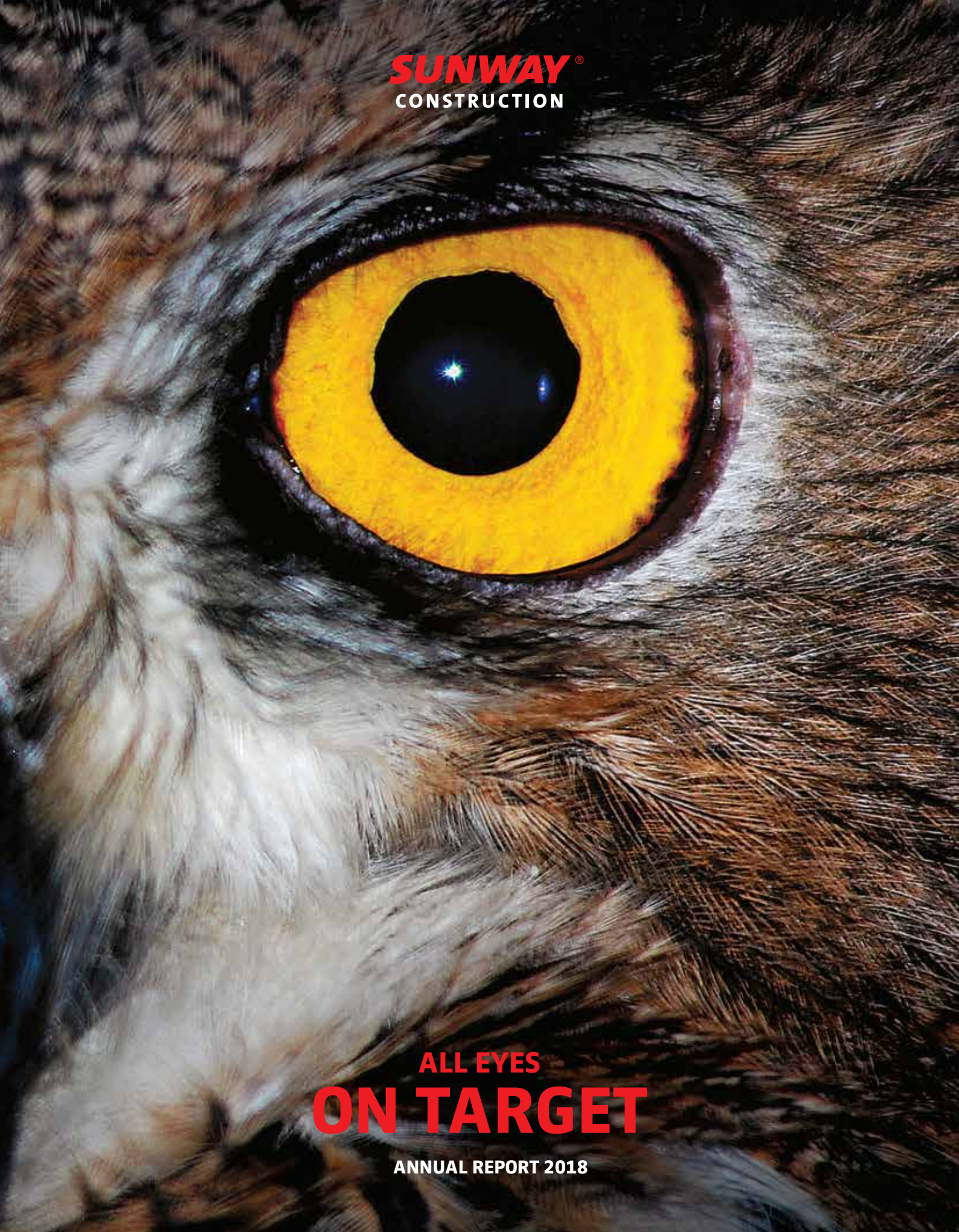


SUNWAY®
CONSTRUCTION

ALL EYES ON TARGET

ANNUAL REPORT 2018

Block F1, Parcel F Project, Putrajaya

ABOUT THIS REPORT

The 2018 Sunway Construction Group Berhad ("**SunCon**") report will continue our journey in providing an effective instrument for our stakeholders to gauge the organisation's strategy, performance, numbers, and future prospects. We are confident that it will create a better understanding of SunCon's achievements in 2018 and our goals for the coming year.

You will notice that, throughout this book, two recurring motifs constantly appear: eyes and apex predators. The eye symbolises focus and vision, while the predator symbolises an entity that is at the top of its game. Combined, they are a body that has evolved into peak condition, ready at a moment's notice to spring upon any challenges. This is, in a nutshell, SunCon today.

With a more concise understanding of SunCon, we believe stakeholders can continue their fruitful journey with us confidently.

Navigation Panes

- Management Discussion and Analysis
- Financials
- Sustainability Statement: Economic
- Environment
- Social

Connect to more information online at **www.sunwayconstruction.com.my**

Sunway Construction Annual Report 2018

VISION

To be the leading regional construction and engineering group.

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

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

MISSION

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

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

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

VALUES

INTEGRITY
We believe in doing the right thing at all times.

- We conduct ourselves in an honest and trustworthy manner
- We act professionally, ethically and honourably
- We ensure our actions are consistent with our words

HUMILITY
We believe in being humble.

- We never stop learning
- We care for and respect people and the environment
- We seek first to understand, then to be understood

EXCELLENCE
We take pride in all that we do.

- We strive to deliver high quality products and services
- We continuously innovate and improve for greater progress
- We seek to inspire others to excel

CORPORATE INFORMATION

BOARD OF DIRECTORS

Independent Non-Executive Chairman
Dato' Ir Goh Chye Koon

Senior Independent Non-Executive Director
Dato' Dr Ir Johari Bin Basri

Independent Non-Executive Director
Dato' Siow Kim Lun
Dr Sarinder Kumari

Non-Independent Non-Executive Director
Dato' Chew Chee Kin
Evan Cheah Yean Shin

Managing Director
Non-Independent Executive Director
Chung Soo Kiong

AUDIT COMMITTEE

Dato' Siow Kim Lun (Chairman)
Dato' Ir Goh Chye Koon
Dato' Dr Ir Johari Bin Basri
Dr Sarinder Kumari

NOMINATION AND REMUNERATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

Dr Sarinder Kumari (Chairperson)
Dato' Ir Goh Chye Koon
Dato' Siow Kim Lun
Dato' Dr Ir Johari Bin Basri
Evan Cheah Yean Shin

COMPANY SECRETARIES

Tan Kim Aun (MAICSA 7002988)
Soh Ke Yi (MAICSA 7060456)

REGISTERED OFFICE

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
T (603) 5639 8889
F (603) 5639 9507

SHARE REGISTRAR

Sunway Management Sdn. Bhd. (50661-X)
Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
T (603) 5639 8889
F (603) 5639 9507

