

# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 5263  
**COMPANY NAME** : SUNWAY CONSTRUCTION GROUP BERHAD  
**FINANCIAL YEAR** : December 31, 2018

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for good corporate governance culture within the Company and its subsidiaries ("<b>Group</b>"). In addition, it formulates and review the Group's strategic direction, core values and management of the Group to ensure that the Group operates with integrity and in compliance with the all applicable laws, rules and regulations. The Board assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, and fiduciary and leadership functions:</p> <ul style="list-style-type: none"><li>• <i>Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximising shareholders' value as well as ensuring long term sustainability of the Group's performance.</i></li></ul> <p>It has in place an annual business plan process at the beginning of the year whereby the Managing Director ("<b>MD</b>"), together with his Senior Management team, discussed with the Board the recommended corporate and operational strategies together with the proposed financial targets, investment plans, capital expenditure and human resource planning for the ensuing year.</p> <p>The Business Plan 2018 ("<b>Business Plan</b>") was tabled for the Board's deliberation and approval on 10 January 2018. The Business Plan provides global and domestic macro-economic trends as well as construction sector overview. At the meeting, the Board and Management also discussed on various operational and tactical strategies to achieve asset optimisation, capital management strategy, cost efficiency and increase productivity per employee. The Board also reviewed, deliberated and challenged the Management's views and assumptions made in the Business Plan in order to achieve optimum outcome. The Board also reviewed and approved the capital expenditure budget and set the KPIs for the Management.</p>

	<ul style="list-style-type: none"> <li>• <i>Monitoring the progress of the Group's strategies, budgets, plans and policies.</i></li> </ul> <p>The Board subsequently at its quarterly meetings, monitors the implementation of the strategic business plan by the Management to ensure Management meets the set objectives in order to ensure sustainable growth and optimisation of returns for the Group. The Board constructively challenges and contributes to the development of the Group's strategic plan. Guidance, ideas and feedback were provided to the Management in fine tuning its plan.</p> <ul style="list-style-type: none"> <li>• <i>Monitoring the progress of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns.</i></li> </ul> <p>The MD and the Chief Financial Officer ("CFO") on a quarterly basis briefed the Board on the progress of all on-going construction projects. The Board provided useful perspective and solutions to assist Management in implementing catch up strategy to speed up the completion of the projects.</p> <p>The MD also reported on outstanding order book, new order book secured, tenders submitted and progress of achieving the order book target as per the Business Plan. On a quarterly basis, the MD also reported on issues such as staff strength, staff turnover rate, work place safety record, inventories level such as steel bars and machinery utilisation rate.</p> <p>The MD and CFO also reported on the Group's quarterly financial performance and results. The actual results were compared against the Business Plan targets at the quarterly Board meetings held on 26 February 2018, 17 May 2018, 16 August 2018 and 19 November 2018. At each meeting, the Board and Management monitor closely key performance indicators such as return on capital employed, gearing level, inventories level, machine utilisation rate, capital expenditure, Ringgit productivity per employee etc. The Board is kept informed of the key strategic initiatives, its development, and significant operating issues.</p> <p>The Board also reviewed Management's measurement of key material sustainability factors such as health and safety, environmental and social factors as well as governance matters.</p> <ul style="list-style-type: none"> <li>• <i>Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.</i></li> </ul> <p>The Board, through the Risk Management Working Group sets risk tolerance levels, objectives, performance targets and policies to manage the key risks faced by the Group. A Risk Management Policy, which has been approved by the Board on 3 June 2015, is in place</p>
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	<p>to guide the Risk Management Working Group. The Board, through the Risk Management Committee, in its quarterly meeting, reviews and comments on the Risk Review Report which specifies the identified key risks covering all functions of the Group and their mitigations factors. The details of the risk management framework are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2018.</p> <ul style="list-style-type: none"> <li>• <i>Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.</i></li> </ul> <p>Through the Audit Committee ("AC"), the Board oversees the internal control systems and management information systems of the Group. The AC is assisted by the Internal Audit Department ("IAD") in reviewing and monitoring the adequacy and integrity of the Group's aforesaid systems.</p> <p>The Head of IAD, at the AC's quarterly meetings held on 26 February 2018, 17 May 2018, 16 August 2018 and 19 November 2018, reported the planned audit findings arising from the internal audit activities conducted by her team. The AC then deliberated on the actions taken by the Management to address the issues highlighted in the audit findings.</p> <p>Minutes of the meetings of the AC were presented to the Board at its meetings. The Chairman of the AC reported to the Board on all the principal risks and internal controls related matters and recommendations deliberated by the AC.</p> <p>The details of the internal control system are set out in the Statement on Risk Management and Internal Control of the Company's Annual Report 2018.</p> <ul style="list-style-type: none"> <li>• <i>Considering management's recommendations on key issues including acquisitions, material investment and divestments, restructuring, funding and significant capital expenditure.</i></li> </ul> <p>During financial year 2018, several business proposals had been tabled to the Board for deliberation and approval. The proposals, amongst others, included new business sector venture, overseas ventures, proposed joint venture with other companies, participation in major tenders and significant capital expenditure.</p> <ul style="list-style-type: none"> <li>• <i>Human resources planning and talent development in particular, management succession planning.</i></li> </ul> <p>The Board, through the Nomination and Remuneration Committee ("NRC"), oversees the management succession planning, develops the MD's, Deputy Managing Director's ("DMD") and CFO's</p>
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	performance scorecards based on the strategic objectives which were aligned to the business plan and corporate goal set by the Board. The Board at its meeting held on 19 November 2018 had been briefed by the Chairman of the NRC on the management succession plan whereby key management staff have been identified as future leaders in the respective business units. The progress and development of these potential staff were being systematically monitored and tracked for career development.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.2

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Dato' Ir Goh Chye Koon is the Independent Non-Executive Chairman of the Company. He has extensive experience in the construction industry which is essential for the continued growth of the Company.</p> <p>As an Independent Non-Executive Chairman, Dato' Ir Goh has been providing strategic leadership in directing the Board's agenda and putting priorities more objectively. He acts as a direct liaison between the Board and the Management of the Company, through the MD. His in depth knowledge and vast experience in construction industry, coupled with his previous experience in the management and involvement in corporate governance of a large public listed company, has enabled him to chair the Board meetings effectively, providing the opportunity for all views to be taken into account before a Board decision is made.</p> <p>The Independent Non-Executive Chairman acts as a facilitator at Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates discussion and that appropriate discussion take place as well as relevant opinion among Board members is forthcoming. Any Board member in consultation with the Independent Non-Executive Chairman, is free to include any issues or matters in the Board meeting agenda for discussion and decision.</p> <p>The roles and responsibilities of the Chairman of the Board are clearly spelt out in paragraph 4.1 of the Board Charter which is available on the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under 'Corporate Governance' section.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Chief Executive Officer (“<b>CEO</b>”) are each held by two different individuals and there is a clear segregation of responsibilities between these two roles so as to ensure a balance of power and authority.</p> <p>The Chairman, Dato’ Ir Goh Chye Koon is an Independent Non-Executive Director. He is responsible for leading the Board in overall corporate strategy formulation, governance compliance and monitoring management performance against Business Plan. He also ensures the integrity and effectiveness of the governance process of the Board. The roles of the Chairman are stated in page 6 under Practice 1.2 of this report.</p> <p>The CEO of the Company is Mr Chung Soo Kiong, who is designated as MD. He focuses on running of the business and manages the day-to-day operations of the Company and implements the Board’s policies and decisions. The MD is subject to the control of the Board.</p> <p>The MD leads Management in planning comprehensive medium to long-term business strategies so as to achieve the Group’s required return on capital employed, turnover and profitability targets in order to achieve shareholders’ expectations. He also spearheads the Group’s synergy initiatives, directs and reviews the overall business activities of the various Business and Support Divisions so as to ensure that the integrated efforts of these Divisions contribute to the optimum utilisation of corporate resources and expertise in the attainment of the Group’s long-term objectives.</p> <p>The separate roles and responsibilities of the Chairman and MD are clearly defined in the Board Charter, which could be accessed by the public in the Company’s website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under the ‘Corporate Governance’ section.</p>
<b>Explanation for departure</b>	:	



