction had taken place on 31 December 2014.

As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the financial period ended 31 December 2014, on which audit reports have been published.

The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

Our Responsibilities

Our responsibility is to express an opinion, as required by SC, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, ISAE 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



The purpose of the Pro Forma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION (CONT'D)



Other Matters

This report has been prepared for sole purpose of complying with the Prospectus Guidelines - Equity issued by the SC in connection with the Proposals. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposals described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than for the Proposals.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ernst & Young', is written over a horizontal line.

Ernst & Young
AF: 0039
Chartered Accountants

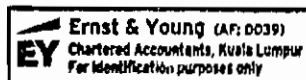
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Hoh Yoon Hoong
2990/08/16(J)
Chartered Accountant

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Sunway Construction Group Berhad

Pro forma consolidated statements of financial position as at 31 December 2014



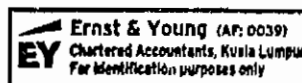
APPENDIX I

	As at 31 December 2014	Pro forma adjustment 1	Proforma 1 Acquisition of SunCon Group	Pro forma adjustment 2	Pro forma 2 Listing of SCG
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets					
Non-current assets					
Property, plant and equipment	-	178,728	178,728	-	178,728
Other investments	-	273	273	-	273
Investments in joint ventures	-	24,189	24,189	-	24,189
Goodwill	-	3,647	3,647	-	3,647
Deferred tax assets	-	7,154	7,154	-	7,154
Total non-current assets	-		213,991		213,991
Current assets					
Inventories	-	20,203	20,203	-	20,203
Receivables	-	789,864	789,864	-	789,864
Tax recoverable	-	8,523	8,523	-	8,523
Cash and bank and short term funds balances	*	221,617	221,617	(1,200)	220,417
Total current assets	-		1,040,207		1,039,007
Total assets	-		1,254,198		1,252,998
Equity and liabilities					
Equity attributable to equity holders of the Company					
Share capital	*	258,580	258,580	-	258,580
Reserves	(76)	56,929	56,853	(1,200)	55,653
Shareholders' equity	(76)		315,433		314,233
Non-controlling interests	-	(5,222)	(5,222)	-	(5,222)
Total equity	(76)		310,211		309,011
Current liabilities					
Borrowings	-	135,132	135,132	-	135,132
Payables	76	791,264	791,340	-	791,340
Tax payable	-	13,161	13,161	-	13,161
	76		939,633		939,633
Non current liabilities					
Borrowings	-	69	69	-	69
Deferred tax liabilities	-	4,285	4,285	-	4,285
	-		4,354		4,354
Total liabilities	76		943,987		943,987
Total equity and liabilities	-		1,254,198		1,252,998
Number of ordinary shares in issue ('000)	^		1,292,900		1,292,900
Par value of ordinary shares (RM)	0.20		0.20		0.20
Net (liabilities)/assets per share (RM)	(7,600.00)		0.24		0.24

* RM2

^ 10 ordinary shares in issue

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

1. Introduction

The Company was incorporated on 10 September 2014 as a public limited liability company in Malaysia with an authorised share capital of RM400,000 comprising 2,000,000 ordinary shares of RM0.20 each and an issued and paid-up share capital of RM2 comprising 10 ordinary shares of RM0.20 each.

On 7 November 2014, the Company increased its authorised share capital from RM400,000 comprising 2,000,000 ordinary shares of RM0.20 each to RM2,000,000,000 comprising 10,000,000,000 ordinary shares of RM0.20 each through the creation of additional 9,998,000,000 ordinary shares of RM0.20 each.

The principal activity of the Company is investment holding.

2. Basis of preparation

The Pro Forma Consolidated Statements of Financial Position, for which the Directors are solely responsible, have been prepared for illustrative purposes only, to illustrate the impact of the following events or transactions on SCG's financial position as at 31 December 2014 as if the events or transactions had taken place on 31 December 2014:

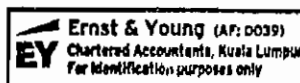
- (a) Acquisition of Sunway Construction Sdn Bhd and its subsidiaries, unincorporated joint ventures and unincorporated consortium ("**Acquisition of SunCon Group**"); and
- (b) Listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Malaysia Securities Berhad ("**Listing**").

(Collectively referred to as the "**Proposals**")

The Directors of SCG have compiled the financial information using the audited financial statements of SCG and SunCon Group for the financial period/year ended 31 December 2014. The audited financial statements of SCG and SunCon Group for the financial period/year ended 31 December 2014 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The Pro Forma Consolidated Statements of Financial Position, because of their nature, may not be reflective of the actual financial position of SCG. Furthermore, such information does not purport to predict the future consolidated statements of financial position of SCG after the completion of the Proposals.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

3. Pro forma 1

Pro forma 1 incorporates the effects of the Acquisition of SunCon Group.

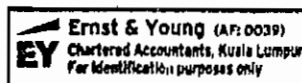
SCG will issue 1,292,900,000 ordinary shares of RM0.20 each to acquire the entire equity interest of Sunway Construction Sdn Bhd and its subsidiaries, unincorporated joint ventures and unincorporated consortium ("SunCon Group") for a total consideration of RM258,580,000.

The list of entities to be acquired by SCG is as follows:

- i. Sunway Construction Sdn Bhd
- ii. Sunway Innopave Sdn Bhd
- iii. Sunway M&E Sdn Bhd
- iv. Sunway Machinery Sdn Bhd
- v. Sunway Engineering Sdn Bhd
- vi. Sunway Builders Sdn Bhd
- vii. Sunway Geotechnics (M) Sdn Bhd
- viii. Sunspan Sdn Bhd
- ix. Sunway Industrial Products Sdn Bhd
- x. Sunway Machineries Services Sdn Bhd
- xi. Sunway Construction India Pte Ltd
- xii. Sunway Creative Stones Sdn Bhd
- xiii. Sunway GD Piling Sdn Bhd
- xiv. Sunway Construction Caribbean Limited
- xv. Sunway Precast Industries Sdn Bhd
- xvi. Sunway IBS Sdn Bhd
- xvii. Sun-Block (Batang Kali) Sdn Bhd
- xviii. Sunway Construction (S) Pte Ltd
- xix. Sunway Concrete Products (S) Pte Ltd
- xx. Sunway SK Sdn Bhd
- xxi. Sunway Smartek Sdn Bhd
- xxii. Sunway Geotechnics (S) Pte Ltd
- xxiii. SunCity SunCon Joint Venture
- xxiv. SunCon Central Glass Joint Venture
- xxv. SunGeo Awangsa Joint Venture
- xxvi. Silver Coast Sunway Innopave Joint Venture
- xxvii. ISZL Consortium
- xxviii. Fableplus Sdn Bhd - Sunway Engineering Joint Venture
- xxix. Sunway Geotechnics (M) Sdn Bhd - Bauer (Malaysia) Sdn Bhd Joint Venture

(The above list of entities is collectively known as "SunCon Group")

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

3. Pro forma 1 (contd.)

For illustration of the Acquisition of SunCon Group, it is assumed that Sunway Construction Sdn Bhd distributes dividends of RM70 million to its holding company, Sunway Holdings Sdn Bhd immediately prior to the acquisition by SCG.

The effects of the event/transaction above on the financial position of SunCon Group as at 31 December 2014 are as follows:

	Prior to distribution of dividends RM '000	Distribution of dividends RM '000	After distribution of dividends RM '000
Assets			
Non-current assets			
Property, plant and equipment	178,728		178,728
Other investments	273		273
Investments in joint ventures	24,189		24,189
Goodwill	3,647		3,647
Deferred tax assets	7,154		7,154
	<u>213,991</u>		<u>213,991</u>
Current assets			
Inventories	20,203		20,203
Receivables	789,864		789,864
Tax recoverable	8,523		8,523
Cash and bank and short term funds balances	291,617	(70,000)	221,617
	<u>1,110,207</u>		<u>1,040,207</u>
Total assets	<u>1,324,198</u>		<u>1,254,198</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

3. Pro forma 1 (contd.)

	Prior to distribution of dividends RM '000	Distribution of dividends RM '000	After distribution of dividends RM '000
Equity			
Equity attributable to owner of the parent	385,509	(70,000)	315,509
Non-controlling interest	(5,222)		(5,222)
	<u>380,287</u>		<u>310,287</u>
Current liabilities			
Borrowings	135,132		135,132
Payables	791,264		791,264
Tax payable	13,161		13,161
	<u>939,557</u>		<u>939,557</u>
Non-current liabilities			
Borrowings	69		69
Deferred tax liabilities	4,285		4,285
	<u>4,354</u>		<u>4,354</u>
Total liabilities	<u>943,911</u>		<u>943,911</u>
Total equity and liabilities	<u>1,324,198</u>		<u>1,254,198</u>

The Acquisition of SunCon Group is accounted for under the pooling of interest method. The assets and liabilities of the combining entities are reflected at their respective carrying amounts. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as a merger reserve.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

**SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY")
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014**

4. Pro forma 2

Pro forma 2 incorporates Pro forma 1 and the effects of the listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Malaysia Securities Berhad.