AUDITORS

BDO PLT (LLP0018825-LCA & AF: 0206)
Chartered Accountants

SOLICITORS

Azman Davidson & Co
Wong Kian Kheong Advocates & Solicitors

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name SUNCON
Stock Code 5263

WEBSITE ADDRESS

W www.sunwayconstruction.com.my
E enquirysuncon@sunway.com.my

INVESTOR RELATIONS

Ng Bee Lien
T (603) 5639 9645

Elaine Lai
T (603) 5639 9793

E irsuncongroup@sunway.com.my
F (603) 5639 9530

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS 2018

17 May 2018
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2018

16 August 2018
Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2018

19 November 2018
Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2018

25 February 2019
Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2018

PROPOSED ANNOUNCEMENT OF QUARTERLY RESULTS 2019

16 May 2019
Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2019

19 August 2019
Announcement of the unaudited consolidated results for the 2nd quarter ending 30 June 2019

19 November 2019
Announcement of the unaudited consolidated results for the 3rd quarter ending 30 September 2019

To Be Confirmed
Announcement of the unaudited consolidated results for the 4th quarter ending 31 December 2019

DIVIDENDS

1st Interim Dividend of 3.5 Sen Per Share
First interim single tier dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2018

16 August 2018
Announcement of the notice of entitlement and payment

7 September 2018
Date of entitlement

27 September 2018
Date of payment

2nd Interim Dividend of 3.5 Sen Per Share
Second interim single tier dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2018

25 February 2019
Announcement of the notice of entitlement and payment

22 March 2019
Date of entitlement

17 April 2019
Date of payment

ANNUAL REPORT & ANNUAL GENERAL MEETING

30 April 2019
Date of notice of 5th Annual General Meeting and date of issuance of Annual Report 2018

19 June 2019
Date of 5th Annual General Meeting

SUNCON IN THE NEWS

Sunway to build medical centre in Seberang Jaya

PENANG Chief Minister Lim Guan Eng (centre), Sunway Reit's Chief Executive Officer and Sunway Group Exco Members, Datuk Jeffrey Ng (2nd right), Local Government Exco, Traffic Management and Flood Mitigation, Chow Ken Yeow (2nd left), CEO of Sunway Malls and Theme Parks, HC Chan (left) and Seberang Perai Municipal Council President Datuk Rozali Mohamad (right) at a ground-breaking ceremony of the Sunway Carnival Mall expansion project yesterday. PHOTO: BERNAMA

Sunway Carnival Mall gets RM500m expansion, facelift

SunCon akan masuk semula ke dalam pasaran India

PETALING JAYA: Sunway Construction Group Bhd (SunCon) merancang untuk memasuki semula pasaran India tahun ini untuk membida projek jalan kereta api serta projek lain yang berpotensi, kata Pengarah Urusan, Chung Soo Kiong.

Sebelum keluar dari negara tersebut pada 2012, beliau berkata, syarikat pembinaan itu telah membina lebuh raya dan kini merancang untuk terbabit dalam projek jalan kereta api.

SunCon telah membina tujuh lebuh raya di India, termasuk kerja-kerja jalan di Koridor Pantai Timur di Rajasthan dan Kesambungan Pelabuhan Cochin Vallapadam, Kerala, katanya pada sidang akhbar selepas mesyuarat agung tahunan kumpulan tersebut di sini, kelmarin.

Selain India, SunCon juga berminat untuk memasuki negara ASEAN lain, termasuk Myanmar.

Chung berkata, syarikat itu juga berharap dapat menyertai fasa kedua projek Landasan Berkembar Lembah Klang (KVDT).

"Kami sudah pasti berminat dan gembira untuk turut serta," katanya.

Sebelum ini, Menteri Pengangkutan, Anthony Loke Siew Fook berkata, projek KVDT akan dikaji semula kerana kos asal yang diangarkan RM5.9 bilion untuk 110 kilometer, dianggap terlalu tinggi.

Chung juga berkata, pihaknya yakin dengan prospek untuk tahun ini walaupun berlaku pertukaran kerajaan.

"SunCon tidak terlalu bergantung kepada kontrak kerajaan dan itulah sebabnya kami berkembang ke luar negara," katanya, sambil menambah, dengan projek sedia ada kira-kira RM800 juta, syarikat itu dijangka kekal stabil dari segi kewangan untuk tiga tahun akan datang.

Mengenai tender baru, SunCon yang membida kontrak bernilai RM10 juta, Chung yakin hasilnya akan positif. — Bernama

榜鹅西岛将设综合建设预制枢纽

雙威建築獲母公司3.5億合約

（吉隆坡13日讯）双威建筑（SUNCON,5263,主板建筑组）接获母公司——双威（SUNWAY,5211,主板工业产品服务组）颁发总值3亿5205万7869令吉94仙建筑合约，推高手握订单至13亿5000

双威建筑获3.52亿合约

兴建伟乐2商业项目

（吉隆坡13日讯）双威建筑（SUNCON，5263，主板建筑股）获双威（SUNWAY，5211，主板工业股股）内部合约，负责双威伟乐2的商业发展项目兴建工程，总值3亿5205万7870令吉。

双威建筑向交易所报备，这项合约由双威伟乐2私人有限公司（简称SVTSB）颁给双威建筑私人有限公司。

该公司将会负责双威伟乐2在A区，兴建两栋53层楼的服务式公寓和裙楼停车场，以及一栋28层楼高的办公楼。

上述合约将从本月15日开始，为期37个月，预计在2021年12月14日完工。

纳入上述合约，双威今年至今已成功获得13.5亿令吉的合约。

Suncon wins RM352mil Sunway Velocity Two apartment contract – Business News

By thestar - November 13, 2018

Untung bersih suku ketiga SunCon meningkat kepada RM36.41 juta

KUALA LUMPUR: Untung bersih Sunway Construction Group Bhd (SunCon) untuk suku ketiga berakhir 30 September 2018, meningkat kepada RM36.41 juta daripada RM33.72 juta pada suku sama tahun lepas.

Perolehan meningkat 13.4 peratus kepada RM557.32 juta daripada RM491.36 juta sebelumnya berikutan prestasi segmen pembinaan dan pratuang, kata syarikat berkenaan dalam makluman kepada Bursa Malaysia kelmarin.

Nilai perolehan kontrak kumpulan sehingga September 2018 berjumlah RM5.2 bilion dengan RM949 juta kontrak baharu pada sembilan bulan pertama 2018, menyediakan pendapatan ketara kepada kumpulan untuk dua tahun akan datang.

Pada masa sama, SunCon memperoleh dua kontrak baharu berjumlah RM405 juta, menjadikan jumlah kontrak tahunan kepada RM1.4 bilion sehingga kini.

"Kami kekal fokus untuk melaksanakan kontrak yang ada dan akan terus meningkatkan keberkesanan operasi untuk terus memperbaiki margin kami," kata Pengarah Urusan SunCon, Chung Soo Kiong. — Bernama

SunCon plans to expand into Myanmar, Indonesia

Sunway Construction's Managing Director Chung Soo Kiong (Centre) speaks during a press conference. On the right is Accountant Elaine Lai Ee Ling and Chief Financial Officer Ng Bee Lien (left). - AZHAR MAHFOF/The Star

双威建筑Q3净利涨8%

（吉隆坡19日讯）双威建筑（SUNCON，5263，主板建筑股）截至9月底第三季，净利按年上涨

ADDITIONAL CONTRACTS

Sunway Construction Q3 net profit rises to RM36.4m

KUALA LUMPUR: Sunway Construction Group Bhd has posted a net profit of RM36.41 million for the third quarter ended September 30 this year, an increase from RM33.72 million in the same quarter last year.

This was mainly driven by the construction and precast segments.