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<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.4

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is supported by 2 Company Secretaries. Both of them are qualified to act as Company Secretary under Section 235(2) of the Companies Act 2016. Both of them are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).</p> <p>The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries attended all Board and Board Committees' meetings in the financial year 2018. The Company Secretaries, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretaries regularly update and advise the Board on new statutes, regulations and directives issued by regulatory authorities.</p> <p>The Company Secretaries ensure that deliberations at Board and Board Committee meetings are properly documented and subsequently communicated to the relevant management for their further actions.</p> <p>The Companies Secretaries constantly keep themselves updated of the regulatory changes and corporate governance developments by attending workshops, conferences and training programmes organised by MAICSA, Securities Commission, Companies Commission Malaysia, etc. Based on the Board annual effectiveness evaluation survey, the Board is satisfied with the support rendered by the Company Secretaries in discharging its functions.</p> <p>During the financial year ended 31 December 2018, the Companies Secretaries briefed the Board on the following developments in regulations and laws;</p> <p>(a) Amendment to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("<b>Bursa Securities</b>") arising from the Companies Act 2016 ("<b>CA 2016</b>") and the Malaysian Code of Corporate Governance ("<b>MCCG</b>");</p> <p>(b) Bursa Securities' Issuers Communication No. 3/2017 on the 'Guidance on Disclosure relating to Material Contracts and Prevention of Selective Disclosure on Material Information';</p>

	<p>(c) Enforcement of the Corporate Rescue Mechanism under the CA 2016 in which the enforcement come into effect on 1 March 2018;</p> <p>(d) Corporate Liability Provision in the Malaysian Anti-Corruption Commission Act 2009; and</p> <p>(e) Gap analysis to benchmark the existing practice of the Company against the MCCG's requirements.</p> <p>The Company Secretaries in collaboration with the Share Registrar together with an IT consultant firm had implemented an electronic polling system at its 4<sup>th</sup> Annual General Meeting held on 20 June 2018. The polling system used was able to generate accurate polling results in 20 seconds for each resolution tabled. The polling results were subsequently verified by BDO Governance Advisory Sdn Bhd, an independent scrutineer, approved by the Board.</p>	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company Secretaries tabled the annual meeting calendar in advance of each new year. The schedule of pre-planned meetings of the Board and Board Committees, Annual General Meeting as well as Closed Period for dealing in securities of the Company by Directors are uploaded onto the Directors' electronic devices.</p> <p>The Board normally meets quarterly to review financial, operational, and business performances. The meetings are scheduled in advance in the third quarter of the preceding year to allow the Board members to plan their schedules. Notices and agenda of meetings duly endorsed by the Chairman of the Board or Board Committees together with the relevant board papers are normally distributed at least one week prior to the meetings for the Directors to study and evaluate the matters to be discussed. Occasionally, Board meetings or Committee meetings may be held at short notice, when decisions of a time-critical nature need to be made.</p> <p>In response to technological advancement and part of the Group's green initiatives, the Group has implemented paperless meetings where board papers are uploaded onto a secure platform and is accessible via laptop, tablet devices and mobile phone. The Directors are able to download and have access to the electronic board papers conveniently and immediately wherever they may be. The board papers provided include inter alia, financial results, business plan and budget, progress report on the Group's developments, risk management and internal control reports, minutes of meetings of Board and Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval.</p> <p>All Directors' Circular Resolutions are approved using electronic means resulting in efficient and timely Board decision and facilitating speedy Management implementation.</p> <p>Upon conclusion of each meeting, the minutes of meetings will normally be circulated for comments and for follow up actions by the Management.</p> <p>Upon confirmation by the Board or Board Committees at the following meetings, the minutes will be signed by the Chairman of the said</p>

	meeting as a correct record of the proceedings of the meeting. Actionable items would be recorded in the minutes as matters arising until they are eventually resolved.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

### Practice 2.1

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board of Directors of the Company regards corporate governance as vitally important to the success of the Company's business and is unreservedly committed to applying the principles necessary to ensure that the following principles of good governance is practised in all of its business dealings in respect of its shareholders and relevant stakeholders. A Board Charter has been formulated to guide the Board in the effective discharge of its roles and responsibilities as well as to define the functions delegated to Management, Board and Board Committees.</p> <p>As stated in the Board Charter, the Board is in charge of leading and managing the Company in an effective and responsible manner. Under Section 213 of the Companies Act 2016, each Director shall at all time exercise his powers for a proper purpose and in good faith in the best interest of the Company. Each director shall exercise reasonable care, skill and diligence in discharging his/her duties and responsibilities.</p> <p>In discharging its roles and responsibilities, the Board is guided by its Board Charter, which outlines the duties and responsibilities of the Board and the delegated day-to-day management of the Group to the MD. This formal structure of delegation is further cascaded by the MD to the Management team. The MD and Management team overall remain accountable to the Board for the authority that is delegated and for the performance of the Group.</p> <p>The Board, however, takes full responsibility for the oversight and overall performance of the Company. The Board reserves full decision-making powers, amongst others, on the following matters:</p> <ul style="list-style-type: none"><li>• Conflict of interest issues involving substantial shareholders or Directors and senior management in decision making positions;</li><li>• Material acquisitions and disposals of undertakings not in the ordinary course of business;</li><li>• Material investments in capital projects;</li></ul>

	<ul style="list-style-type: none"> <li>• Material bid/tenders for construction projects and investment proposals;</li> <li>• Overseas ventures;</li> <li>• Annual business plan and budgets (including major capital commitments);</li> <li>• Material corporate or financial exercise/restructuring;</li> <li>• Declaration of dividend;</li> <li>• Directors' Fees; and</li> <li>• Annual and interim financial results.</li> </ul> <p>The MD is supported by his team of Management on the day-to-day operations. The responsibilities of the Management are to:</p> <ul style="list-style-type: none"> <li>• Formulate, recommend and implement the strategic objectives of the Company;</li> <li>• Translate the approved strategic plan into operation and financial action plans;</li> <li>• Manage the Company's human, physical and financial resources to achieve the Company's objectives;</li> <li>• Operate within the delegated authority limits set by the Board;</li> <li>• Assume the day-to-day responsibilities for the Group's conformance with relevant laws and regulations, its compliance framework and all other aspects of the day to-day running of the Group;</li> <li>• Develop, implement and manage the Company's risk management and internal control systems within the risk appetite and framework;</li> <li>• Develop, implement and update policies and procedures;</li> <li>• Keep pace with industry and economic trends in the Company's operating environment; and</li> <li>• Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.</li> </ul> <p>The Board also delegates certain responsibilities to the Board Committees, all of whom operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.</p> <p>The Board Charter is reviewed periodically to ensure that it complies with the legislation and best practices and remain relevant in light of the Board's objectives. On 16 August 2018, the Board reviewed and approved certain updates to the Board Charter in line with the Board's latest best practice arising from the MCCG.</p> <p>Details of the Board Charter are available on the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under the section of 'Corporate Governance'.</p>
<b>Explanation for departure</b>	<div></div> <div></div>