The estimated expenses relating to the Listing are RM17.2 million of which RM1.2 million is to be borne by the Company whilst the balance of RM16.0 million is to be borne by Sunway Holdings Sdn Bhd. The estimated expenses to be borne by the Company are to be settled in cash. The estimated expenses are recognised to the profit or loss account.

14. DIRECTOR'S REPORT

SUNWAY™

Date: 17 JUN 2015

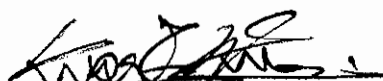
The Shareholders
Sunway Construction Group Berhad

Dear Sir/Madam,

On behalf of the Directors of Sunway Construction Group Berhad ("**SCG**"), we wish to report after due inquiry that SCG is a company newly incorporated on 10 September 2014, and during the period from 31 December 2014 (being the date to which the last audited combined financial statements of SCG and its subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium (collectively, the "**SCG Group**") have been made up as if the SCG Group has operated as a single economic entity throughout the period) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (i) the business of the SCG Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited combined financial statements of the SCG Group which have adversely affected the trading or values of the assets of the SCG Group;
- (iii) the current assets of the SCG Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the SCG Group;
- (v) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited combined financial statements of the SCG Group; and
- (vi) save as disclosed in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of the SCG Group since the last audited combined financial statements of the SCG Group.

Yours faithfully,
For and on behalf of the Board of Directors of
Sunway Construction Group Berhad



Kwan Foh Kwai
Director

SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W)

Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Selangor Darul Ehsan, Malaysia.
Tel: +603 5639 9333 / 5639 9696 Fax: +603 5639 9566 www.sunway.com.my/suncon

15. ADDITIONAL INFORMATION

15.1 SHARE CAPITAL

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (ii) As at the LPD, we have only one class of shares in our Company, namely ordinary shares of RM0.20 each, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two years immediately preceding the LPD.
- (iv) Save for the Pink Form Offer as disclosed in Section 3.6.2(b)(i) of this Prospectus:
 - (a) none of our Group's Directors and employees has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of our Company or our subsidiaries; and
 - (b) there is currently no other scheme involving our Directors and employees in the capital of our Company or any of our subsidiaries.
- (v) Neither our Company nor any of our subsidiaries has any capital that is under option, or agreed conditionally or unconditionally to be put under option as at the LPD.
- (vi) Neither our Company nor our subsidiaries has any outstanding convertible debt securities as at the LPD.
- (vii) There are no limitations imposed by law or by the constituent documents of our Company on the right to own our securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our securities.

15.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Articles of Association. The words, terms and expressions appearing in the following provision shall bear the same meanings used in our Articles of Association unless they are otherwise defined here or the context otherwise requires:

(i) Transfer of Securities

The provisions of our Articles of Association in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

Article 27 – Transfer

The transfers of any Deposited Securities or class of Deposited Securities in the Company shall be by way of book entry by Bursa Depository in accordance with the Rules and notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemptions that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

15. ADDITIONAL INFORMATION (CONT'D)**Article 28 – Refusal to register transfers**

Bursa Depository may refuse to register any transfer of Deposited Securities if it does not comply with the Central Depository Act or the Rules.

Article 29 – Closing of Register

The Register and/or Record of Depositors may be closed at such times and for such period as the Directors may from time to time determine provided that it shall not be closed for more than thirty (30) days in aggregate in any calendar year. Any notice of intention to close the Register and/or Record of Depositors and the reason therefor shall be given to the Stock Exchange, such closure of the Register and/or Record of Depositors shall be at least ten (10) Market Days after the date of notification to the Stock Exchange (or such other notice period as shall be prescribed by the Stock Exchange). The said notice shall state the books closing date and purpose or purposes for the books closing. In relation to the books closing, the Company shall give written notice to Bursa Depository to issue the appropriate Record of Depositors in accordance with the Central Depository Act and the Rules within such time as is required by Bursa Depository to enable Bursa Depository to issue the relevant Record of Depositors.

Article 30 – Fee relating to title to Securities

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Securities, such fee as the Directors may from time to time require or prescribe.

Notes:

- Deposited Securities* : A deposited security as defined in Section 2 of the Central Depository Act
- Register* : The register of Members of the Company to be kept pursuant to the Act
- Record of Depositors* : A record provided by Bursa Depository to the Company under the Rules
- Stock Exchange* : Bursa Malaysia Securities Berhad

(ii) Remuneration of Directors

The provisions of our Articles of Association in relation to the remuneration of our Directors are set out below:

Article 96 – Remuneration of Directors

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Directors who shall hold office or part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:

- (a) fees payable to non-executive Directors shall be by way of a fixed sum and not by a commission on or percentage of profits or turnover;

15. ADDITIONAL INFORMATION (CONT'D)

- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) save as expressly set out in these Articles, any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

Article 97 – Reimbursement of expenses to Director

The Company may reimburse to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors, or general meetings, or otherwise in or about the business of the Company in the course of the performance of his duties as a Director.

Note:

These Articles : These Articles of Association as altered from time to time by special resolution

(iii) Voting and Borrowing Powers of Directors

The provisions of our Articles of Association in relation to the voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested are set out below:

Article 55 – Borrowing powers of Directors

The Directors, in the exercise of the powers of the Company, may from time to time at their discretion raise or borrow for the purposes of the Company such sums of money as they think proper.

Article 56 – What security may be given

The Directors may also, in the exercise of the powers of the Company, mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or of any third party as permitted under the Act and the Listing Requirements.

Article 100 – Directors' borrowing powers

The Directors may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related company's business on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole or any part of the Company's or subsidiaries' undertaking, property (both present and future) and uncalled or unissued capital and may issue bonds, debentures and other securities whether charged upon the whole or part of the assets of the Company or otherwise.

15. ADDITIONAL INFORMATION (CONT'D)**Article 120(1)(a) – Restriction on voting**

Subject to and save as otherwise provided in the Act, a Director shall not participate in any discussion and shall not vote in regard to any contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company, and if he shall do so, his vote shall not be counted.

Article 120(1)(b) – Director may hold other office under the Company

A Director may hold any other office or place of profit under the Company (other than the office of auditor of the Company) in conjunction with his office of Director for such period and on such terms (as to the remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established, provided that disclosure of interest is made as required by the Act.

Article 121 – Additional remuneration

Any Director who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover. Such remuneration payable to this Director shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in a notice convening the meeting.

Notes:

- Listing Requirements* : *The Listing Requirements of the Stock Exchange or any modification, amendment or re-enactment thereof for the time being in force*
- Securities* : *Securities as defined in Section 2 of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force*

15. ADDITIONAL INFORMATION (CONT'D)**(iv) Changes in Capital and Variation of Class Rights**

The provisions of our Articles of Association in relation to changes in capital and variations of class rights which are more stringent than those provided in the Act are set out below:

Article 5 – Allotment, grant of option etc.

Subject to the Act and to the conditions, restrictions and limitations expressed in these Articles and without prejudice to any special or preferred rights previously conferred on the holders of any existing shares or class of shares, the Directors may issue and allot, grant options over or otherwise dispose of new shares in the capital of the Company to such persons, at such time and on such terms as they think proper PROVIDED ALWAYS THAT:

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) in the case of shares of a class other than ordinary shares, the rights attaching to such shares shall be expressed in these Articles;
- (c) every issue of shares or options to be granted to employees and/or Directors shall be subject to the prior approval of the Members in general meeting. However, no Director shall participate in any issue of shares or option to be granted unless the Members in general meeting shall have approved the amount of shares to be issued or the amount of shares which are the subject of the option to be granted to such Director and the terms of such issue or option; and
- (d) in the case of shares offered to the public for subscription, the amount payable upon subscription for each such share shall not be less than one hundred percent (100%) of the nominal amount of such shares.

Article 6 – Issue of shares with preferred or special rights

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend voting, return of capital or otherwise as shall be expressed in the ordinary resolution creating the same and where such shares are preference shares, the rights attached thereto shall also be set out in the Articles when such preference shares are issued.

Article 7 – Issue of preference shares

Subject to the Act and the Listing Requirements, preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as shall be provided in these Articles at the time such preference shares are issued.

Article 8 – Repayment of preference capital

The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights may only be made pursuant to a special resolution of the preference shareholders concerned.