Revenue increased 13.4 per cent to RM557.32 million in the quarter from RM491.36 million last year.

Managing director Chung Soo Kiong said the company was still actively seeking external and in-

Sunway Construction Sdn Bhd managing director Chung Soo Kiong says the company was

MALAYSIA CORPORATE

SunCon wins bid to lease S'pore land at S$25.7m for proposed development

SunCon, MPC tetapkan standard baharu

MOHD RAZALI HUSSAIN (kiri) bertukar-tukar dokumen dengan Johari Basri sambil disaksikan Ong Kian Ming (dua dari kiri) dan Chung Soo Kiong di Kuala Lumpur, baru-baru ini.

SunCon remains resilient despite slowdown in domestic projects

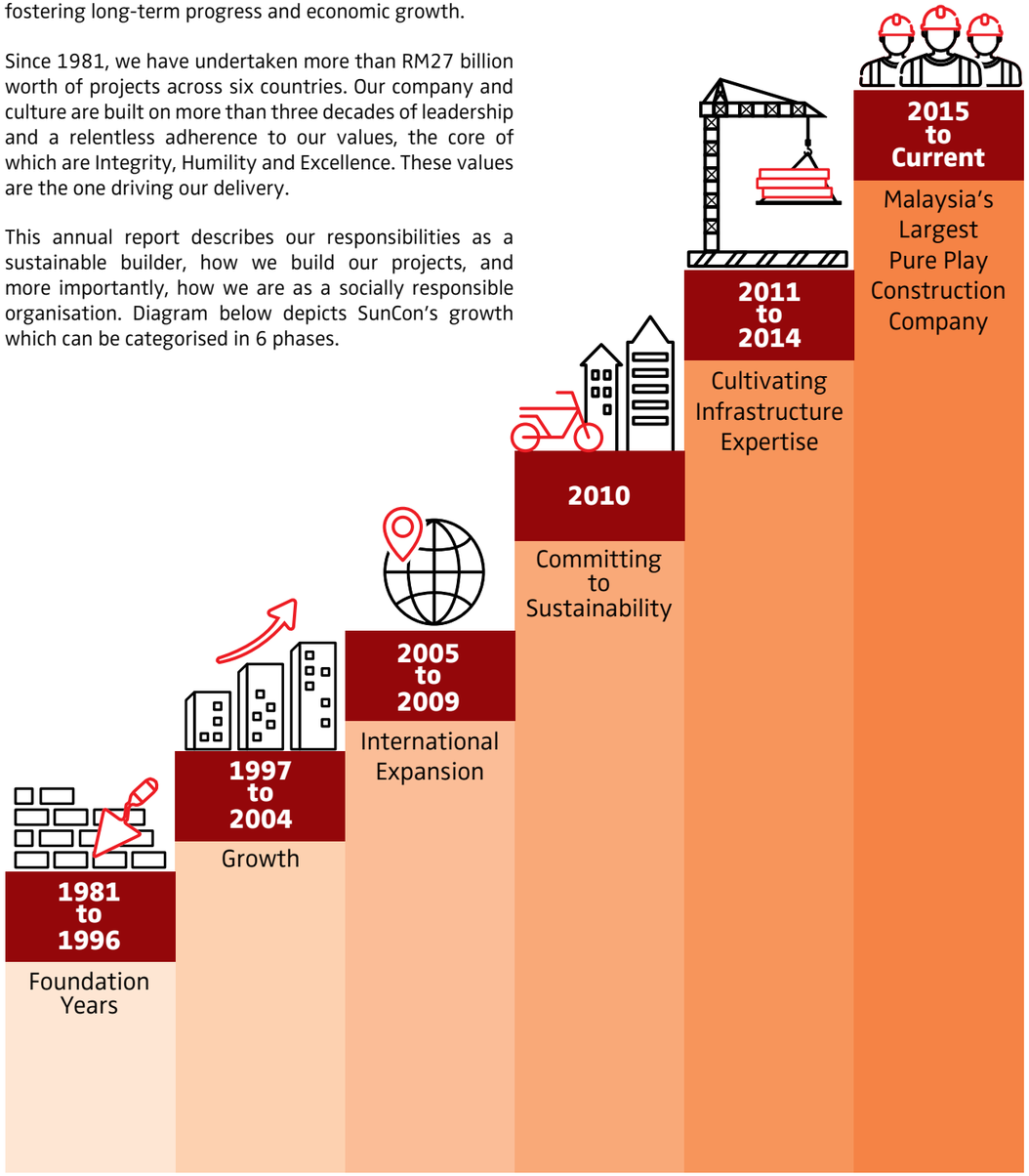
Sunway Construction Annual Report 2018

SUNCON AT A GLANCE

SunCon believes that delivering landmark projects begins with a vision that eventually becomes reality through passion and determination. With every construction project we undertake, we enrich the lives of people; fostering long-term progress and economic growth.

Since 1981, we have undertaken more than RM27 billion worth of projects across six countries. Our company and culture are built on more than three decades of leadership and a relentless adherence to our values, the core of which are Integrity, Humility and Excellence. These values are the one driving our delivery.

This annual report describes our responsibilities as a sustainable builder, how we build our projects, and more importantly, how we are as a socially responsible organisation. Diagram below depicts SunCon's growth which can be categorised in 6 phases.



37 YEARS OF EXCELLENCE

No.1 pure play contractor listed on Bursa Malaysia

Completed construction projects in 6 countries:

- **United Arab Emirates**
- **Malaysia • Singapore**
- **Trinidad & Tobago**
- **India • Taiwan**

2448 including direct workers

880 direct workers quota approved

Invested in **Virtual Design & Construction** since 2010 with **RM31 million** invested to date

2 precast plants at **156,600 m³** capacity

FTSE4Good

1st construction company to be included in the **FTSE4Good Index**

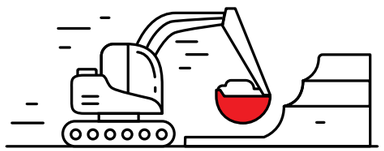
RM27 billion turnover recorded to-date

Fleet of Machinery

- **31** Boring Machines
- **21** Tower Cranes
- **13** Crawler Cranes
- **27** Hydraulic / Wheeled Excavators
- **3** Launching Girders
- **50,000m²** Formwork System
- **17** Rough Terrains / Mobile Cranes

CORPORATE PROFILE

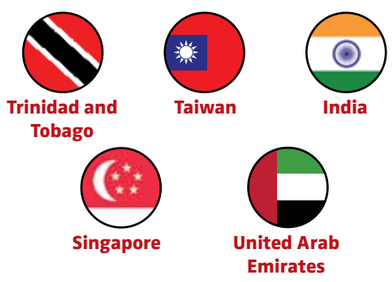
We commenced operations as **Sungei Way Quarry & Construction Sdn. Bhd. in March 1981** with our first project being a carpark and road resurfacing works for a shoplot owned by Selangor Properties Berhad in Bukit Damansara. Subsequently, we undertook smaller infrastructure projects, and grew our portfolio with residential and commercial projects in Bandar Sunway.