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has formalised a Code of Conduct and Business Ethics policy ("<b>Code</b>") which provides an ethical framework to guide the actions and behaviours of all Directors and its employees while at work. A copy of the Code is available on the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under the section of 'Corporate Governance'.</p> <p>The Code reflects the increasing need for effective corporate governance compliance measures in the conduct of the Group's business domestically and worldwide. It emphasises and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and wellbeing of the Group.</p> <p>The objective of the Code is to provide guidance on the standards of behaviour expected of all Directors and employees of the Group, and where applicable, counterparts and business partners. The standards of behaviour are derived from the Group's Core Values and Business Principles. For all intents and purposes, all Directors and employees shall always observe and ensure compliance with all applicable laws and regulations in the discharge of their duties. Individuals are encouraged to report concerns of violation of the Code through the Company's Whistleblowing Policy. No individual will be discriminated or suffer any act of retaliation for reporting in good faith.</p> <p>All employees of the Group are required by the Group Human Resources to read and sign off their commitment in adhering to the Code at all time during their services with the Group.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In line with the Group's core value of integrity, the Management and Board encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group's resources.</p> <p>The Company has in place a Whistleblowing Policy &amp; Procedures. The objective of this policy and procedure is to provide a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action.</p> <p>The whistleblowing procedure is intended to be used as an ultimate remedy if no other means are available to address the matter. For the employees, if they wish to raise a specific concern, they are encouraged to try to resolve the matter through existing procedures and first discuss the matter with their line supervisor(s) or head of department or Profit Centre Manager before initiating the whistleblowing procedure.</p> <p>Any employee or member of the public who has knowledge or is aware that of any improper conduct within the Group is encouraged to disclose through the following reporting channels:</p> <p>Whistleblowing Hotlines T (603) 5639 8025 F (603) 5639 8027 E <a href="mailto:whistleblowing@sunway.com.my">whistleblowing@sunway.com.my</a></p> <p>The faxes and e-mails sent to these channels will be directed to the Head of IAD and the Chairman of the AC.</p> <p>If the reporting individual is unsure of the type of evidence needed for the IAD to begin an investigation, the employee is encouraged to make use of the "Whistleblowing Report Form" provided in the Company's</p>

	<p>portal under the Governance Portal. The employee may send this form via local postal service if he/she wishes to remain anonymous.</p> <p>The Head of IAD will maintain a record of the complaints and will track their receipt, investigation and resolution. The IAD will investigate each claim independently based on standard internal audit practices and fraud response procedures. Upon completion of each investigation, IAD will prepare a report to the Chairman of the AC for further action. On a quarterly basis, the Head of IAD shall prepare a summary report and present it to the AC.</p> <p>During the financial year 2018, the Head of IAD did not receive any whistleblowing report.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.1**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board comprises majority Independent Directors. Out of the 7 Directors, 4 of them are Independent Non-Executive Directors. The Chairman of the Board is an Independent Non-Executive Director.</p> <p>An annual assessment of the independence of the Independent Non-Executive Directors is also conducted to ensure their independence. Based on the results from the latest assessment made, all the Independent Non-Executive Directors have satisfied the independence test under the Main Market Listing Requirements of Bursa Securities.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.2**

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

Application	:	Not applicable - No independent director(s) serving beyond 9 years	
Explanation on application of the practice	:		
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.3 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.4

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>A formal policy on selection process and assessment criteria for appointment of a new director is in place. The policy details the processes and the criteria for selection and assessment of potential candidates for election to the Board. It also sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>The NRC will screen the initial selection of the candidates, performing the requisite assessment of the said candidates before recommending them to the Board for approval. This is to ensure that the candidates possess the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as a director. Besides that, the NRC will also take into consideration the diversity of the Board's composition which inter alia, include gender, ethnicity, age, etc.</p> <p>The Board had adopted a Diversity and Inclusion policy. The Group is committed to encouraging diversity and inclusion in the workplace. The Group aims to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realize their full potential. Diversity and inclusion are closely tied to the Group's core values of integrity, humility and excellence which are embedded into every facet of the Group's business and goals. Nonetheless, the Board will also prioritise selection criteria based on an effective mix of competencies and skills as well as relevant experience and knowledge in order to strengthen the Board.</p> <p>On 1 March 2018, Dr Sarinder Kumari A/P Oam Prakash ("<b>Dr Sarinder</b>") was appointed as an Independent Non-Executive Director of the Board in place of the out-going Independent Non-Executive Director, Tan Sri Datuk Dr Rebecca Fatima Sta Maria. The NRC had interviewed Dr Sarinder and assessed her experience, skills, competencies and time commitment. The NRC was satisfied that she had fulfilled the criteria required by the Board. The NRC had then recommended her appointment to the Board and were duly approved by the Board.</p> <p>On an annual basis, the NRC will review the balance and diversity of skills, experience, gender and knowledge required by the Board and the size of the Board which would facilitate decision-making.</p>



	<p>The Company’s Constitution provides that 1/3 of the Board is subject to retirement by rotation at each Annual General Meeting (“<b>AGM</b>”). Each Director shall retire once at least in each three years but shall be eligible for re-election. The Directors to retire in each year are those who have been longest in office since their last election or appointment.</p> <p>Pursuant to Clause 106 of the Company’s Constitution, Dato’ Ir Goh Chye Koon and Dato’ Siow Kim Lun will retire by rotation at the coming 5<sup>th</sup> AGM of the Company. Dato’ Ir Goh and Dato’ Siow have all agreed to be re-elected as Directors.</p> <p>On 25 February 2019, the NRC has assessed the performances of these retiring Directors and has made recommendation to the Board for their re-election and re-appointment at the coming 5<sup>th</sup> AGM.</p> <p>In order to assist the shareholders in their decision, sufficient information on the directors such as their personal profile, record of attendance of meetings and the shareholdings of each Director (where applicable) are disclosed in the Company’s Annual Report 2018.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.5

The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	During the financial year 2018, the Board has one women director, i.e. equivalent to 14.3% of the Board composition.	
		The Board acknowledges that the MCCG encourages 30% women representation in the Board composition. Nevertheless, it will take some time for the NRC to search and select a suitable qualified women director to meet the 30% target.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board through the NRC will continue to search for a suitable and well qualified women director.	
<b>Timeframe</b>	:	Others	No time frame fixed. It will be based on availability of suitable candidate at any time.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 4.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Company has in place a formal Policy on Selection and Assessment of Members of the Board of Directors and Board Composition which setting out the criteria for selection and nomination of potential directors to the Board. It also sets out the criteria for assessment of the appropriateness of the board mix and composition.</p> <p>The policy allows the Board to engage executive search firms and other channels to assist in finding candidates with the relevant skills and background. Under the policy, candidate must possess high standards of ethics, integrity and professionalism, display independent and sound business judgment and have meaningful experience and expertise in business, corporate, construction, property, accountancy and law. The qualifications of a candidate will be considered in addition to other factors it deems appropriate based on the current needs and requirements of the Board, including specific desired business and financial expertise, experience as a director of public listed company, age, gender and ethnic diversity. In addition to the criteria set forth above, the nominee for an independent director’s vacancy must fulfil the independence test under the Main Market Listing Requirements of Bursa Securities.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 4.7**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC of the Company is currently chaired by Dato' Dr Ir Johari Bin Basri, who is a Senior Independent Non-Executive Director.</p> <p>Dato' Dr Ir Johari was redesignated as the Senior Independent Non-Executive Director of the Company on 10 January 2018.</p> <p>The Company has since its inception in 2014 adopted the best practice of appointing a Senior Independent Director to chair the Nomination Committee. Prior to Dato' Dr Ir Johari, Dato' Ir Goh Chye Koon was the Senior Independent Non-Executive Director and chaired the then Nomination Committee, which is now merged with the Remuneration Committee into a single committee.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 5.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board has been conducting its annual evaluation to determine the effectiveness of the Board, its committees and each individual Director, which the process is facilitated by the Company Secretaries. As such, the Board is satisfied with the current evaluation methodology as each Directors is able to provide candid, frank opinion and recommendation to improve the overall governance process of the Group. The Board has decided to continue with the existing practice of Board assessment until there is a pressing need to engage an external independent party for the assessment.</p> <p>During the financial year 2018, the NRC is entrusted with the responsibility of carrying out the evaluation process of the Board's performance as a whole as well as the performance of Board Committees.</p> <p>The evaluation process started with the development of the assessment questionnaires by the Group Secretariat Department based on the recommended questionnaires published under the 2<sup>nd</sup> and 3<sup>rd</sup> edition of the Corporate Governance Guide issued by Bursa Malaysia Berhad. There were total of 7 questionnaires/checklist being developed as follows:</p> <ul style="list-style-type: none"><li>(a) Evaluation on Board Effectiveness;</li><li>(b) Director's Peer Review;</li><li>(c) Board Committee Evaluation;</li><li>(d) AC Evaluation;</li><li>(e) AC Members' Self and Peer Evaluation;</li><li>(f) Assessment of the Independent Non-Executive Directors; and</li><li>(g) Independent Directors Self-Assessment Checklist.</li></ul> <p>The questionnaires were tabled to the NRC on 16 August 2018 for discussion and approval. The approved evaluation surveys were</p>