15. ADDITIONAL INFORMATION (CONT'D)**Article 16 – How special rights of shares may be varied**

If at any time the share capital of the Company is divided into different classes of shares, the repayment of such rights and privileges attached to each class may subject to the provisions of the Act be varied, modified, commuted, dealt with, affected or abrogated with the sanction of a special resolution, which shall be carried only with the approval of not less than three-fourths (3/4) of the nominal amount of issued shares of each class and passed at a separate general meeting of the holders of the shares of that class but not otherwise. To every such separate general meeting, the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) in nominal amount of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two (2) holders of shares of the class present in person or by proxy shall be a quorum). Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid, consent in writing may be secured from Members holding at least three-fourths (3/4) of the issued shares of the class and such consent if obtained within two (2) months from the date of the general meeting shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

Note:

Member : Includes a Depositor who shall be treated as if he were a member pursuant to Section 35 of the Central Depository Act but excludes Bursa Depository in its capacity as a bare trustee

15.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS

- (i) The names, description and addresses of our Directors are set out in Section 1 of this Prospectus.
- (ii) Save as disclosed in Sections 8.2.4 and 8.7 of this Prospectus, no amount or benefits have been paid or intended to be paid or given to our Promoters, substantial shareholders and Directors within two years preceding the LPD.
- (iii) Save as disclosed in Sections 10.1.1, 10.1.2, 10.4, 10.5 and 10.6 of this Prospectus, none of our Directors or substantial shareholders have any interest in any contracts or arrangements subsisting which is significant in relation to the business of our Group taken as a whole as at the LPD.
- (iv) Save for our Promoters and substantial shareholders as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.
- (v) Save as disclosed in Sections 4 and 6 of this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

15. ADDITIONAL INFORMATION (CONT'D)

15.4 MATERIAL CONTRACTS

Save as disclosed below, we have not entered into any contract which is not in the ordinary course of business of our Group within two years preceding the LPD:

- (i) A share sale agreement dated 7 November 2014 entered into between SunHoldings (as vendor) and our Company (as purchaser) for the disposal by SunHoldings of its entire equity interest in SunCon, together with its direct and indirect subsidiaries, unincorporated joint ventures and unincorporated consortium, to our Company for the Purchase Consideration of RM258,580,000 to be satisfied via the issuance of 1,292,900,000 new SCG Shares, as disclosed in Section 5.5 of this Prospectus. The transaction has been completed on 15 May 2015 in accordance with the terms of the share sale agreement.
- (ii) A share sale agreement dated 5 November 2014 entered into between Sunway Concrete Products (S) (as vendor), an indirect wholly-owned subsidiary of SunCon, and SunHoldings (as purchaser) for the disposal by Sunway Concrete Products (S) of its 30% equity interest in Hoi Hup Sunway Development Pte Ltd for a sale and purchase consideration of SGD300,000.00 (equivalent to approximately RM816,030.00⁽¹⁾) to be satisfied in cash by SunHoldings. The transaction has been completed on 5 November 2014 in accordance with the terms of the share sale agreement.
- (iii) A share sale agreement dated 31 October 2014 entered into between SunCon (as vendor) and SunHoldings (as purchaser) for the disposal by SunCon of its entire equity interest in Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd respectively, for an aggregate sale and purchase consideration of RM21,100,001 to be satisfied in cash by SunHoldings. The transaction has been completed on 31 October 2014 in accordance with the terms of the share sale agreement.
- (iv) A settlement agreement dated 23 April 2014 entered into between IJM Construction Sdn Bhd, Sunway Builders, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd collectively as the holders of the entire interest of ISZL Consortium and Al Tamouh Investments LLC for the settlement of the contract sum of AED148,260,000.00 (equivalent to approximately RM RM147,489,048.00⁽²⁾) ("**Settlement Sum**") due and payable by Al Tamouh Investments LLC to the ISZL Consortium for the construction works completed for Phase 1, Plot 1, Zone C of the Al Reem Island Development in Abu Dhabi. Pursuant thereto, IJM Consortium Sdn Bhd and Sunway Engineering have been appointed as nominees of ISZL Consortium and entered into the following sale and purchase agreements:
 - (a) sale and purchase agreement dated 29 January 2015 entered into between IJM Construction Sdn Bhd (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 401, Level 4, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,598 square feet, for a purchase consideration of AED18,257,800.00 (equivalent to approximately RM18,162,859.44⁽²⁾);
 - (b) sale and purchase agreement dated 29 January 2015 entered into between IJM Construction Sdn Bhd (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 601, Level 6, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52⁽²⁾);

15. ADDITIONAL INFORMATION (CONT'D)

- (c) sale and purchase agreement dated 29 January 2015 entered into between IJM Construction Sdn Bhd (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 801, Level 8, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52⁽²⁾);
- (d) sale and purchase agreement dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 501, Level 5, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52⁽²⁾);
- (e) sale and purchase agreement dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 701, Level 7, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52⁽²⁾); and
- (f) sale and purchase agreement dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 901, Level 9, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52⁽²⁾).

The aforesaid purchase consideration shall be set-off against part of the Settlement Sum whilst the balance of such outstanding Settlement Sum shall be paid in cash by Al Tamouh Investment LLC. The sale and purchase of the aforesaid six properties have been completed on 29 January 2015 in accordance with the terms of the respective sale and purchase agreements. The balance of the outstanding Settlement Sum of AED34,827,700 (equivalent to approximately RM34,646,595.96⁽²⁾) has not been paid and settled as at the LPD in accordance with the terms of the settlement agreement. For information purposes, such balance of the outstanding Settlement Sum is expected to be settled by the end of June 2015.

- (v) A settlement agreement dated 23 April 2014 entered between IJM Construction Sdn Bhd, Sunway Builders, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd collectively as the holders of the entire interest of ISZL Consortium and Al Tamouh Investments LLC for the settlement the contract sum of AED62,142,090.00 (equivalent to approximately RM61,818,951.13⁽²⁾) due and payable by Al Tamouh Investment LLC to ISZL Consortium for the works completed for Phase 1, Plot 1, Zone E1 of the Al Reem Island Development in Abu Dhabi. Pursuant to the terms of the settlement agreement, the settlement sum shall be settled in full by way of the grant of rights by Al Tamouh Investment LLC to ISZL Consortium over an identified vacant plot of land held under number RT4-C11b on Reem Island, Abu Dhabi. As at the LPD, the settlement is currently pending completion in accordance with the terms of the settlement agreement.

15. ADDITIONAL INFORMATION (CONT'D)

- (vi) A retail underwriting agreement dated 11 June 2015 entered into between our Company, the Selling Shareholder and the Joint Underwriters to jointly underwrite 71,109,500 OFS Shares at the Retail Price subject to the terms and conditions contained therein. Please refer to Section 3.7.4 for this Prospectus for further details on the Retail Underwriting Agreement.
- (vii) A master cornerstone agreement dated 11 June 2015 entered into among our Company, the Selling Shareholder, the Joint Global Coordinators and the Cornerstone Investors, under which the Cornerstone Investors have agreed to purchase an aggregate of 135,000,000 OFS Shares, representing approximately 10.4% of the SCG Share Capital, pursuant to the Institutional Offering at RM1.20 per Share or the Institutional Price, subject to the terms of the individual cornerstone placement agreements.

Notes:

- (1) Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015 (Source: Bloomberg L.P.)
- (2) Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015 (Source: Bloomberg L.P.)

15.5 MATERIAL LITIGATION AND ARBITRATION

Save as disclosed below, we have not engaged as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and our Directors do not know of proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

- (i) Sunway Engineering, being the nominated sub-contractor for the extra low voltage systems for the Project known as "*Cadangan Pembangunan 2 Blok Pangsapuri 20 Tingkat (160 unit), Tempat Letak Kereta 4 Tingkat, Kemudahan Penduduk dan Tembok Penahan di atas Lot 48629 (F2), Jalan Sri Hartamas 3, Mukim Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur*" ("**the Palazzo**"), is claiming against Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. ("**SPYTL**"), being the main contractor, for the unpaid interim certificates, workdone yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor's employment under the main contractor.

Sunway Engineering has in October 2011 claimed for the sum of RM3,405,966.29 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Engineering's delay and back charges of RM56,695.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM36,540,000.00 at the rate of RM105,000.00 per day for 348 days and back charges of RM56,695.00 and interest and costs.

Hearing of the arbitration proceeding had been completed. Both Sunway Engineering and SPYTL are to file their respective reply to written submissions no later than 30 June 2015. The solicitors acting for Sunway Engineering is of the view that Sunway Engineering has a fairly good case against SPYTL.

- (ii) Sunway Creative Stones, being the nominated sub-contractor for the stone works for the Palazzo, is claiming against SPYTL, being the main contractor, for the unpaid interim certificates, workdone yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor's employment under the main contractor.

15. ADDITIONAL INFORMATION (CONT'D)

Sunway Creative Stones has in October 2011 filed its claim against SPYTL for the sum of RM4,968,417.05 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Creative Stones's delay and back charges of RM35,340.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM33,600,000.00 at the rate of RM105,000.00 per day for 320 days and back charges of RM35,340.00 and interest and costs.

Hearing of the arbitration proceeding had been completed. Sunway Creative Stones and SPYTL had filed their written submission on 29 January 2015. Both the parties have on 30 May 2015 filed their reply to the written submission. As at the LPD, the award has not been given by the arbitrator yet. The solicitors acting for Sunway Creative Stones is of the view that Sunway Creative Stones has a fairly good case against SPYTL.