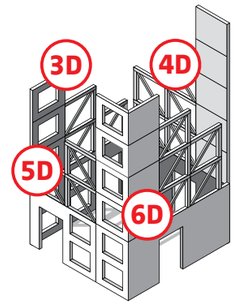
STOCK MARKET

On 12 June 1997, we listed **Sungei Way Construction Sdn. Bhd. on the Main Board of the Kuala Lumpur Stock Exchange, which was then renamed as Sunway Construction Berhad in 1999.** The listing was an important milestone for the Group, signifying a period of growth, although we were subsequently privatised in August 2004. During this time, we established quality systems for health and safety standards within the organisation. In 2003, we were awarded our first Builder of the Year award by the Malaysian Construction Industry Excellence Award, our first of three.

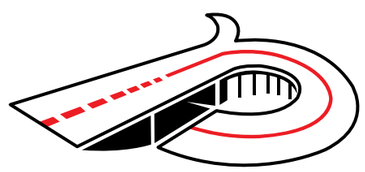
Having built our reputation nationwide, we had then undertaken international projects in



gaining international exposure in a short span of four years.

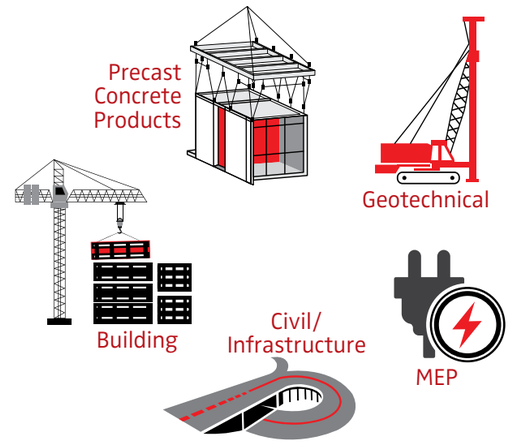


In 2010, we implemented **Virtual Design and Construction (VDC)** in our operations and launched our journey towards Total Quality Management. We were the first in Malaysia to integrate VDC technology into our construction processes. SunCon now embraces 3D (design), 4D (time), 5D (costing) and latest 6D (project life cycle management) to ensure seamless transfer of information and data between project partners.



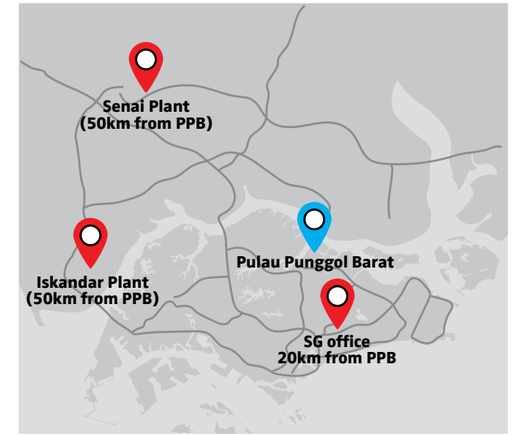
Enhancing on our expertise and experience from constructing **the Kajang SILK Highway and seven highways in India,** we have continued to foster our proficiency in infrastructure projects by undertaking rail projects.

We were awarded our first rail project, the Kelana Jaya Line Light Rail Transit (LRT) Extension in 2011. Since then we had been awarded the construction of Malaysia's key rail infrastructure projects, including part of the **Mass Rapid Transit (MRT)** Line 1 and Line 2 Projects, Malaysia's first **Bus Rapid Transit (BRT)** Sunway Line and **Light Rail Transit (LRT)** Kelana Jaya Extension and Line 3.

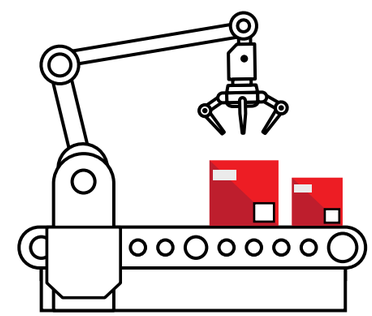


We are now an integrated construction service Group with capabilities to provide integrated services and products across different phases of construction, from design to completion. **Our provision of foundation and geotechnical engineering services; mechanical, electrical and plumbing services; and manufacturing and sale of precast concrete products** business complete our service offering as an end-to-end total construction solution provider. We are also supported by a large fleet of **construction machinery and equipment** under the machinery and logistics unit.

In 2015, the re-listing of SunCon further enhanced Sunway's brand recognition and visibility among existing and potential customers, and will hopefully propel us in winning more contracts locally and abroad.



In July 2018, our subsidiary, **Sunway Concrete Products (S) Pte. Ltd. together with Hong Leong Asia Ltd. won the bid for the lease of land for the development of an Integrated Construction and Prefabrication Hub (ICPH) from Building and Construction Authority of Singapore (BCA).**



With this, we plan to upscale our precast facility to a fully-mechanised facility and further improve the productivity as well as reduce the reliance on foreign workers. As we continue to grow, we remain **focused on improving our productivity and efficiency to deliver quality and value added products and services to our clients.**

Sunway Construction Annual Report 2018

PROJECT MILESTONES

FOUNDATION YEARS 1981 - 1996

JUNE 1981
Carpark and road resurfacing for shoplot complex owned by Selangor Properties Bhd. in Bukit Damansara

1985
Construction of Highway Centre, Petaling Jaya

Construction of Subang Interchange from Federal Highway to Subang Jaya

1989
Infrastructure works in Section 6, 11, 12 and 13, Shah Alam

31 JULY 1989
Single-storey medium cost houses, Phase 1A, Bandar Sunway

30 SEPTEMBER 1989
Construction of earlier abandoned Jetty and Public Amenities, Kuah, Langkawi

NOVEMBER 1991
Commenced construction of Menara Sunway, SunCon's corporate HQ (RM56 million for Phase 1 and Phase 2)

NOVEMBER 1992
Completed the access road to Pulau Lumut & South Connection, Port Klang

JANUARY 1996
Completed our first hotel development - Sunway Lagoon Resort Hotel (RM161 million)

NOVEMBER 1996
Completed our first mall development - Sunway Pyramid Shopping and Convention Centre (RM209 million)

GROWTH 1997 - 2004

SEPTEMBER 1997
Completed our first design & build project utilising precast technology - Short Term Car Park, KLIA (RM171 million)

JUNE 1999
Completed our first medical centre - Sunway Medical Centre

JULY 1999
Completed our first international project - Provision of Construction Management Services for The Combined Cycle Power Plant (960 MW) Project, Hai-Fu, Taiwan

JUNE 2001
First venture into India - Belgaum Bypass, for the National Highways Authority of India (Rs97.6 crores)

30 SEPTEMBER 2002
Completed the Ministry of Finance Building, our first government building in Putrajaya (design & build) (RM139 million)

11 JUNE 2004
Completed our first turnkey project - Kajang-SILK Highway (RM1.05 billion)

INTERNATIONAL EXPANSION 2005 - 2006

MARCH 2005
Completed our first iconic design & build project - Kuala Lumpur Convention Centre (RM549 million)

MAY 2005
First venture into Trinidad & Tobago - Ministry of Legal Affairs Tower (TT369 million)

JULY 2005
Simultaneous award by ASEAN Development Bank aided projects by National Highway Authority of India

East-West Corridor roadworks, Rajasthan, India (Rs287 crores)

East-West Corridor roadworks, Uttar Pradesh, India (Rs415 crores)

OCTOBER 2006
First venture into the Middle East - Al-Reem Island Development, Abu Dhabi, on a joint venture with a Malaysian consortium (AED1.33 billion)