	<p>uploaded to a dedicated electronic application platform for assessment by the Directors. This process is done at the last quarter of every financial year.</p> <p>The annual evaluation of Board effectiveness is conducted internally by way of self and peer assessment covering areas such as Board composition, Board roles and responsibilities, effectiveness of Chairman, legal and regulatory compliance, trainings attended, conduct at meetings, engagement and communication with management and stakeholders, as well as competency and service quality of the Company Secretaries.</p> <p>The evaluation of individual directors was based on a set of performance criteria comprising Contribution to Interaction, Quality of Input, and Understanding of Role.</p> <p>The NRC also undertook annual assessment of the effectiveness of various Board Committees. The assessments are used to identify the Board's strengths and shortcomings as well as to recommend areas for improvement.</p> <p>The Board Committees was assessed on the following aspects:</p> <ul style="list-style-type: none"> <li>(a) Composition;</li> <li>(b) Able to provide useful recommendation;</li> <li>(c) Relevant knowledge and expertise in the subject area;</li> <li>(d) Effective communication;</li> <li>(e) Sufficiency and frequency of meeting;</li> <li>(f) Rights and authority conferred upon the Committees;</li> <li>(g) Competency of Chairmen of the Committees; and</li> <li>(h) Minutes of meeting.</li> </ul> <p>The results of the assessments were compiled by the Company Secretaries into summarised Executive Reports which were tabled for review and discussion by the NRC at its meeting. The Executive Report was tabled to the Board for further deliberation on 25 February 2019. At the aforesaid Board Meeting, all critical comments and recommendations for improvement contained in the Report were highlighted by the NRC Chairman for immediate actions and rectification. The deliberations of the NRC and the Board were duly minuted in the respective meetings.</p> <p>Generally, the Directors were satisfied with the performance of the Board as a whole. The Director's peer review indicated that all the Directors were of the view that each of them had performed their respective roles and functions effectively and responsibly during the financial year ended 31 December 2018. Each member was satisfied with each other's contribution in sharing their insights and active participation in Board and Board Committees' discussions. All the Board Committees were assessed to be effective in discharging their roles and responsibilities as per the terms of reference.</p>
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*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:	The Board is satisfied with the present assessment approach and will continue the existing practice of conducting its annual evaluation facilitated by the Company Secretaries. The Board will consider appointing independent experts to facilitate the Board assessment when there is a pressing need.	
<b>Timeframe</b>	:	Others	The Board will consider appointing independent experts to facilitate the Board assessment when there is a pressing need.

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.1

The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has adopted a remuneration policy for its Directors and Senior Management. This policy is available at the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">http://www.sunwayconstruction.com.my/investor-relations/</a> under the 'Corporate Governance' section.</p> <p>The Group recognises that in order to attract and retain Directors and Senior Management, it is important to have a fair and competitive remuneration package that commensurate with their experience, skills, responsibilities, performance, contribution as well as industry benchmark. In view of this, framework and guidelines provided by independent consultant and market data on the remuneration practices of comparable peers are taken into consideration in determining the remuneration package for Executive Director and Key Senior Management.</p> <p>The total remuneration package of Executive Director and Key Senior Management is made up of various components, primarily consisting of fixed monthly salary, performance bonus, incentive pay, employee share option, as well as benefits-in-kind. Executive Director is not entitled to directors' fees and meeting allowances for his / her services.</p> <p>The remuneration of the Executive Director and Key Senior Management is structured on the basis of linking rewards to corporate and individual performance. The Group uses established HR system to facilitate performance management process for Executive Director and Key Senior Management. The review is conducted on a half-yearly basis.</p> <p>During the year-end review, the NRC will review the final performance ratings of the Executive Director and Key Senior Management based on his / her approved KPIs. The Board will then determine and approve the quantum of bonus payment in accordance with business justifications and the bonus framework of the Company.</p>



	<p>For Non-Executive Directors, the level of remuneration reflects their experience, level of responsibilities and industry's benchmark. The remuneration of Non-Executive Directors consists of fixed directors' fees per annum and meeting allowances for every Board or Board Committee meeting attended.</p> <p>The fees for the Non-Executive Directors are not linked to the financial results of the Company. Non-Executive Directors are not entitled to any performance bonus nor any incentive arrangements. For purpose of ensuring the independence of Independent Non-Executive Directors, they will not be eligible for employees share option scheme.</p> <p>The Board as a whole resolve on the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Non-Executive Directors are subject to the approval of shareholders at the AGM. Currently, the Board Chairman is entitled to directors' fee of RM180,000 per year while the rest of the Non-Executive Directors are entitled to directors' fees of RM100,000 per individual per year. The meeting allowance is set at RM500 per individual per meeting.</p> <p>In addition to the directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and oversight responsibilities in relation to the Company's financial reporting, internal control system, risk management system, internal and external audit function.</p> <p>The amount of AC's fees is benchmarked against public listed companies of similar size and industry. The AC's fees are subject to shareholders' approval. The fees will be reviewed as and when the need arises. The AC's fees are payable annually together with the payment of the directors' fees.</p> <p>Currently, the AC's fees are set at RM6,000 for the Chairman per annum and RM3,000 for each member per annum.</p>	
<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 6.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has since its inception, established a Remuneration Committee ("RC"). The RC had, on 10 January 2018, merged with the Nomination Committee under a single committee namely, NRC. The Terms of Reference of the NRC are set out in the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">http://www.sunwayconstruction.com.my/investor-relations/</a> under the 'Corporate Governance' Section.</p> <p>With regard to the remuneration matter, the NRC is responsible to ensure that remuneration arrangements support the strategic aims of the Group's businesses and to enable the recruitment, motivation and retention of Executive Director and Senior Management.</p> <p>During the financial year 2018, the NRC comprised all Non-Executive Directors, namely Dato' Dr Ir Johari Bin Basri as Chairman, Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dr Sarinder and Dato' Chew Chee Kin as members. Majority of them are Independent Directors.</p> <p>The NRC, with the assistance of the HR General Manager, evaluate the performances of the MD, DMD and the CFO of the Company twice a year. The MD, DMD and CFO were assessed based on a set of pre-approved KPIs using balanced score card. The KPIs of MD and DMD include order book achieved, budgeted financial targets, employees' engagement score, leadership competencies, people development, management succession planning, environmental, safety and health score etc. The CFO's KPI includes Company's financial performance, financial statutory reports, people development and engagement as well as leadership competencies.</p> <p>Based on the performance appraisals, the NRC determines the performance bonus for the MD, DMD and CFO. The NRC also reviews the remuneration package of the MD, DMD and CFO to ensure that it is</p>