- (iii) Sunway Construction Caribbean was awarded a contract for the carrying out of fit-out works by the UDCTT in 2009 at a fixed design-build contract price of TTD298,138,765.48 (equivalent to approximately RM172,175,137.06⁽¹⁾). By wrongfully repudiating the contract, the design fees and standby costs for the package 6 of the interior fit-out works payable by UDCTT from October 2009 to March 2011 remained unpaid by UDCTT. In December 2013, Sunway Construction Caribbean filed a claim at the High Court of Justice, Republic of Trinidad and Tobago, against UDCTT for an accumulated sum of TTD55,006,143.00 (equivalent to approximately RM31,766,047.58⁽¹⁾), being loss and damages arising from UDCTT's wrongful repudiation of the contract.

UDCTT has filed its Amended Statement of Defence and the matter is listed for hearing from 13 to 17 of July 2015. The solicitors acting for Sunway Construction Caribbean is of the view that the chances of success are in favour of Sunway Construction Caribbean although the full amount of Sunway Construction Caribbean's claim may not be recoverable based on the information before them.

- (iv) Pursuant to an agreement entered into between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of highway NH-25 in the state of Uttar Pradesh to four-lane configuration, being a part of the East-West Corridor Project, SunCon entered into a work order for a portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd ("**Shristi**"). The total value of the work order was Rs.1,34,37,91,938 (equivalent to approximately RM77,268,036.44⁽²⁾). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of Rs.11,72,97,625.28 (equivalent to RM6,744,613.45⁽²⁾) from the encashment of the bank guarantees.

Shristi filed an application at the Supreme Court of India in the year 2007 for the appointment of an arbitrator to arbitrate the disputes between the parties. Shristi has subsequently in September 2008 filed its statement of claim for a sum of Rs.89,14,55,047.83 (equivalent to RM51,258,665.25⁽²⁾). In response to Shristi's claim, SunCon filed its counterclaim amounting to Rs.78,13,94,628.61 (equivalent to approximately RM51,258,665.25⁽²⁾).

15. ADDITIONAL INFORMATION (CONT'D)

The arbitration at present cannot proceed due to the demise of the sole arbitrator, Mr. H.L. Agarwal, on 11 January 2013, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi's first witness was being cross-examined. No proceedings can take place unless the tribunal is re-constituted and the arbitration tribunal has not yet been re-constituted.

- (v) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("**NH-76 Highway Project**") by the National Highways Authority ("**NHA**") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "**Reference**"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

- (a) Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43,090,350.00 (equivalent to approximately RM2,477,695.13⁽²⁾). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. The hearing for the appeal is re-notified to July 2015 for arguments. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and a correspondingly high probability of success before the Supreme Court.

- (b) Reference 2 – In April 2009, SunCon commenced an arbitration proceeding against NHA for the loss suffered as a result of the adjustment made by the engineer on the payment of a monthly interim payment certificate without taking into consideration the component of excise duty. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.25,840,810.00 (equivalent to approximately RM1,485,846.58⁽²⁾).
- (c) Reference 3 – In April 2009, SunCon claimed against NHA for the reimbursement of the toll tax imposed on all vehicles deployed for the execution of the NH-76 Highway Project. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.14,329,148.00 (equivalent to approximately RM823,926.01⁽²⁾).

Aggrieved by the Arbitral Tribunal's award dated 3 October 2011 for both Reference 2 and Reference 3, NHA appealed to the High Court in year 2012. The hearing date of the appeal has yet to be fixed. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in both Reference 2 and Reference 3.

15. ADDITIONAL INFORMATION (CONT'D)

- (d) Reference 4 – In October 2010, SunCon claimed against NHA for the additional cost incurred on account due to the deduction of royalty for mining minerals and change in legislation, which is to be reimbursed by NHA. The Arbitral Tribunal had, via an award dated 1 March 2012, awarded SunCon a sum of Rs.37,068,467.00 (equivalent to approximately RM2,131,436.85⁽²⁾). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi and the Arbitral Tribunal's decisions has been upheld by the High Court of Delhi.

Notwithstanding SunCon has received payment in full of the sum awarded, NHA has subsequently appealed to the Supreme Court of India. On 24 April 2015, the Supreme Court had dismissed NHA appeal and judgement pronounced in favour of SunCon.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996 and the fact that the Arbitral Tribunal's decision has been upheld by the Single Bench as well as the Division Bench of the High Court of Delhi, is of the view that SunCon has a high chance of success in this Reference 4.

- (e) Reference 5 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project period which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310,347,836.00 (equivalent to approximately RM17,845,000.57⁽²⁾).

NHA appealed against the Arbitral Tribunal's award to the High Court. On 13 April 2015, the matter came up for scrutiny before the Registrar of the High Court. NHA requested for time to file the rejoinder. The next date of hearing is 7 July 2015.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 5.

- (f) Reference 6 – In March 2013, SunCon claimed against NHA for short payment for work done due to the differences in the rate of the Bill of Quantities. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.124,531,651.00 (equivalent to approximately RM7,160,569.93⁽²⁾).

NHA appealed against the Arbitral Tribunal's award to the High Court. The matter is fixed for hearing on 13 July 2015. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 6.

- (g) Reference 7 – In November 2013, SunCon claimed against NHA for the outstanding payment on account of its final bill. The Arbitral Tribunal had, via an award dated 30 September 2014, awarded SunCon a sum of Rs.84,557,733.00 (equivalent to approximately RM4,862,069.65⁽²⁾).

NHA appealed against the Arbitral Tribunal's award to the High Court. NHA's petition to appeal was subsequently dismissed by the High Court on 13 March 2015.

15. ADDITIONAL INFORMATION (CONT'D)

- (vi) Sunway Construction Caribbean was awarded a contract to construct the Ministry of Legal Affairs Tower ("**MLA Tower**") by the UDCTT in year 2006. Sunway Construction Caribbean has, via a letter of award dated 12 January 2006 ("**MLA Tower Sub-Contract**"), sub-contracted ANSA MCAL Enterprises Limited ("**AMEL**") for, *inter alia*, the provision and installation of curtain walling, facade panelling and window washing equipment in respect of the MLA Tower at the contract price of TTD81,229,508.00 (equivalent to approximately RM46,910,040.87⁽¹⁾). AMEL has alleged, *inter-alia*, that Sunway Construction Caribbean was in breach of the MLA Tower Sub-Contract by failing to (a) pay the balance of retention sum and continues withholding the retention sum from AMEL and (b) review the shop drawings in a timely manner which has resulted the delays of AMEL's works.

AMEL had via a claim form and statement of case dated 29 August 2014 and 15 December 2014 respectively, filed its claim against Sunway Construction Caribbean at the High Court of Justice, Republic of Trinidad and Tobago, for an accumulated sum of TTD35,289,007.12 (equivalent to approximately RM20,379,401.61⁽¹⁾), being loss and damages arising from the alleged Sunway Construction Caribbean's breach of the MLA Tower Sub-Contract. Sunway Construction Caribbean had on 6 May 2015 filed its defence and counter claim against AMEL for *inter alia* a total accumulated sum of TTD16,979,960.40 (equivalent to approximately RM9,805,927.13⁽¹⁾).

A case management conference for the above claim is rescheduled to 16 July 2015 at the High Court of Justice, Port-of-Spain, Trinidad and Tobago. The solicitors acting for Sunway Construction Caribbean are of the view that it would be premature to express their view on the probable outcome of the case as at this juncture prior to the filing of AMEL's defence to Sunway Construction Caribbean's counter claim.

Notes:

- (1) Based on exchange rate of TTD1.00 : RM0.5775 as at 29 May 2015 (Source: Bloomberg L.P.)
 (2) Based on exchange rate of Rs. 1.00 : RM0.0575 as at 29 May 2015 (Source: Bloomberg L.P.)

15.6 GOVERNMENTAL LAWS, DECREES, REGULATIONS OR OTHER REQUIREMENTS

There are no governmental laws, decrees, regulations and/or other requirements which may affect remittance of profit by or to our Company.

Accordingly, we do not expect any adverse impact on our availability of cash and cash equivalents for use by us, and the remittance of dividends, interest or other payments to our shareholders.

15.7 PUBLIC TAKE-OVERS

None of the following has occurred since our incorporation on 10 September 2014 and up to the LPD:

- (i) public take-over offers by third parties in respect of our Shares; and
 (ii) public take-over offers by us in respect of other companies' shares.

15. ADDITIONAL INFORMATION (CONT'D)

15.8 CONSENTS

- (i) The written consent of our Sole Principal Adviser, Joint Global Coordinators, Joint Bookrunners, Joint Underwriters, solicitors, principal bankers, Share Registrar, Issuing House and company secretaries listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consent of our Auditors and Reporting Accountants for the inclusion of its names, the Accountants' Report and the Reporting Accountants' letters on the Proforma Consolidated Statements of Financial Position of our Group and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and have not subsequently been withdrawn; and
- (iii) Our Independent Market Researcher has, before the issuance of this Prospectus, given and has not subsequently withdrawn its written consents to the inclusion of its name, the Independent Market Research Report and extracts of the said report in the form and context in which they are contained in this Prospectus.