INTERNATIONAL EXPANSION 2007 - 2009

JUNE 2007
Awarded our first public housing development project with Singapore Housing Development Board, City View at Boon Keng (SGD23 million)

Completed our first education institution - Monash University Malaysia Campus (RM119 million)

AUGUST 2007
Seventh and final project in India. Cochin Port Connectivity Vallapadam, Cochin, India (Rs330 crores)

SEPTEMBER 2007
Awarded Ministry of Housing and Local Government & Ministry of Women, Family and Community Development Building in Putrajaya (RM520 million)

NOVEMBER 2008
Awarded our single largest overseas contract to date - Rihan Heights, Abu Dhabi (AED1.88 billion)

Completed our first high-tech manufacturing facility on a fast-track design & build approach - Spirit Aerosystems Facility, Subang (RM120 million, completed in 11 months)

COMMITTING TO SUSTAINABILITY 2010

2010
First construction company in Malaysia to implement Virtual Design and Construction (VDC)

MAY 2010
Piling works for Sunway Pinnacle, Bandar Sunway (RM88 million)

CULTIVATING INFRASTRUCTURE EXPERTISE 2011 - 2014

OCTOBER 2011
First Light Rail Transit project - LRT Package B, Kelana Jaya Line Extension (RM569 million)

DECEMBER 2011
Largest piling works by Sunway Geotechnics - Sunway Velocity Phase 3 (RM291 million)

FEBRUARY 2012
Piling works by Sunway Geotechnics - Sunway Velocity Mall (RM179 million)

JUNE 2012
First Mass Rapid Transit Line 1 : Sungai Buloh - Kajang (SBK) Package V4 from Section 17 Petaling Jaya to Semantan Portal (RM1.18 billion)

MARCH 2013
Awarded Malaysia's first elevated Bus Rapid Transit - BRT Sunway Line (RM451 million)

2014
Precast division, Sunway Concrete Products (S) Pte. Ltd. produced its first 3D Precast Bathroom Units (PBU) and had subsequently secured 3 PBU projects in 2015

OCTOBER 2014
Mechanical, Electrical and Plumbing works for Pasar Seni MRT Station, Kuala Lumpur (RM23 million)

Sunway Construction Annual Report 2018

PROJECT MILESTONES

Malaysia's Largest Pure Play Construction Company

2015

JUNE 2015
Completion of first elevated Bus Rapid Transit - BRT Sunway Line (RM451 million)

SEPTEMBER 2015
Awarded Parcel F in Putrajaya (RM1.6 billion)

2016

APRIL 2016
Awarded Mass Rapid Transit Line 2: Sungai Buloh-Serdang-Putrajaya (SSP) Package V201 from Sungai Buloh to Persiaran Dagang (RM1.2 billion)

DECEMBER 2016
Completion of new Sunway Velocity Mall, Kuala Lumpur (RM330 million)

2017

SEPTEMBER 2017
Completion of Sunway Velocity Hotel, Kuala Lumpur (RM73 million)

SEPTEMBER 2017
Awarded first east coast project in Kelantan – PPAM apartment (RM582 million)

MAY 2017
Completion of Sunway Medical Centre Tower C (RM163 million)

NOVEMBER 2017
Awarded Nippon Express Warehouse, Joint Venture between Taisei-Sunway (RM140 million)

NOVEMBER 2017
Completion of Sunway Citrine at Iskandar, Johor (RM217 million)

DECEMBER 2017
Opening of Coastal Highway Southern Link (RM193 million)

OCTOBER 2017
Second Light Rail Transit project and largest local project – Package GS07-08 for Light Rail Transit Line 3 from Bandar Utama to Johan Setia (RM2.2 billion)

2018

FEBRUARY 2018
Awarded Sunway Velocity Medical Centre (RM135 million)

FEBRUARY 2018
Awarded Extension of Sunway Carnival Mall, Penang (RM286 million)

APRIL 2018
Awarded Sunway Medical Centre Seberang Jaya, Penang (RM180 million)

MAY 2018
Piling work by Sunway Geotechnics – TNB HQ Campus Development (RM23 million)

AUGUST 2018
Completion of International School of Kuala Lumpur (RM283 million)

AUGUST 2018
Awarded Sunway GEOLake Residences at Sunway South Quay (RM223 million)

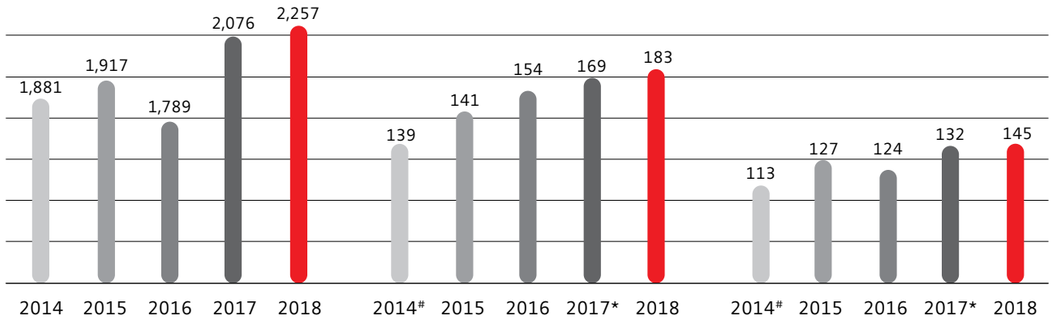
JULY 2018
Awarded the development of Integrated Construction Prefabrication Hub ("**ICPH**") at Pulau Punggol Barat, Singapore

NOVEMBER 2018
Awarded Sunway Velocity Two (RM352 million)

SEPTEMBER 2018
Awarded Sunway Serene, Kelana Jaya (RM342 million)

5-YEAR FINANCIAL HIGHLIGHTS

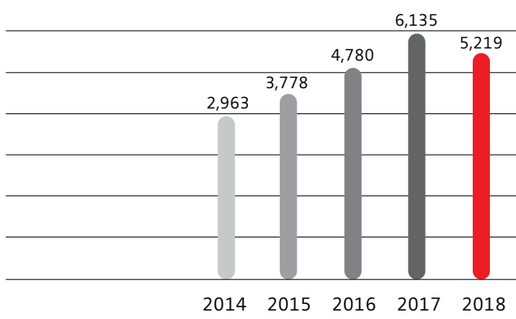
REVENUE
RM'MILLION



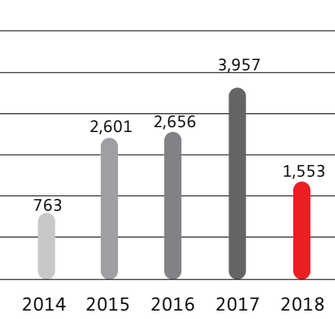
PROFIT BEFORE TAX
RM'MILLION

PROFIT AFTER TAX AND MINORITY INTEREST
RM'MILLION

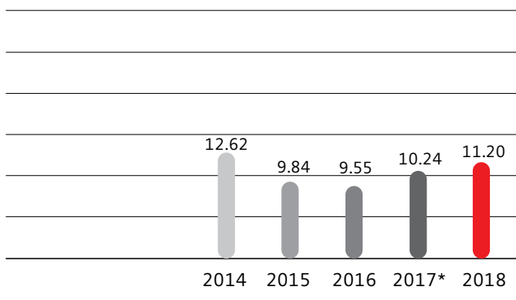
OUTSTANDING ORDER BOOK
RM'MILLION



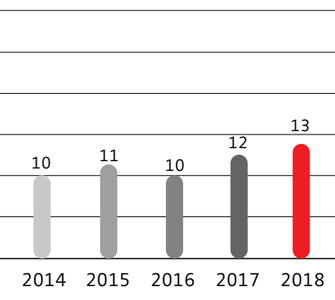
NEW ORDER BOOK SECURED
RM'MILLION



EARNINGS PER SHARE
SEN



STAFF PRODUCTIVITY
TIMES



* Restated
\# Figure does not take into account discontinued operations in 2014

Parcel F Project, Putrajaya

International School of Kuala Lumpur (ISKL) in Ampang Hilir

Sunway Construction Annual Report 2018

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TRAINING OUR GAZE ON FUTURE GREATNESS