	<p>commensurate with the scope of responsibilities and performance achieved as well as benchmarked against its peers in the same industry.</p> <p>During the financial year, out of the four (4) meetings of NRC, three (3) meetings were held to deliberate and approve the following matters relating to performance and remuneration:</p> <p>(a) On 26 February 2018, the NRC reviewed and discussed the 2017 year-end performance appraisal of the MD and CFO. The actual results achieved by the MD, DMD and CFO were compared against their targeted KPIs. Non achievement of KPIs were explained and justified. Based on the performance scorecard, the NRC recommended their annual increments and performance bonuses for the Board's approval.</p> <p>(b) On 16 August 2018, the NRC reviewed and discussed the mid-year KPIs and midyear performance appraisal of the MD, DMD and CFO. The NRC offered a few suggestions to fine tune the measurements used for certain key results areas.</p> <p>(c) On 19 November 2018, the NRC reviewed and discussed the performance appraisal of the MD, DMD and CFO as of September 2018. The review was for the purpose of determining the payment of interim bonuses. The actual 9-month results versus its budgets were tabled to the NRC for deliberation. Based on the 9-month performance scorecard, the NRC recommended the interim bonuses for the MD, DMD and CFO for approval by the Board.</p> <p>At the invitation of the NRC, the Company's HR General Manager and the Group Chief HR Officer attended the said meeting(s) to facilitate the discussions.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

## Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

## Practice 7.1

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied																																																																																	
Explanation on application of the practice	:	<p>The Remuneration received and receivable by each of the Directors in year 2018 is set out in the tables below:</p> <p><b>(1) Non-Executive Directors</b></p> <table><tr><th rowspan="2">No.</th><th rowspan="2">Name</th><th colspan="5">(RM'000)</th></tr><tr><th>Director's Fee #</th><th>AC's fee #</th><th>Meeting Allowance</th><th>Other Emoluments</th><th>Total</th></tr><tr><td>1.</td><td>Dato' Ir Goh Chye Koon</td><td>180</td><td>3</td><td>10.5</td><td>-</td><td>193.5</td></tr><tr><td>2.</td><td>Dato' Dr Ir Johari Bin Basri</td><td>100</td><td>3</td><td>10.5</td><td>8*</td><td>121.5</td></tr><tr><td>3.</td><td>Dato' Siow Kim Lun</td><td>100</td><td>6</td><td>10.5</td><td>-</td><td>116.5</td></tr><tr><td>4.</td><td>Dr Sarinder Kumari <sup>(1)</sup></td><td>83.8</td><td>2.5</td><td>8</td><td>-</td><td>94.4</td></tr><tr><td>5.</td><td>Dato' Chew Chee Kin</td><td>100</td><td>-</td><td>5.5</td><td>-</td><td>105.5</td></tr><tr><td>6.</td><td>Evan Cheah Yean Shin</td><td>100</td><td>0.5</td><td>6.5</td><td>-</td><td>107</td></tr><tr><td>7.</td><td>Tan Sri Datuk Dr Rebecca Fatima Sta Maria <sup>(2)</sup></td><td>16.2</td><td>0.5</td><td>2.5</td><td>-</td><td>19.1</td></tr></table> <p>Notes:</p> <p>(1) Appointed to the Board with effect from 1 March 2018.</p> <p>(2) Resigned from the Board with effect from 1 March 2018.</p> <p>* Allowance for safety and health meeting and/or event related to safety and health matters in discharging his duty as the Chairman of the High Level ESH (Environment, Safety and Health) Council of the Company. Out of the total amount, RM4,000 received from subsidiary company.</p> <p># Subject to shareholders' approval at the forthcoming 5<sup>th</sup> AGM.</p> <p><b>(2) Executive Director/Managing Director</b></p> <table><tr><th rowspan="2"></th><th colspan="6">(RM'000)</th></tr><tr><th>Salary</th><th>Bonus/ Incentive</th><th>Defined Contribution Plan (i.e. EPF)</th><th>Benefits-in-kind</th><th>Other emoluments</th><th>Total</th></tr><tr><td>Chung Soo Kiong</td><td>996.0</td><td>1,618.5</td><td>315.0</td><td>19.4</td><td>10.7</td><td>2,959.6</td></tr></table> <p>Note:</p> <p>Remuneration received from a subsidiary company.</p>	No.	Name	(RM'000)					Director's Fee #	AC's fee #	Meeting Allowance	Other Emoluments	Total	1.	Dato' Ir Goh Chye Koon	180	3	10.5	-	193.5	2.	Dato' Dr Ir Johari Bin Basri	100	3	10.5	8*	121.5	3.	Dato' Siow Kim Lun	100	6	10.5	-	116.5	4.	Dr Sarinder Kumari <sup>(1)</sup>	83.8	2.5	8	-	94.4	5.	Dato' Chew Chee Kin	100	-	5.5	-	105.5	6.	Evan Cheah Yean Shin	100	0.5	6.5	-	107	7.	Tan Sri Datuk Dr Rebecca Fatima Sta Maria <sup>(2)</sup>	16.2	0.5	2.5	-	19.1		(RM'000)						Salary	Bonus/ Incentive	Defined Contribution Plan (i.e. EPF)	Benefits-in-kind	Other emoluments	Total	Chung Soo Kiong	996.0	1,618.5	315.0	19.4	10.7	2,959.6
No.	Name	(RM'000)																																																																																	
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<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 7.2

The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	Due to the highly competitive industries in which the Group is operating, the Group faces challenges in talent management and retention. Therefore, the Board is of the opinion that disclosing the remuneration of senior management would be a disadvantage to the Group.	
		The Company's Remuneration Policy for Directors and Senior Management has alternatively explained how the senior management is rewarded. The policy is available at the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> .	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board has decided not to disclose the top 5 senior management's remuneration.	
<b>Timeframe</b>	:	Others	Not disclosing

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 7.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

## Practice 8.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied															
<b>Explanation on application of the practice</b>	:	<p>The AC is led by an Independent Non-Executive Director who is not the Chairman of the Board.</p> <p>The AC comprises four (4) members, all of them are Independent Non-Executive Directors. The members of the AC are:</p> <table><tr><th>No.</th><th>Director/Designation</th><th>Membership</th></tr><tr><td>1</td><td>Dato' Siow Kim Lun (Independent Non-Executive Director)</td><td>Chairman</td></tr><tr><td>2</td><td>Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)</td><td>Member</td></tr><tr><td>3</td><td>Dato' Dr Ir Johari Bin Basri (Senior Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>4</td><td>Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) (Appointed with effect from 1 March 2018)</td><td>Member</td></tr></table> <p>Notes:</p> <ul style="list-style-type: none"><li>• Tan Sri Datuk Dr Rebecca Fatima Sta Maria, who has resigned from the Board and the AC on 1 March 2018.</li><li>• Evan Cheah Yean Shin, who has stepped down as member of the AC on 1 March 2018.</li></ul> <p>A detailed report of the AC is set out on page 178 to 185 of the Company's Annual Report 2018.</p>	No.	Director/Designation	Membership	1	Dato' Siow Kim Lun (Independent Non-Executive Director)	Chairman	2	Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	Member	3	Dato' Dr Ir Johari Bin Basri (Senior Independent Non-Executive Director)	Member	4	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) (Appointed with effect from 1 March 2018)	Member
No.	Director/Designation	Membership															
1	Dato' Siow Kim Lun (Independent Non-Executive Director)	Chairman															
2	Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	Member															
3	Dato' Dr Ir Johari Bin Basri (Senior Independent Non-Executive Director)	Member															
4	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) (Appointed with effect from 1 March 2018)	Member															
<b>Explanation for departure</b>	:																
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.																	
<b>Measure</b>	:																
<b>Timeframe</b>	:																