15.9 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents may be inspected at our registered office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan during normal business hours for a period of 12 months from the LPD:

- (i) Our Memorandum and Articles of Association;
- (ii) The Independent Market Researcher Report prepared by Smith Zander and its summary thereof as included in Section 7 of this Prospectus;
- (iii) The Accountants' Report as included in Section 12 of this Prospectus;
- (iv) The Reporting Accountants' Report on the Pro forma Consolidated Statements of Financial Position of our Group as at 31 December 2014 as included in Section 13 of this Prospectus;
- (v) Our Directors' Report as included in Section 14 of this Prospectus;
- (vi) The material contracts referred to in Section 15.4 of this Prospectus;
- (vii) The relevant cause papers in respect of the material litigation of our Group referred to in Section 15.5 above;
- (viii) The letters of consent referred to in Section 15.8 of this Prospectus;
- (ix) Our audited combined financial statements for the past three financial years from the FYE 31 December 2012 to FYE 31 December 2014; and
- (x) The audited financial statements of our subsidiaries, unincorporated joint ventures and unincorporated consortium for the past three financial years from the FYE 31 December 2012 to FYE 31 December 2014.

15. ADDITIONAL INFORMATION (CONT'D)

15.10 RESPONSIBILITY STATEMENTS

- (i) Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus and collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after having made all reasonable enquiries and, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Prospectus false or misleading.
- (ii) RHB Investment Bank, being the Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Underwriter, acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our Listing.

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16. PROCEDURE FOR APPLICATION AND ACCEPTANCE

16.1 OPENING AND CLOSING OF APPLICATION

Applications will be accepted from 10.00 a.m. on 29 June 2015 and will close at 5.00 p.m. on 6 July 2015 or such other date or dates as our Directors, the Selling Shareholder and the Joint Underwriters may decide in their absolute discretion.

If they decide to extend the closing date of the application period, we will advertise a notice of the extension in widely circulated English, Bahasa Malaysia and Mandarin newspapers in Malaysia prior to the original closing date of either the Institutional Offering or the Retail Offering. Following this, the Price Determination Date and dates for the balloting of applications for the OFS Shares under the Retail Offering, allotment/transfer of the OFS Shares to successful applicants and our Listing would be extended accordingly. **Late applications will not be accepted.**

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from Issuing House, RHB Investment Bank and ADAs which are registered members of Bursa Securities.

16.2 METHODS OF APPLICATION

Applications for the OFS Shares may be made using any of the following:

- (i) Application Form; or
- (ii) Electronic Share Application; or
- (iii) Internet Share Application

A summary of the method of applications are set out below:

Class of Applicants	Application Method
i. Malaysian Public	
• Individuals	White Application Forms or Electronic Share Application ⁽¹⁾ or Internet Share Application ⁽²⁾
• Corporations or institutions	White Application Forms Only
ii. Eligible Directors and employees of our Company and our subsidiaries and eligible employees of Sunway, being persons who have contributed to the success of our Group	Pink Application Forms only

Notes:

(1) The following processing fee per Electronic Share Application will be charged by the respective Electronic Participating Financial Institutions:

- (i) Affin Bank Berhad - No fee will be charged for application by their account holders;
- (ii) AmBank (M) Berhad - RM1.00;
- (iii) CIMB Bank Berhad - RM2.50;
- (iv) HSBC Bank Malaysia Berhad - RM2.50;
- (v) Malayan Banking Berhad - RM1.00;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (vi) *Public Bank Berhad - RM2.00;*
 - (vii) *RHB Bank Berhad - RM2.50;*
 - (viii) *Standard Chartered Bank Malaysia Berhad (at selected branches only) - RM2.50.*
- (2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*
- (i) *Affin Bank Berhad (www.affinOnline.com) No fee will be charged for application by their account holders;*
 - (ii) *Affin Hwang Investment Bank Berhad (trade.affinhwang.com) No fee will be charged for Application by their account holders;*
 - (iii) *CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;*
 - (iv) *CIMB Investment Bank Berhad (www.eipocimb.com) - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
 - (v) *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
 - (vi) *Public Bank Berhad (www.pbepbank.com) RM2.00;*
 - (vii) *RHB Bank Berhad (www.rhbgroup.com) - RM2.50.*

The eligible Directors and employees of our Company and our subsidiaries and the eligible employees of Sunway who have made applications using the Pink Application Forms may still apply for the OFS Shares offered to the Malaysian Public using the White Application Form, the Electronic Share Application or the Internet Share Application.

Only one Application form from each applicant will be considered and an application must be for 100 OFS Shares or each multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If the applicants submit multiple applications in their own name or by using the name of others, with or without their consent, they will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten years under Section 182 of CMSA.

Applicants using the White and Pink Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the White Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and *vice versa*.

16.3 PROCEDURES FOR APPLICATION

Applications must be made in relation to and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

FULL INSTRUCTIONS FOR THE APPLICATION OF THE OFS SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**16.3.1 Applications by the Malaysian Public under the Retail Offering (White Application Forms, Electronic Share Applications or Internet Share Applications)****Eligibility**

You can only apply for the OFS Shares allocated to the Malaysian Public if you meet the following requirements:

- (i) you must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (ii) you must be one of the following:
 - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address;
 - (b) a corporation/institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens; or
 - (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item(ii)(b) or (c) above or the trustees thereof; and

- (iii) you are not a director or an employee of the Issuing House or their immediate family members.

Applications by the Malaysian Public must be made on the WHITE Application Forms provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM1.20 per OFS Share.

Applicants using the White Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and *vice versa*.

16.3.2 Applications by the eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway (Pink Application Forms)

Eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway will be provided separately with PINK Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.20 per OFS Share.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The Prospectus will be distributed to all eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway in CD-ROM format (contents of which will be in printable format).

However, the eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectuses delivered to them free of charge, or to obtain the printed Prospectuses from the designated locations as stated in the letter detailing their respective allocations as well as from the following locations as stated below:

- (i) our Company;
- (ii) Issuing House; and
- (iii) ADAs disclosed in Section 17 of this Prospectus.

Any delivery charges, if applicable, will be borne by our Company.

Eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway are not precluded from making additional applications under the Malaysian Public category using the WHITE Application Forms.

16.4 APPLICATIONS USING APPLICATION FORMS

16.4.1 Types of Application Forms

The following relevant Application Forms issued with the notes and instructions enclosed with this Prospectus are deemed to form an integral part hereof:

- (i) **White** Application Forms for application by Malaysian Public; and
- (ii) **Pink** Application Forms for application by the eligible Directors and employees of our Company and our subsidiaries and the eligible employees of Sunway, being persons who have contributed to the success of our Group

White Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- (i) Participating organisations of Bursa Securities;
- (ii) Members of the Association of Banks in Malaysia;
- (iii) Members of the Malaysian Investment Banking Association; and
- (iv) Issuing House.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The submission of an Application Form does not necessarily mean that your application will be successful. Your application for the OFS Shares must be made on the respective Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors and the Selling Shareholder may at their absolute discretion not accept applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

If you are an individual other than a member of the armed forces or police, your name and national registration identity card ("**NRIC**") number must be exactly the same as stated in:

- (i) (a) your NRIC;
- (b) any valid temporary identity document as issued by the National Registration Department from time to time; or
- (c) Your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; and
- (ii) the Record of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

If you are a corporation or institution, the name and the certificate of incorporation number must be exactly the same as that stated in the corporation's or institution's certificate of incorporation and the address must be the registered address.

We, together with Issuing House will not issue any acknowledgement of the receipt of your Application Forms or application monies.

16.4.2 Terms and Conditions for Application using Application Forms

Your applications by way of Application Forms shall be made on, and subject to, the following terms and conditions:

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.
- (ii) If you are a corporation or institution incorporated in Malaysia, you must have a CDS account and be subject to the following:
 - (a) If you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
 - (b) There is a majority of Malaysian citizens on the board of Directors or trustee.
- (iii) If you are a superannuation, co-operative, foundation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations or institutions referred to in Section 16.4.2(ii) and (iii) above or the trustees thereof.
- (v) Application for the OFS Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors and the Selling Shareholder may at their absolute discretion not accept applications which do not **strictly** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.
- (vi) Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-
 - (a) **BANKER'S DRAFT OR CASHIER'S ORDER** purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
 - (b) **MONEY ORDER or POSTAL ORDER** (for Applicants from Sabah and Sarawak only); or
 - (c) **GUARANTEED GIRO ORDER ("GGO")** from Bank Simpanan Nasional Malaysia Berhad.

and must be made out in favour of " **MIH SHARE ISSUE ACCOUNT NO. 567**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, money orders, postal orders or GGO. Details of the remittances must be completed in the appropriate boxes provided in the Application Forms.