With brand-new knowledge gained from overcoming past challenges, Sunway Construction's solid foundation of technical innovation and superior workmanship ensures we continue our story of success.

SUNWAY CONSTRUCTION

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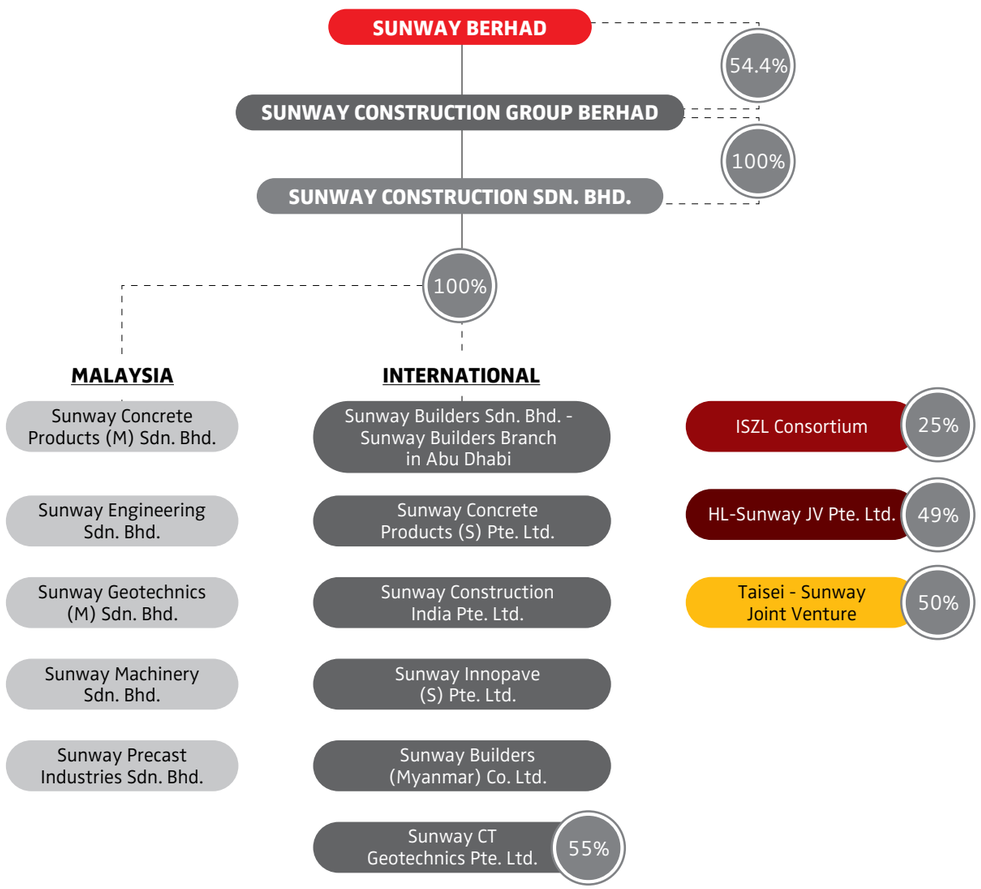
GROUP CORPORATE STRUCTURE



*Only major subsidiaries and joint ventures are illustrated

- Consortium
- Incorporated Joint Venture
- Unincorporated Joint Venture

Sunway Construction Annual Report 2018

Block F5, Parcel F Project, Putrajaya

SUNCON IN CALENDAR

A. CORPORATE EVENTS

28 November 2018
Visit by Myanmar Delegates to SunCon
SunCon hosted delegates from Myanmar on their visit to Bandar Sunway to learn more about the BRT Sunway Line project, as part of their knowledge sharing initiative.

12 - 16 November 2018
44th International Federation of Asian and Western Pacific Contractors' Associations Building & Construction Exhibition 2018
SunCon, jointly with other Sunway business divisions, participated in the 44th International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) Building & Construction Exhibition 2018 at the Kuala Lumpur Convention Center. The exhibition, hosted by Master Builders Association of Malaysia (MBAM), featured Malaysian and international building expertise, specialists, services, machineries and various construction materials under one roof.

12 November 2018
Launching of Pilot Project for Implementation of Occupational Safety and Health Construction Management Guidelines
SunCon was selected as one of the six pilot projects in Malaysia to implement the Occupational Safety and Health in Construction Management (OSHCIM) Guidelines. The launching ceremony was held at Sunway Serene and was officiated by Deputy Minister of Human Resources, YB Dato' Mahfuz Omar. This event was a collaboration between the Department of Occupational Safety and Health (DOSH), Majlis Negara bagi Keselamatan dan Kesihatan Pekerjaan (MNKKP) and SunCon.

25 October 2018
Memorandum of Understanding with Malaysia Productivity Corporation
SunCon signed a Memorandum of Understanding (MoU) with Malaysia Productivity Corporation (MPC) to develop a 5-S Manual and Assessment Criteria for the Construction Industry. The MoU was signed by Dato' Dr Ir Johari Bin Basri, Senior Independent Non-Executive Director, SunCon and Datuk Mohd. Razali Hussain, Director General, Malaysia Productivity Corporation and was witnessed by Dr Ong Kian Ming, Deputy Minister of International Trade and Industry and Mr Chung Soo Kiong, Managing Director, SunCon.

27 September 2018
The BURSA Bull Charge
SunCon supported the Bursa Bull Charge 2018, an annual charity run organised by Bursa Malaysia which aims to raise awareness and promote financial literacy and social entrepreneurship, as well as help to improve the lives of underprivileged communities. Our team of 4 staff participated as part of Sunway Group's teams in the 3km and 5km Corporate Challenge categories.

3 September 2018
Politeknik Ungku Omar Collaboration
A Note of Collaboration has been signed in the presence of MBAM members to signify our fourth consecutive year of collaboration with Politeknik Ungku Omar in taking in their students for a 10 months work-based learning attachment at SunCon.

SUNCON IN CALENDAR

A. CORPORATE EVENTS (cont'd)

31 July 2018
Environmental, Safety and Health (ESH) Townhall at LRT3 GS07-08
SunCon organised its first Environmental, Safety and Health (ESH) Townhall for LRT3, Package GS07-08. The event was also the first townhall organised by a Work Package Contractor (WPC) of LRT3. It demonstrates SunCon's commitment and seriousness in addressing ESH issues in our business operations by sharing and inculcating a strong safety culture within our organisation.