**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 8.2**

The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Terms of Reference of the AC has clearly stated that no former key audit partner shall be appointed as a member of the AC before observing a cooling-off period of at least two (2) years.</p> <p>The Terms of Reference of the AC is publicly available and can be accessed via the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under the section of 'Corporate Governance'.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

### Practice 8.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>It is stated in the Terms of Reference of the AC that the Committee is responsible to assess the suitability, objectivity and independence of the External Auditors annually.</p> <p>The Company has also in place a Policy on Selection of External Auditors and a Non-Audit Services Policy. The objectives of the policies are to outline the criteria and procedures for the AC to assess and select the External Auditors and to monitor the provision of non-audit services by the External Auditors.</p> <p>During the financial year 2018, the AC assessed the suitability, effectiveness and independence of the External Auditors and ensured that the provision of other non-audit services by the External Auditors was not in conflict with their audit function. The annual assessment of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, delivery, fees and adequacy of resources.</p> <p>In the AC meeting held on 25 February 2019, the BDO Audit Partner confirmed that they had been independent throughout the audit engagement in accordance with the terms of all relevant professional and regulatory requirements in respect of the audited financial statements of the Group for the financial year 2018.</p> <p>The outcome of the External Auditor's Assessment Report was tabled to the AC on 20 March 2019. There were no major concerns highlighted in the aforesaid Report. The AC was satisfied with the independence and performance of the External Auditors in the financial year ended 31 December 2018. As such, the AC had recommended for shareholders' approval, BDO's proposed re-appointment as External Auditors for the financial year ended 31 December 2019 at the forthcoming 5<sup>th</sup> AGM of the Company to be held on 19 June 2019.</p> <p>The External Auditors shall rotate their engaging partner in charge of the audited financial statements of the Company and the Group once every seven (7) years to maintain their independence from the Group in accordance with the Malaysian Institute of Accountants' By-Laws. Nevertheless, the current audit engagement partner has held the</p>

	position for only four (4) years. However, the Board also has an option of rotating an audit firm/partner once every five (5) years pursuant to the Group's policy.	
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 8.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	

## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

## Practice 8.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC comprises four (4) members, all of them are Independent Non-Executive Directors. The AC has a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, capital market, economics, international trade, civil and mechanical engineering, construction, safety and health, general management, as well as strategic planning.</p> <p>Dato' Siow Kim Lun, the Chairman of the AC, has been approved and recognised by the Bursa Securities as a person qualified for the purpose of paragraph 15.09(1)(c)(iii)* of the Main Market Listing Requirements ("MMLR") of Bursa Securities. Accordingly, the Company complies with paragraph 15.09 of the MMLR.</p> <p>All the members of the AC are financially literate and are able to understand and grasp complex issues brought to its attention including the financial reporting standards, related party transactions and internal control issues.</p> <p>The members of the Board, including the AC's members, have during the financial year, attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to enhance their knowledge and to keep abreast with the relevant changes in law, regulations, audit standards and internal control systems as well as corporate governance practices. Details of the trainings or seminars attended by the members of the AC during the financial year ended 31 December 2018 are set out in pages 174 and 175 of the Corporate Governance Overview Statement under "Training Programmes, Seminars and Workshops attended by Directors" in the Annual Report 2018 of the Company.</p> <p>The members of the AC have also been briefed on the relevant changes in financial reporting standards by the CFO and External Auditors during the AC's meetings held during the financial year.</p>

	<p>A detailed report of the AC's activities in financial year 2018 is set out in the AC Report which is available on pages 178 to 185 of the Annual Report 2018 of the Company.</p> <p><i>Note:</i></p> <p><i>* Paragraph 15.09(1)(c) of the MMLR requires that at least one member of the AC must be a member of the Malaysian Institute of Accountants, or a member of one of the associations of accountants as specified in the Accountants Act 1967, or fulfils such other requirements as prescribed or approved by the Bursa Securities.</i></p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group's system of risk management and internal control are integrated and embedded into Enterprise Risk Management covering key activities/processes and initiatives of diverse operations including site offices in order to drive effective and accountable action, as well as monitoring consistent risk management practices.</p> <p>The Board assumes overall responsibility for maintaining a sound system of risk management and internal control that provide reasonable assurance of effective operations and legal compliance including both the Group's internal policies and standard operating procedures. The system of internal control encompasses corporate governance, tender processes, financial system, IT network system and cyber security, risk management, operational and organisational systems, safety, health and environment, regulatory as well as compliance control matters. The system in place provides reasonable but not absolute assurance against fraud, work site accidents, negligence, cyber-attacks, financial losses or material financial misstatement.</p> <p>The Board has adopted a comprehensive Risk Management Policy as a formal acknowledgement of its commitment towards prioritising risk management practices and promoting risk management culture throughout the organisation. The Policy comprised policies and procedures, internal audit, employee engagement and performance, employee conduct as well as risk management. The Risk Management Framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines.</p> <p>The Board is assisted by a Risk Management Committee ("<b>RMC</b>") which was established on 24 August, 2017, in identifying, mitigating and monitoring the critical risks highlighted by the various Business Divisions.</p> <p>The Board has adopted a conservative risk appetite which was determined by the major risk categories as follows:-</p>



	<table><tr><th>Risk Category</th><th>Risk Appetite</th></tr><tr><td>External</td><td>Moderate</td></tr><tr><td>Regulatory</td><td>Low</td></tr><tr><td>Legal</td><td>Zero to Low</td></tr><tr><td>Corporate Governance</td><td>Low</td></tr><tr><td>Financial</td><td>Low</td></tr><tr><td>Customers</td><td>Low to Moderate</td></tr><tr><td>Suppliers</td><td>Low to Moderate</td></tr><tr><td>Products and Services</td><td>Low to Moderate</td></tr><tr><td>Human Capital</td><td>Moderate</td></tr><tr><td>Operations</td><td></td></tr><tr><td>- Safety</td><td>Moderate</td></tr><tr><td>- Quality</td><td>Moderate</td></tr><tr><td>- Time</td><td>Moderate</td></tr><tr><td>- Cost</td><td>Moderate</td></tr><tr><td>- Environmental</td><td>Moderate</td></tr></table>	Risk Category	Risk Appetite	External	Moderate	Regulatory	Low	Legal	Zero to Low	Corporate Governance	Low	Financial	Low	Customers	Low to Moderate	Suppliers	Low to Moderate	Products and Services	Low to Moderate	Human Capital	Moderate	Operations		- Safety	Moderate	- Quality	Moderate	- Time	Moderate	- Cost	Moderate	- Environmental	Moderate		
	Risk Category	Risk Appetite																																	
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	- Safety	Moderate																																	
	- Quality	Moderate																																	
	- Time	Moderate																																	
- Cost	Moderate																																		
- Environmental	Moderate																																		
<p>Notwithstanding the aforesaid, the appropriate level of risk tolerance will depend on the nature of projects undertaken and the objectives pursued. The risk appetite will be reviewed periodically by the RMC in response to the operating environment.</p> <p>The Board has also established an internal audit function by setting up an IAD within the Group. The IAD assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group’s governance, risk management and internal control processes.</p> <p>Further elaboration on the Group’s risk management and internal control could be found in the Statement of Risk Management and Internal Control as set out in pages 186 to 190 in the Company’s Annual Report 2018.</p>																																			
<b>Explanation for departure</b> :																																			
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																																			
<b>Measure</b> :																																			
<b>Timeframe</b> :																																			

## Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

## Practice 9.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is committed towards and responsible for effective risk management and internal controls of the Group. The Board embeds risk management practices into activities, initiatives and process of the Group. The framework has been set in place by the Board to identify, evaluate, mitigate and monitor key risk faced by the Group.</p> <p>The Board recognises that the framework is designed to mitigate rather than to eliminate risks or event with significant adverse impact on the achievement of the Group's objectives and strategies. As such, it provides reasonable but not absolute assurance against material misstatement on financial and management information or against financial losses or fraud.</p> <p>The RMC reviews the risk management framework and processes to ensure that they remained relevant for use, and monitors the effectiveness of risk treatment/mitigation action plans for the management and control of the key risks. The RMC had, at its meeting held on 19 November 2017, adopted the risk management framework and risk appetite for the Group. The RMC also deliberated on the quarterly risk report which identified eight principal risks in the Group and the corresponding rating for each risk.</p> <p>The Statement on Risk Management and Internal Control as set out in pages 186 to 190 in the Company's Annual Report 2018 provides an overview of the state of risk management and internal controls within the Group.</p> <p>The IAD's functions and summary of its activities are set out on pages 184 and 185 of the AC's Report in the Company's Annual Report 2018.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 9.3 - Step Up

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Adopted																		
<b>Explanation on adoption of the practice</b>	:	<p>The Board had established a RMC to oversee the Company's risk management framework and policies.</p> <p>The RMC comprises majority of Independent Non-Executive Directors. The members of the committee are:</p> <table><tr><th>No.</th><th>Director/Designation</th><th>Membership</th></tr><tr><td>1</td><td>Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) (Appointed with effect from 1 March 2018)</td><td>Chairman</td></tr><tr><td>2</td><td>Dato' Siow Kim Lun (Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>3</td><td>Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)</td><td>Member</td></tr><tr><td>4</td><td>Dato' Dr Ir Johari Bin Basri (Senior Independent Non-Executive Director)</td><td>Member</td></tr><tr><td>5</td><td>Evan Cheah Yean Shin (Non-Independent Non-Executive Director)</td><td>Member</td></tr></table> <p>The Terms of Reference of the RMC is available in the Company's website at <a href="http://www.sunwayconstruction.com.my/investor-relations/">www.sunwayconstruction.com.my/investor-relations/</a> under the section of 'Corporate Governance'.</p>	No.	Director/Designation	Membership	1	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) (Appointed with effect from 1 March 2018)	Chairman	2	Dato' Siow Kim Lun (Independent Non-Executive Director)	Member	3	Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	Member	4	Dato' Dr Ir Johari Bin Basri (Senior Independent Non-Executive Director)	Member	5	Evan Cheah Yean Shin (Non-Independent Non-Executive Director)	Member
No.	Director/Designation	Membership																		
1	Dr Sarinder Kumari A/P Oam Parkash (Independent Non-Executive Director) (Appointed with effect from 1 March 2018)	Chairman																		
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3	Dato' Ir Goh Chye Koon (Independent Non-Executive Chairman)	Member																		
4	Dato' Dr Ir Johari Bin Basri (Senior Independent Non-Executive Director)	Member																		
5	Evan Cheah Yean Shin (Non-Independent Non-Executive Director)	Member																		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Internal Audit (“IA”) function is an integral part of the assurance framework and it is performed in-house and undertaken by IAD. The mission of IAD is to enhance and protect the Group’s organisational value by providing risk-based and objective assurance, advice and insight. IAD helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.</p> <p>IAD reports functionally to the AC and administratively to the MD. The Head of the IAD has unrestricted access to the AC and reports directly to the AC. The IAD has full, free and unrestricted access to all the Group’s activities, policies, records, properties and personnel at all levels, in pursuance of its objectives.</p> <p>IAD carried out risk-based internal audits on divisions and operating units of the Group based on an annual audit plan approved by the AC. On 26 February 2018, the Head of IAD presented its Annual Audit Plan 2018 for approval by the AC. Based on the Audit Plan, IAD provides the AC with quarterly audit reports highlighting observations, recommendations and action plans to improve the Group’s internal control system.</p> <p>To ensure that the responsibilities of IAD are fully discharged, the AC reviews annually the adequacy of the scope, function and resources of the IA. The IAD staff kept themselves up to date with developments in the profession by attending seminars and training workshops.</p> <p>A summary of the IAD’s activities during the financial year ended 31 December 2018 is set out in the AC Report contained in the Annual Report 2018.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		

<b>Measure</b>	:		
<b>Timeframe</b>	:		

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 10.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In accordance with the Internal Audit Charter, the IAD is to act as an independent, objective assurance and advisory function which has been established for purposes of examining and evaluating its system of internal controls, risk management and governance processes in order to assist the members of the management team and the Board of Directors (including members of the AC) in the effective discharge of their responsibilities.</p> <p>At the AC's meeting held on 20 March 2018, the IAD confirmed its organisational independence, where the Head of IAD and all the internal auditors had signed a declaration that they were and had been independent, objective and in compliance with the Code of Conduct and Business Ethics of the Company and the professional standards laid down by the Institute of Internal Auditors ("IIA") in carrying out their duties as internal auditors. The Head of IAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest, which would impair their objectivity and independence in their audit assignments.</p> <p>The IAD consists of five (5) personnel which is headed by the Assistant General Manager, Ms Celia Lee Kat Li. She is supported by a Senior Manager, a Manager, an Assistant Manager and one (1) Senior Audit Executive.</p> <p>Ms Celia is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). She also holds a Bachelor Degree in Accounting. Most of the internal auditors have relevant professional qualifications and are members of the Malaysian Institute of Accountants (MIA).</p> <p>The IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors and adopts the IIA Standards laid down in the International Professional Practices Framework issued by the IIA. The IAD successfully completed its external Quality Assessment Review by Protiviti Pte Ltd of Singapore in 2015. It was concluded that the IAD continues to meet or exceed the IIA Standards in all key aspects.</p>

	<p>In accordance with the Terms of Reference of the AC, the AC had in the first quarter of 2019 conducted an annual assessment of the performance of the Internal Audit function for the financial year 2018. The results of which was compiled and tabled to the AC at its meeting held on 20 March 2019. The AC was satisfied with the performance of the internal audit function in the financial year 2018. It has concluded that the IAD is able to provide Directors and Senior Management with pertinent information on potential weaknesses in the system of internal control and providing Management with constructive input and ideas for remedial action.</p>			
<b>Explanation for departure</b>	:			
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>				
<b>Measure</b>	:			
<b>Timeframe</b>	:	<table border="1"> <tr> <td></td><td></td></tr> </table>		



### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As part of the effort in strengthening its relationship with the shareholders, the Company is committed to continuously disclosing and disseminating comprehensive and timely information to its shareholders as well as to the general investing public. The Board believes that by maintaining consistent and extensive communication with its shareholders, its mutual relationship with its shareholders will be strengthened. This will also enhance the shareholders' understanding of the Group as well as their ability in making informed investment decisions.</p> <p>One of the platforms used is announcements released through Bursa LINK which can also be accessed via the Company's website.</p> <p>The Company has also incorporated a section for "Investor Relations" in its website at <a href="http://www.sunwayconstruction.com.my">www.sunwayconstruction.com.my</a> which provides all relevant information on the Group such as quarterly results and audited financial statements, Board Charter, minutes of general meetings, general announcements, investor presentations, share price and financial information. The information is easily accessible by the public. Annual Reports and Circulars to Shareholders are also made available at this website for review.</p> <p>The Annual Report of the Company is also another main channel of communication between the Group and its shareholders as well as stakeholders. The Annual Report communicates comprehensive information on the financial results and activities undertaken by the Group.</p> <p>The Board also recognises the importance of shareholders' participation in general meetings and encourages such participation. The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.</p>