- (vii) You must state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Issuing House and/ or our Company. If you do not presently have a CDS account, you may open one by contacting any of the ADAs listed in Section 17 of this Prospectus.
- (viii) Your name and address must be written on the reverse side of the banker's draft, cashier's order, money orders, postal orders or GGO.
- (ix) Our Directors and the Selling Shareholder reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and the Selling Shareholder shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (x) Issuing House, on the authority of our Directors and the Selling Shareholder, reserves the right to reject your application if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.
- (xi) Issuing House, on the authority of our Directors and the Selling Shareholder, reserves the right not to accept your application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting the OFS Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (xii) If you are unsuccessful/partially successful in your application, the full amount or the balance of the application monies, as the case may be, will be refunded without interest in the following manner:
 - (a) The full amount or the balance of the application monies, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or crediting into your bank account if you have provided such bank account information to Bursa Depository or by ordinary post/registered post (for partially successful application) within 10 Market Days from the date of the final ballot if you have not provided such bank account information to Bursa Depository.
 - (b) If your Application is rejected because you did not provide a CDS Account, the full amount of your application monies will be sent to you to the address as per NRIC or "Resit Pengenalan Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or the authority card in the case of armed forces or police personnel, at your own risk.
 - (c) Issuing House reserves the right to bank in all application monies from unsuccessful applicants and these monies will be refunded by crediting into your bank account if you have provided such bank account information to Bursa Depository or by ordinary post/registered post to your address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be) within 10 Market Days from the date of the final ballot.
- (xiii) You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (xiv) Your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd
Level 6, Symphony House
Pusat Dagangan Dana 1
Jalan PJU 1A/46
47301 Petaling Jaya
Selangor Darul Ehsan

OR

P.O. Box 8269
Pejabat Pos Kelana Jaya
46785 Petaling Jaya
Selangor Darul Ehsan

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 6 July 2015, or such other later date or dates as our Directors, Promoters, the Selling Shareholder and our Joint Underwriters in their absolute discretion may decide.

- (xv) Please direct all your enquiries in respect of the White Application Form to Issuing House.

16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution (as detailed in Section 16.5.2 below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) You must have a CDS Account.
- (iii) You are to apply for the OFS Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set forth in Section 16.5.3 below.

You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:

- Your Personal Identification Number ("**PIN**");
- MIH Share Issue Account Number 567;
- Your CDS Account number;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- Number of OFS Shares applied for and/ or the RM amount to be debited from the account; and
- You are to confirm several mandatory statements.

16.5.2 Participating Financial Institutions

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

16.5.3 Terms and Conditions for Electronic Share Applications

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in Section 16.5.1 above. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall refer to you, if you apply for the OFS Shares through an ATM of any of the Participating Financial Institutions.

You must be an individual with a CDS account to make an Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

You must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the OFS Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by us or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for our offer on 6 July 2015 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the OFS Shares to Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for the OFS Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one application.

You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions as set out below:

- (i) Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
 - You have attained 18 years of age as at the closing date of the share application;
 - You are a Malaysian citizen residing in Malaysia;
 - You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
 - This is the only application that you are submitting; and

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to Issuing House and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act 2013 and Section 45 of the SICDA, to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to Issuing House or any other relevant regulatory bodies.

- (iii) You confirm that you are not applying for the OFS Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the OFS Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is made.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of OFS Shares applied for as stated on the Transaction Record or any lesser number of OFS Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of such OFS Shares or not to allot or allocate any OFS Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or buttons on the ATM) of the number of OFS Shares applied for shall signify, and shall be treated as, your acceptance of the number of OFS Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (vi) Issuing House, on the authority of our Directors and the Selling Shareholder reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the OFS Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (vii) If your Electronic Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful applications within two Market Days after the balloting date. Where your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from Issuing House. You may check your accounts on the fifth Market Day from the balloting day.
- (viii) If your Electronic Share Application is successful in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from Issuing House. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application held in reserve, is subsequently rejected, your application monies without interest will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within 10 Market Days from the date of the final ballot.
- (ix) You request and authorise us:
 - (a) to credit the OFS Shares allotted or allocated to you into your CDS account; and
 - (b) to issue OFS Share certificate(s) representing such OFS Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (x) You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Participating Financial Institutions or Bursa Depository, irrevocably agree that if:
 - (a) we or Issuing House do/does not receive your Electronic Share Application; or
 - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or Issuing House,

you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, Issuing House, the Participating Financial Institutions or Bursa Depository for the OFS Shares applied for or for any compensation, loss or damage.
- (xi) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (xii) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xiii) By making and completing an Electronic Share Application, you agree that:
 - (a) in consideration of our Company agreeing to allow and accept the making of any application for the OFS Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
 - (b) we, the Participating Financial Institutions, Bursa Depository and Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/ their control;
 - (c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the OFS Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the OFS Shares;
 - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/ or other documents required for the issue or transfer of the OFS Shares allotted or allocated to you; and
 - (e) you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xiv) Our Directors and the Selling Shareholder reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and the Selling Shareholder shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xv) Issuing House on the authority of our Directors and the Selling Shareholder reserves the right to reject your applications, if it does not conform to these instructions.
- (xvi) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
 - Affin Bank Berhad – No fee will be charged for application by their account holders;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50;
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

16.6 APPLICATIONS USING INTERNET SHARE APPLICATION**16.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application for the OFS Shares are set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the OFS Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the OFS Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (ii) Login to the Internet financial services facility by entering your user identification ("User ID") and PIN/ password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of the OFS Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the above-mentioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of OFS Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
- (viii) By confirming such information, you will undertake that the following mandatory statements are true and correct:
 - (a) You have attained 18 years of age as at the closing date of the share application;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have, prior to making the Internet Share Application, received and/ or had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the OFS Shares;
 - (e) The Internet Share Application is the only application that you are submitting for the OFS Shares;
 - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the OFS Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) You are not applying for the OFS Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application for the Retail Offering;
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application of the Retail Offering is being made;
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website; and
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

16.6.2 Terms and Conditions for Internet Share Application

Your application for the OFS Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

You are advised not to apply for the OFS Shares through any website other than the Internet financial services website of the Internet Participating Financial Institutions.

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at www.affinOnline.com; or
- Affin Hwang Investment Bank Berhad at trade.affinhwang.com; or
- CIMB Bank Berhad at www.cimbclicks.com.my; or
- CIMB Investment Bank Berhad at www.eipocimb.com; or
- Malayan Banking Berhad at www.maybank2u.com.my (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- Public Bank Berhad at www.pbebank.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com); or
- RHB Bank Berhad at www.rhbgroup.com (via hyperlink to Bursa Securities' website at www.bursamalaysia.com).

PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE MAKING AN INTERNET SHARE APPLICATION.

THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF THE OFS SHARES ARE SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out below:

- (i) In order to make an Internet Share Application, you must:
 - (a) be an individual with a CDS account and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the other joint account holder's name;
 - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your User ID and PIN/password for the relevant Internet financial services facilities; and
 - (c) be a Malaysian citizen and have a Malaysian address.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the OFS Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
- (a) You have attained 18 years of age as at the date of the application for the OFS Shares;
 - (b) You are a Malaysian citizen residing in Malaysia;
 - (c) You have, prior to making the Internet Share Application, received and/ or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
 - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the OFS Shares;
 - (e) The Internet Share Application is the only application that you are submitting for the OFS Shares;
 - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the OFS Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
 - (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
 - (h) You are not applying for the OFS Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
 - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (iv) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details your Internet Share Application, including the number of OFS Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.6.2 (iii) above.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the OFS Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of OFS Shares applied for as stated on the Confirmation Screen or any lesser number of OFS Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such OFS Shares or not to allot or allocate any OFS Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of OFS Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (a) Your acceptance of the number of OFS Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (b) Your agreement to be bound by our Memorandum and Articles of Association.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for the OFS Shares will be rejected. Issuing House on the authority of our Directors and the Selling Shareholder reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the OFS Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (viii) If your Internet Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two Market Days after the balloting date. Where your Internet Share Application is unsuccessful, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two Market Days after receipt of written confirmation from Issuing House. You may check your account on the fifth Market Days from the balloting day.

If your Internet Share Application is successful in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two Market Days after receipt of written confirmation from Issuing House. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve and is subsequently rejected, your application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within 10 Market Days from the date of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or partly successful), the Internet Participating Financial Institutions will credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within two Market Days after the receipt of confirmation from Issuing House.