20 June 2018
Sunway Construction Group Berhad 4th Annual General Meeting
Sunway Construction Group Berhad held its 4th Annual General Meeting (AGM) at the Sunway Resort Hotel & Spa.

2 May 2018
Mega Occupational Safety and Health Toolbox 2018
SunCon participated in a record-breaking feat of Mega OSH Toolbox 2018 which was held simultaneously worldwide. The event which was organised by the Malaysian Society for Occupational Safety and Health (MSOSH), was held in conjunction with the World Day for Safety and Health at Work 2018 marked by International Labour Organisation made it to the Malaysia Book of Records with the largest simultaneous safety toolbox talks. Approximately 2,060 staff and workers from 8 SunCon project sites, namely SVMC, MRT V201, LRT3, KLCC P1, KLCC P2, ISKL, GDC P1 and Big Box joined more than 52,000 participants across 800 premises in the country to raise awareness on the importance of good ESH governance and management.

2 May 2018
Environmental, Safety and Health Week 2018 at MRT V201
In conjunction with World OSH Day 2018, SunCon organised an ESH Week at the MRT V201 project. The event was participated by more than 300 SunCon staff and workers. With the theme of 'Driving Towards Zero Incidents', the goal of the event was to heighten the focus on work safety. During ESH week, SunCon raised awareness about safety and health, conducted quizzes related to safety, *gotong-royong* and rewarded staff and workers who achieved good safety performance.

26 & 27 April 2018
Environmental, Safety and Health Campaign 2018 at Parcel F
The campaign was held to reinforce ESH awareness, to appreciate workers for their continual support in upholding ESH in their daily work and to celebrate the successful partnership with our client at Parcel F. The event was attended by YB Ir Haji Kormain bin Haji Mohd Noor, Deputy Director General (Occupational Safety), DOSH Putrajaya, Husdin bin Che mat, Director, DOSH WP KL, Datuk Azlan Abdul Karim, CEO, Putrajaya Holdings Sdn. Bhd., Dato' Ir Hashimah Hashim, Executive Director, KLCC Projeks Sdn. Bhd., Dato' Dr Ir Johari Bin Basri, Senior Independent Non-Executive Director, SunCon's Top Management, staff and workers.

19 March 2018
Roof Capping Ceremony at Parcel F, Putrajaya
Parcel F's Roof Capping Ceremony marks the first completion of the steel roof structure located at Block F1. The roof capping ceremony was officiated and endorsed by the CEO of Putrajaya Holdings Sdn. Bhd., Datuk Azlan Abdul Karim, together with distinguished guests from KLCC Projeks Sdn. Bhd. and Sunway Construction Sdn. Bhd. The commemorative plaque, endorsed by Datuk Azlan was hoisted up to the tip of Block F1 for installation on the roof top.

SUNCON IN CALENDAR

B. SOCIAL EVENTS

1 December 2018
MBAM Futsal Tournament 2018
SunCon was crowned the champion of the Futsal Tournament 2018 organised by Master Builders Association Malaysia (MBAM). The event is to encourage and promote healthy lifestyle and well-being among the association's members.

12 - 14 October 2018
Build a Home
SunCon built two brand new homes in three days for the Orang Asli families in Sungai Lalang village, Semenyih, Selangor. Funded by SunCon and in collaboration with EPIC Homes, a social organisation which focuses on the welfare of the Orang Asli community, 55 SunConians alongside EPIC Homes team, handed over the two new homes to the families of 10 to accommodate them with better living conditions for the well-being of the entire household.

30 September 2018
PJH Oxygenation Boat Race
SunCon's Parcel F project team took part in the PJH Oxygenation Boat Race to encourage fitness, team building and psychological health among staff. Our team reached the semi-final stage for both Men and Mixed categories. The PJH Oxygenation Race was held in conjunction with Pesta Air Oxygenation Putrajaya 2018, jointly organised by Putrajaya Holdings Sdn. Bhd., and Perbadanan Putrajaya at Kompleks Sukan Air, Presint 6 Putrajaya.

9 - 18 September 2018
Trip to Turkey
SunCon Social Club organised an overseas trip to Turkey for staff to take a break from work, sightsee and enjoy activities together.

14 August 2018
Tree Planting for ASAS Old Boys Weekend at Sekolah Sultan Alam Shah
SunCon helped by lending a backhoe for tree planting. This event was organised by the Alumni of Sekolah Sultan Alam Shah (ASAS) Putrajaya.

8 & 9 August 2018
SL1M Training
SunCon conducted 2 sessions of training to SL1M trainees thus far. These training sessions were to equip the trainees with soft skills in communication, creative and analytical thinking ability.

27 - 30 July 2018
Trip to Kundasang, Sabah
A total of 21 SunConians took part in a trip to Kundasang, Sabah. Organised by the SunCon Social Club, the trip was to experience the local indigenous culture of East Malaysia by sightseeing famous tourist locations and visiting local cultural heritage sites.

27 - 29 July 2018
SunCon Senior Leadership Retreat
SunCon Senior Leadership team with a total of 25 participants went for a 3 days 2 nights trip at Eight Acres, Raub. The objective of this retreat was to rejuvenate and drive stronger bonds between our senior leaders.

SUNCON IN CALENDAR

B. SOCIAL EVENTS (cont'd)

28 July 2018
***Gotong-Royong* Mega 1.0**
Sekolah Sultan Ahmad Shah in Putrajaya participated in *Gotong-Royong* Mega 1.0 programme, an initiative by Ministry of Health to prevent the spread of dengue. The programme was conducted simultaneously throughout the nation on 28 July 2018. To this, SunCon supported Sekolah Sultan Alam Shah by offering fogging equipment and chemicals, skylift, water truck and staff for this *gotong-royong* programme.

26 July 2018
Blood Donation Campaigns
SunCon organised several Blood Donation Campaigns to save lives by partnering with the KPJ Healthcare. The campaigns were held at our projects in Parcel F and Big Box.

25 July 2018
Durian Festival
SunConians who are durian lovers were treated to a delicious spread of durians at an event held at the Sunway Machinery workshop.

6 July 2018
First batch of SL1M Trainees Graduation
This event is to celebrate the graduation of our very first batch of Skim Latihan 1Malaysia students who have spent close to 8 months of internship with us. This event was attended by officials from the SL1M secretariat and represented by Mr. Tan Kim Yoke, Senior General Manager of SunCon.

30 June 2018
Charity Car Wash - Build a Home
SunCon Social Club initiated a Charity Car Wash to raise funds for the Build a Home Programme, a CSR project in collaboration with EPIC Homes. This programme aims to build 2 houses at Kg. Orang Asli Sungai Lalang, Semenyih, Selangor.

18 - 20 June 2018
Programme 3K
SunCon supported Programme 3K led by Putrajaya Federal Territory Education Department which aims to raise awareness on dengue among school students in Putrajaya. The event was held in SMK Putrajaya Presint 8. To this, SunCon has contributed dengue awareness styrofoam cut-outs, took part as one of the panel of judges and contributed gift hampers.

28 May - 3 June 2018
Minggu Infaq Putrajaya 2018
SunCon supported a fund raising programme organised by Perbadanan Putrajaya to help less fortunate Muslim families and individuals in meeting their daily cost of living, especially for their preparations ahead of Ramadan month, by contributing in monetary terms.