	<p>In 2018, the Company served the notice of its 4<sup>th</sup> AGM 50 days before the meeting, well in advance of the 21-day requirement under the Companies Act 2016 and the MMLR of Bursa Securities. The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Annual Report 2017 and to make necessary arrangements to attend the meeting. The Chairman provided ample time for the questions and answers (Q&amp;A) sessions at the AGM. All suggestions and comments given by the shareholders were noted by the Management for consideration. The Company also distributed together with the notice of the AGM, information on administrative details such as details of the meeting, shareholders' entitlement to attend the meeting, their right to appoint proxy and information as to who may act as a proxy, etc.</p> <p>Prior to the commencement of the AGM, the MD gave a detailed briefing with slides presentation on the Group's financial performance.</p> <p>In addition, queries raised by the Minority Shareholder Watchdog Group were presented to the shareholders at the AGM together with the Group's response.</p> <p>The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's operational and financial performances, corporate strategy and other matters affecting shareholders' interests. The Group has an established internal corporate disclosure policy and an investor relations team to address all communications with its shareholders, the media and the investing public.</p> <p>The Company disseminates Quarterly Report and Corporate Presentation to all research analysts and investors via email communication as soon as the information is released to Bursa Securities. The Company also provides research analysts and investors continuous updates on the latest order book secured and outstanding order book. During the financial year 2018, the Company had participated in various investor conference and road shows in Malaysia Singapore, Thailand and Japan.</p> <p>In addition to the published Annual Report and Quarterly Reports announced to Bursa Securities, the Group has established a website at <a href="http://www.sunwayconstruction.com.my">www.sunwayconstruction.com.my</a> from which investors and shareholders can access for information.</p> <p>The Company also provides a separate executive summary together with its Annual Report, which highlight key financial information to facilitate shareholders' easy access to such key information. Besides announcing through Bursa Securities' website, all significant corporate</p>
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	<p>development involving the Group are made known through press releases to the media.</p> <p>While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Group has in place an insider trading policy to safeguard confidentiality of its material and price-sensitive information.</p> <p>The Group’s website has a section dedicated to shareholders and investor relations which provides detailed information on the Group’s businesses and latest developments. Any enquiries on investor related matters may be directed to this email address, <a href="mailto:irsuncongroup@sunway.com.my">irsuncongroup@sunway.com.my</a> or may also be conveyed to the following person:-</p> <p><b>Ms Ng Bee Lien</b> <b>Chief Financial Officer</b> T (603) 5639 9645 F (603) 5639 9530 E <a href="mailto:ngbeelien@sunway.com.my">ngbeelien@sunway.com.my</a></p>	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 11.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	As part of the Group's efforts to improve the quality of communication between the Company and its stakeholders, the Company has embarked on its integrated reporting journey in the 2018 Annual Report. With this, the Company aims to illustrate how it transforms its inputs through its unique business model to create value for its stakeholders. The journey is an ongoing one, and the Group will continue to keep abreast with the latest requirements of the integrated reporting framework.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.1**

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The notice period given for the Company's 4<sup>th</sup> AGM in 2018 was more than 28 days. The notice was sent on 30 April 2018 and the date of the 4<sup>th</sup> AGM was 20 June 2018.</p> <p>As for the AGM in 2019, the notice will be sent out on 30 April 2019 and the meeting is scheduled on 19 June 2019. The notice period is more than 28 days.</p> <p>The notice period given was well in advance of the 21-day requirements under the Companies Act 2016 and the MMLR of Bursa Securities. The additional time given to the shareholders would allow them to have sufficient time to scrutinise the Annual Report and to make necessary arrangement to attend the meeting.</p> <p>An Administrative Guide which furnished useful information regarding the conduct of the AGM together with the explanatory guide to the use of the electronic polling device were given to the shareholders and proxies.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 12.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	<p>At the Company’s 4<sup>th</sup> AGM held on 20 June 2018, all the seven (7) Directors were present in person to engage with shareholders.</p> <p>The MD, Mr Chung Soo Kiong kick-started the meeting by giving a detailed slide presentation of the Group’s operational review and financial performance for the financial year ended 31 December 2017.</p> <p>During the Question &amp; Answer session, the Chairman invited shareholders to raise questions pertaining to the financial statements and the agendas tabled in the general meeting before putting each resolution to vote by electronic polling. The Directors, including the MD, CFO, Management and External Auditors were in attendance to respond to shareholders’ queries.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 12.3

Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>In support for greater transparency and to allow for a more efficient and accurate voting system, the Company has started electronic poll voting instead of voting by show of hands since its 3<sup>rd</sup> AGM in 2017. With electronic poll voting, shareholders or proxies present at the meeting will be entitled to vote on a 'one-share, one vote' basis.</p> <p>In 2018, the voting at the 4<sup>th</sup> AGM was conducted on a poll in accordance with Paragraph 8.29A of the MMLR of Bursa Securities. The Company had appointed its Share Registrar, Sunway Management Sdn Bhd as Poll Administrator to conduct the polling process, and BDO Governance Advisory Sdn Bhd as Scrutineers to verify the poll results.</p> <p>A personalised passcode embedded wrist band and an electronic voting device was issued by the Share Registrar upon shareholders' or proxies' registration at the 4<sup>th</sup> AGM. Prior to the meeting, a tutorial video on how to use the electronic polling device was shown. In addition, a trial run on the use of the polling device was conducted to ensure that all shareholders and proxies were familiar with the electronic devices.</p> <p>At the beginning of the meeting, the Poll Administrator explained and demonstrated the electronic polling procedures in three languages, i.e. English, Malay and Chinese languages. The polling process was conducted upon completion of the deliberation of each resolution tabled at the 4<sup>th</sup> AGM. Shareholders and proxies were given 20 seconds to cast their votes for each resolution. The voting results of all votes cast in respect of each resolution was instantaneously displayed on-screen at the meeting which could be seen by everyone in the room. The Chairman would then declare whether the resolution was carried based on the results shown on the screen.</p> <p>The Scrutineers had previously tested and verified this electronic poll voting system. During the 4<sup>th</sup> AGM, the Scrutineers observed and witnessed the entire voting process starting from the registration of shareholders/proxies until the end of the meeting. Upon verification of</p>

	<p>the voting results of all resolutions by the Scrutineers, the poll results detailing the number of votes cast for and against each resolution and the respective percentages were announced via Bursa LINK after 5 pm on the same day. Minutes of the 4<sup>th</sup> AGM were also made available on the Company website.</p> <p>The Company aims to leverage on technology to facilitate voting in absentia and remote shareholders' participation at general meetings, which can only be implemented with a comprehensive system fit for this purpose.</p> <p>The 4<sup>th</sup> AGM of the Company was held at the Sunway Resort Hotel &amp; Spa which is located within the Sunway City Resort and is easily accessible by public transport such as Bus Rapid Transit (BRT), Light Rail Transit and KTM commuter system.</p> <p>Alternate Practice: Shareholders are allowed to appoint any person(s) as their proxies to attend, participate, speak and vote in his or her stead at a general meeting.</p>
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b></p>	<p>: The Company will look into a suitable and reliable voting system to facilitate voting in absentia and remote participation by shareholders. The Company will carefully consider all factors including all applicable requirements, necessary framework and processes, communication with shareholders, as well as cyber security concerns in implementing the voting system.</p>
<p><b>Timeframe</b></p>	<p>: Within 3 years</p>



## **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

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