Except where Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of the Internet Share Application in order to determine the status or exact number of OFS Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 6 July 2015 or such other date(s) as our Directors, the Selling Shareholder and our Joint Underwriters may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

(x) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Internet Participating Financial Institutions and the Authorised Financial Institutions. If in any such event, we, Issuing House and/or the Internet Participating Financial Institutions and/ or the Authorised Financial Institutions do not receive your Internet Share Application and/ or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the OFS Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(xi) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, Issuing House, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

(xii) By making and completing an Internet Share Application, you are deemed to have agreed that:

- (a) In consideration of our Company agreeing to allow and accept the making of any application for the OFS Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents for us, your Internet Share Application is irrevocable;
- (b) You have irrevocably requested and authorised us to register the OFS Shares allotted or allocated to you for deposit into your CDS account;
- (c) Neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.6.2(x) herein or to any cause beyond their control;

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (d) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by Issuing House, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
 - (e) The acceptance of your offer to subscribe for the OFS Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment/transfer by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
 - (f) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
 - (g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Joint Underwriters and Principal Adviser and any other person involved in the Listing shall not be liable for any information not contained in this Prospectus which you may have been relied on in making the Internet Share Application; and
 - (h) Our acceptance of your Internet Share Application and the contract resulting therefrom under the Retail Offering shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:
- (a) Affin Bank Berhad (www.affinOnline.com) – No fee will be charged for application by their account holders;
 - (b) Affin Hwang Investment Bank Berhad (trade.affinhwang.com) – No fee will be charged for application by their account holders;
 - (c) CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
 - (d) CIMB Investment Bank Berhad (www.eipocimb.com) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
 - (e) Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;
 - (f) Public Bank Berhad (www.pbebank.com) – RM2.00;
 - (g) RHB Bank Berhad (www.rhbgroup.com) – RM2.50.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

16.7 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and the Selling Shareholder and on a fair and equitable basis. We will give due consideration to the desirability of distributing our Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we must have at least 25% of the SCG Share Capital to be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, upon our admission to the Official List. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the Listing. In the event thereof, monies paid in respect of any applications for the OFS Shares will be returned in full without interest. If such monies are not returned in full within 14 days after the Selling Shareholder becomes liable to do so, the Selling Shareholder and its officers shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made. Our Directors and the Selling Shareholder will determine how the applications will be selected.

In the event of an under-subscription subject to the clawback and reallocation as set out in Section 3.6.4 of this Prospectus, all the OFS Shares not applied for under the Retail Offering will be subscribed by the Joint Underwriters pursuant to the Retail Underwriting Agreement.

Where your successfully balloted application under the White Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within 10 Market Days from the date of the final ballot by crediting into your bank account if you have provided such bank account information to Bursa Depository by ordinary/registered post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository, at your own risk.

Where your successfully balloted application under the Electronic Share Application or Internet Share Application is subsequently rejected, the full amount of your application monies, will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution, respectively.

16.8 APPLICATIONS AND ACCEPTANCES

Issuing House, on the authority of our Directors and the Selling Shareholder reserves the right not to accept your application, if it does not strictly comply with the instructions or to accept your application in part only without assigning any reason therefor.

The submission of an Application does not necessarily mean that the application will be successful.

Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for the OFS Shares.

Your applications must be for at least 100 Shares or multiples thereof.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

IF YOUR APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF YOUR APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY CREDITING INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY/REGISTERED POST TO YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT, AT YOUR OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

ISSUING HOUSE, ON THE AUTHORITY OF OUR DIRECTORS AND THE SELLING SHAREHOLDER RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST BY CREDITING INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY/REGISTERED POST TO YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT, AT YOUR OWN RISK.

IN THE EVENT THAT THE FINAL RETAIL PRICE IS LOWER THAN THE RETAIL PRICE, THE DIFFERENCE WILL BE REFUNDED TO YOU WITHOUT INTEREST THEREON. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY/REGISTERED POST TO THE ADDRESS MAINTAINED WITH BURSA DEPOSITORY IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR APPLICATIONS MADE VIA THE WHITE APPLICATION FORM OR BY CREDITING INTO YOUR ACCOUNT WITH THE PARTICIPATING FINANCIAL INSTITUTION FOR APPLICATIONS MADE VIA THE ELECTRONIC SHARE APPLICATION OR BY CREDITING INTO YOUR ACCOUNT WITH THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR APPLICATIONS MADE VIA INTERNET SHARE APPLICATION, WITHIN 10 MARKET DAYS FROM THE DATE OF FINAL BALLOT, AT YOUR OWN RISK.

16.9 CDS ACCOUNTS

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as "Prescribed Securities". Therefore, the OFS Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. We will not issue any share certificates to you.

16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

16.9.1 Application by way of Applications Forms

Only if you have a CDS account can you make an application by way of an Application Form. If you apply using an Application Form, you should state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Issuing House or us, and any relevant regulatory bodies, as the case may be. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the OFS Shares.

16.9.2 Application by way of Electronic Share Applications

Only if you have a CDS account can you make an application by way of an Electronic Share Application. If you apply using an Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

16.9.3 Application by way of Internet Share Applications

Only if you have a CDS account can you make an application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institution. Subsequently, your CDS account number would automatically appear in the electronic online application form.

If you fail to comply with these specific instructions or there is inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, your application may be rejected. If you are successful in your application but fail to state your CDS account number, Issuing House on the authority of our Directors and the Selling Shareholder reserves the right to reject your application. Issuing House on the authority of our Directors and the Selling Shareholder also reserves the right to reject any incomplete and inaccurate application. We may also reject your application if your particulars provided in the Application Forms, or your records with the Participating Financial Institutions in the case of Electronic Share Application or Internet Participating Financial Institutions in the case of Internet Share Application, differ from those in Bursa Depository's records such as your identity card number, name and nationality.

16.10 NOTICE OF ALLOTMENT/TRANSFER

If your application is successful or partially successful, we will credit our Shares allotted to you to your CDS account. We will despatch a notice of allotment/transfer to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment/transfer will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of the Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

You may also check the status of your application by calling your respective ADAs at the telephone number as stated in Section 17 of this Prospectus or Issuing House at 03-7841 8000 or 03-7841 8289, between 5 to 10 Market Days (during office hours only) after the balloting date.

17. LIST OF ADAS

The list of ADAs and their respective broker codes are as follows:

Name	Address and telephone number	Broker Code
<u>KUALA LUMPUR</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	2 nd Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur Tel No : 03-77106688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	57-10 Level 10 The Boulevard, Mid Valley City Lingkaran Syed Putra 59000 Kuala Lumpur Tel No : 03-22872273	068-017
AFFIN HWANG INVESTMENT BANK BERHAD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21438668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur Tel No : 03-91308803	068-021
ALLIANCE INVESTMENT BANK BERHAD	Level 17, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03- 26043333	076-001
AMINVESTMENT BANK BERHAD	15 th Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20782788 / 20362633	086-001
BIMB SECURITIES SDN BHD	Level 32, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur Tel No : 03-26918887	024-001

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur Tel No : 03-22618888	065-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur Tel No : 03-22881676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur Tel No : 03-21616121 / 21681168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur Tel No : 03-26910200 / 26928899	066-006
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-9056 2921	054-007
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-20341888	055-001

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 th -14 th Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur Tel No : 03-42978806	073-020
KENANGA INVESTMENT BANK BERHAD	1 st Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur Tel No : 03-20892888	073-021
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21781133	073-029
KENANGA INVESTMENT BANK BERHAD	Level 8, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur Tel No : 03-21649080	073-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur Tel No : 03-22821820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur Tel No : 03-79839890	057-004
MALACCA SECURITIES SDN BHD	55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur Tel No : 03-62418595	012-009

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MAYBANK INVESTMENT BANK BERHAD	Level 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur Tel No : 03-21738888	026-001
PM SECURITIES SDN BHD	Ground, Mezzanine, 1 st & 10 th Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 th Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 3A, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur Tel No : 03-92873888	087-001
RHB INVESTMENT BANK BERHAD	12 th , 20 th & 21 st Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur Tel No : 03-23338333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur Tel No : 03-62575869	087-028

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur Tel No : 03-42804798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 3 rd Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur Tel No : 03-20721277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur Tel No : 03-62056000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19 th Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur Tel No : 03-21471888	078-010
<u>SELANGOR DARUL EHSAN</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	16 th , 18 th -20 th Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan Tel No : 03-55133288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56356688	068-010

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
AFFIN HWANG INVESTMENT BANK BERHAD	3 rd & 4 th Floor, Wisma Meru 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	Lot 229, 2 nd Floor, The Curve 6 Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77298016	068-020
AFFIN HWANG INVESTMENT BANK BERHAD	1 st Floor, 20-22 Jalan 21/12, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78776229	068-022
AFFIN HWANG INVESTMENT BANK BERHAD	No.79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77106613	086-001
CIMB INVESTMENT BANK BERHAD	Level G & Level 1, Tropicana City Office Tower No 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03 – 77173388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77246888	066-002

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15 th & 16 th Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan Tel No : 03-76201118	079-002
JF APEX SECURITIES BERHAD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan Tel No : 03-58790163	079-004
JUPITER SECURITIES SDN BHD	No 42-46, 3 rd Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56324838	055-004
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78626200	073-005
KENANGA INVESTMENT BANK BERHAD	No. 55C, 2 nd Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80241773	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 nd Floor, The Curve No. 6, Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77259095	073-016

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56212118	073-030
KENANGA INVESTMENT BANK BERHAD	35 (Ground & 1 st Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33488080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56361533	012-002
MALACCA SECURITIES SDN BHD	No. 58 & 60, 1 st Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78761533	012-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiarra Damansara 47800 Petaling Jaya Selangor Darul Ehsan Tel No : 03 77188888	098-004
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4, Taman Intan 41300 Klang Selangor Darul Ehsan Tel No : 03 30508888	098-003
PM SECURITIES SDN BHD	No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80700773	064-003

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan Tel No : 03-33415300	064-007
RHB INVESTMENT BANK BERHAD	Ground Floor and First Floor No.13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan Tel No : 03-80706899	087-049
RHB INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan Tel No : 03-61483361	087-051
RHB INVESTMENT BANK BERHAD	Unit 1B & 2B Jalan USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80221888	087-059
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan Tel No : 03-60928916	087-047

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan Tel No : 03-33439180	087-048
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan Tel No : 03-51920202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan Tel No : 03-56317888	096-002
SJ SECURITIES SDN BHD	No. 47-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan Tel No : 03-33221915	096-004
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77323862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A Jalan SS20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan Tel No : 03-77295713	058-007

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MELAKA		
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka Tel No : 06-2898800	065-006
KENANGA INVESTMENT BANK BERHAD	71 (A&B) & 73 (A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2881720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A -1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka Tel No : 06-3372550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2921898	093-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	No 19, 21 & 23, Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2833622 / 2818823	087-002
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka Tel No : 06-2825211	087-026

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka Tel No : 06-2862618	058-008
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2, Jalan PPM8 Malim Business Park 75250 Melaka Tel No : 06-3352511	078-014
<u>PERAK DARUL RIDZUAN</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan Tel No : 05-8066688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2 nd & 3 rd Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2559988	068-015
CIMB INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2088688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2530888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1 st , 2 nd & 4 th Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2422828	073-022

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6222828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6939828	073-031
M & A SECURITIES SDN BHD	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan Tel No : 05-2419800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground, 1 st Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan Tel No : 05-2415100	087-023

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan Tel No : 05-7170888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan Tel No : 05-2531313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan Tel No : 05-6216010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30303 Ipoh Perak Darul Ridzuan Tel No : 06-2411290	078-013
<u>PULAU PINANG</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang Tel No : 04-2636996	068-001

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5372882	068-006
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuhr Pantai 10300 Pulau Pinang Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2261818	086-001
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01 Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2385900	065-001
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Sentral Tower 3, Penang Street 10200 Pulau Pinang Tel No : 04-2690888	054-002
JF APEX SECURITIES BERHAD	368-2-5, Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang Tel No : 04-2289188	079-005
JUPITER SECURITIES SDN BHD	20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang Tel No : 04-6412881	055-003
KENANGA INVESTMENT BANK BERHAD	7 th , 8 th & 16 th Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2283355	073-023

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang Tel No : 04-2817611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10300 Penang Tel No : 04-2617611	057-008
MALACCA SECURITIES SDN BHD	Suite 98-3-13A, 13B, 13C Prima Tanjung Jalan Fettes 11200 Tanjung Tokong Pulau Pinang Tel No : 04-8981525	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2, 13700 Seberang Jaya Pulau Pinang Tel No : 04-3905669	012-006
MALACCA SECURITIES SDN BHD	No.17, 1 st Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No: 04-6421533	012-007
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1 st Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang Tel No : 04-2196888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1 st , 2 nd & 3 rd Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang Tel No : 04-3322123	093-001

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MERCURY SECURITIES SDN BHD	2 nd Floor Standard Chartered Bank Chambers 2 Lebuah Pantai 10300 Pulau Pinang Tel No : 04-2639118	093-004
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang Tel No : 04-6400822	093-006
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang Tel No : 04-5831888	087-032
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor-3rd Floor & 5th-8th Floor Lebuh Bishop 10200 Pulau Pinang Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang Tel No : 04-6404888	087-042

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang Tel No : 04-8352988	087-056
SJ SECURITIES SDN BHD	12 th Floor, Office Tower Hotel Royal Penang No 3 Jalan Larut 10050 Georgetown Pulau Pinang Tel No : 04-2289836	096-003
TA SECURITIES HOLDINGS BERHAD	3 rd Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang Tel No: 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1 st Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang Tel No : 04-2299318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang Tel No : 04-5541388	078-003
<u>PERLIS INDRA KAYANGAN</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan Tel No : 04-9793888	087-060
<u>KEDAH DARUL AMAN</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4256666	068-011

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2 nd Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman Tel No : 04-7317088	076-004
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman Tel No : 04-4964888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7209888	087-021
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1 st Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman Tel No : 04-7322111	078-007
<u>NEGERI SEMBILAN DARUL KHUSUS</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	1 st Floor, 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7612288	068-007
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus Tel No : 06-4553188	068-013

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan Tel No : 06-7655998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD	Ground, 1st-3rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7623131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus Tel No : 06-4421000	087-037
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus Tel No : 06-6461234	087-046
<u>JOHOR DARUL TAKZIM</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2222692	068-004

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	18 th Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3343855	086-001
AMINVESTMENT BANK BERHAD	3 rd Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4342282	086-002
CIMB INVESTMENT BANK BERHAD	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3405888	065-011
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim Tel No : 07-2231211	054-004
JUPITER SECURITIES SDN BHD	30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3538878	055-002
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor 34 Jalan Genuang 85000 Segamat Johor Darul Takzim Tel No : 07-9333515	073-009

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	33 & 35 (A&B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim Tel No : 06-9782292	073-011
KENANGA INVESTMENT BANK BERHAD	24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4326963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-2237423	073-019
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9531222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim Tel No : 07-4678885	073-025
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3381233	057-003

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
M & A SECURITIES SDN BHD	No 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3551988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3351533	012-005
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim Tel No : 07-3316992	093-005
PM SECURITIES SDN BHD	Ground & 1 st Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4333608	064-008
RHB INVESTMENT BANK BERHAD	6 th Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1 st & 2 nd Floor Jalan Ali 84000 Muar Johor Darul Takzim Tel No : 06-9538262	087-025

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim Tel No : 07-5577628	087-029
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim Tel No : 06-9787180	087-038
RHB INVESTMENT BANK BERHAD	No. 2, 1 st Floor, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim Tel No : 07-9256881	087-039
RHB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor, Nos. 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3522293	087-043

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim Tel No : 07-9435278	058-009
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim Tel No : 07-3332000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim Tel No : 07-6637398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	171 Ground Floor Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim Tel No : 07-5121633	078-008
UOB KAY HIAN SECURITIES (M) SDN BHD	70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim Tel No : 07-3513218	078-006
<u>PAHANG DARUL MAKMUR</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1 st Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1 st & 2 nd Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur Tel No : 09-5057800	065-007

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
JUPITER SECURITIES SDN BHD	2 nd Floor Lot No 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2234136	055-005
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur Tel No : 09-5171698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur Tel No : 09-2220993	012-008
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur Tel No : 09-2234943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur Tel No : 05-4914913	087-041
<u>KELANTAN DARUL NAIM</u>		
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim Tel No : 09-7430077	087-020

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7432288	058-004
UOB KAY KIAN SECURITIES (M) SDN BHD	Ground & 1 st Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim Tel No : 09-7473906	078-015
<u>TERENGGANU DARUL IMAN</u>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6238128	021-001
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman Tel No : 09-6261816	087-055

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
<u>SARAWAK</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 1, Jalan Pending 93450 Kuching Sarawak Tel No : 082-341999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD	282, 1 st Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-330008	068-016
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st Floor, Jalan Abell 93100 Kuching Sarawak Tel No : 082-244791	086-001
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak Tel No : 082-358606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak Tel No : 084-367700	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak Tel No : 082-338000	073-003

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1 st Floor Lorong Kampung Datu 3 96000 Sibul Sarawak Tel No : 084-313855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak Tel No : 086-337588	073-018
MERCURY SECURITIES SDN BHD	1 st Floor 16, Jalan Getah 96100 Sarikei Sarawak Tel No : 084-659019	093-007
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak Tel : 082- 250888	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	No. 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD	Ground Floor & 1 st Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak Tel No : 084-654100	087-050

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & 1 st Floor No. 221, Park City Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibu Sarawak Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2 nd Floor, Bangunan Binamas Lot 138, Section 54 Jalan Padungan 93100 Kuching Sarawak Tel No : 082-236333	058-006
<u>SABAH</u>		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu, Sabah Tel No : 088-311688	068-008
CIMB INVESTMENT BANK BERHAD	1 st & 2 nd Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah Tel No : 088-328878	065-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-236188	073-032
RHB INVESTMENT BANK BERHAD	2 nd Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah Tel No : 088-269788	087-010

17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah Tel No : 088-258618	087-036
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah Tel No : 089-229286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah Tel No : 088-234090	078-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178, Ground Floor Blok 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah Tel No : 089-218681	078-012

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