20 - 21 April 2018
HR In Campus Event at Sunway Convention Centre
A cross collaboration between 12 business units in Sunway Group to host a graduate recruitment fair at Sunway Convention Centre.

SUNCON IN CALENDAR

B. SOCIAL EVENTS (cont'd)

16 April 2018
Basketball Court Upgrade at SSAS
SunCon believes sports are a great way for developing an individual's character and moral principles. To encourage more involvement from students to take part in sports, SunCon contributed in upgrading the basketball court in Sekolah Sultan Alam Shah school in Putrajaya which includes a new roof over the court.

14 April 2018
Horizon Conference organised by EILP students at Monash University
We have been sponsoring Monash University in developing their graduate talents in Engineering and IT faculty for four years consecutively. This was one of the yearly milestone events where the students will host a conference featuring various speakers on a specific theme. Early this year, the theme was ''Against All Odds''.

8 April 2018
***Gotong-Royong* at Flat Cempaka Mawar, Klang**
SunCon's workers joined the community of Flat Cempaka Mawar at Klang for this *gotong-royong* activity to help them clean the residential area and prevent the spread of dengue.

31 March 2018
Water Rafting & Paragliding
SunCon Social Club (SSC) organised a trip to Kuala Kubu Bharu for water rafting and paragliding activity to foster team spirit and bonding among SunConians.

18 March 2018
Structural Earthquake Stability Competition 2018
We have been sponsoring this competition for 4 years consecutively in supporting the competitive spirit of designing and testing earthquake resistant structure among students.

29 January - 2 February 2018
Engineering and Science Fiesta 2018
The event aimed to promote Science, Technology, Engineering and Mathematics (STEM) education to the public, especially among the high school and under-privileged students. The theme for this year was 'The Era of Innovation'. SunCon was a Gold sponsor for the Engineering and Science Fiesta 2018 at Universiti Tunku Abdul Rahman.

SunCon collaborated with EPIC Homes to build homes for the Orang Asli community in Sungai Lalang Village, Semenyih, Selangor.

AWARDS AND RECOGNITION

6 December 2018
National Annual Corporate Reports Award (NACRA) 2018
Certificates of Merit
SunCon Group was among 19 award recipients recognised with NACRA 2018 Certificates of Merit. NACRA 2018, co-organised by Bursa Malaysia Bhd, the Malaysian Institute of Accountants (MIA) and the Malaysian Institute of Certified Public Accountants (MICPA), aims at promoting excellence in corporate reporting that advocate transparency.

12 November 2018
Construction Industry Development Board Malaysia 5-Star SCORE Rating for the year 2018
Sunway Engineering Sdn. Bhd.
Our subsidiary, Sunway Engineering Sdn. Bhd. successfully renewed its 5-star rating under CIBD SCORE Programme 2018. The SCORE Programme (also known as Penilaian Keupayaan dan Kemampuan Kontraktor) is developed by CIDB Malaysia, in collaboration with SME Corporation, with an aim to provide an effective gauge of local contractors' strengths through a stringent and comprehensive rating system.

BRT Sunway Line

12 - 16 November 2018
44th International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA)

IFAWPCA Builders Award - Building Construction Category - Silver Medal Award
Kuala Lumpur Convention Center Project

IFAWPCA Builders Award - Civil Engineering Construction Category - Silver Medal Award
BRT Sunway Line Project (jointly won with Prasarana Malaysia Bhd)

Yeoh Tiong Lay - IFAWPCA Award for Excellence
Datuk Kwan Foh Kwai

SunCon bags 3 awards at the 44th IFAWPCA Convention 2018
SunCon was awarded 3 prestigious awards at the 44th IFAWPCA Convention 2018.

The Kuala Lumpur Convention Center Project and BRT Sunway Line Project, both designed and built by SunCon, won Silver Medal Awards in the Building Construction Category and Civil Engineering Construction Category, respectively.

Datuk Kwan Foh Kwai, advisor and former Senior Managing Director for SunCon Group, took home the Yeoh Tiong Lay - IFAWPCA Award for Excellence, which recognises individuals who have contributed substantially towards the growth and development of the construction industry in Malaysia.

The 44th IFAWPCA Convention, organised by IFAWPCA and hosted by MBAM was held at the KLCC Convention Centre from 12 - 16 November 2018 with the theme "Strategic Alliance with Innovation & Human Capital" as its core message.

AWARDS AND RECOGNITION

29 September 2018
The Electrical and Electronics Association of Malaysia (TEEAM)
TEEAM's Best Electrical Contractor Awards in Commercial Category

The TEEAM had awarded Sunway Engineering Sdn. Bhd. as Malaysia's Best Electrical Contractor in the Commercial category at its 66th anniversary dinner. This is also the fourth time TEEAM recognised Sunway Engineering Sdn. Bhd. for its exemplary services. TEEAM is a representative body of the electrical and electronics industries in Malaysia. Established in 1952, it aims to work closely with all government departments, statutory bodies and the private sector to ensure and promote orderly growth and development of the electrical and electronics industries.

28 September 2018
Malaysian Construction Industry Excellence Awards (MCIEA)
Best Project Award (Infrastructure) – Small Category

The Sunway Velocity Link Bridge project was awarded the Best Project Award (Infrastructure) – Small category (<RM20 million) at the MCIEA 2018 on 28 September 2018. The awards ceremony was hosted by the CIDB at the Grand Hyatt Hotel, Kuala Lumpur and graced by Guest of Honour, YB Tuan Baru Bian, Minister of Works. Also present was Deputy Works Minister Mohd Anuar Tahir and CIDB chairman Tan Sri Ahmad Tajuddin Ali.

Sunway Velocity Link Bridge

20 September 2018
ASEAN Federation of Electrical Engineering Contractor (AFEEC)
Malaysia's Best Electrical Contractor for Commercial Category - Sunway Engineering Sdn. Bhd.

Sunway Engineering Sdn. Bhd., a subsidiary of SunCon was awarded the AFEEC, Best Electrical Contractor Award 2018 for Commercial Category. AFEEC consists of members from Indonesia, Singapore, Malaysia, Philippines and Thailand. In a broader spectrum, AFEEC is a member of Federation of Asia Pacific Electrical Contractors. With such recognition, Sunway Engineering Sdn. Bhd. has carved its name as one of the best electrical contractors in the ASEAN region and open its exposure internationally.

16 August 2018
CIDB QLASSIC Awards of Excellence

SunCon was among the high-achieving contractors which received awards for quality and excellence during the CIDB QLASSIC Day 2018 organised by CIDB. SunCon was awarded the High QLASSIC Achievement Awards 2018 for its Sunway Lenang Heights project in Sunway Iskandar, Johor, while its Sunway Medical Centre 3 project was awarded the Best QLASSIC Achievement Awards 2018 - Residential for Category D (Public, Commercial or Industrial Building with Centralised Cooling System (Project Value > RM100 million)).

Sunway Medical Centre 3

AWARDS AND RECOGNITION

9 August 2018
Malaysian Society For Occupational Safety and Health (MSOSH) Occupational Safety and Health (OSH) Award 2017
Gold Class I Award - Parcel F & GDC 1
Gold Class II Award - MRT V201
Silver Award - Sunway Velocity Medical Centre & The Big Box

SunCon was recognised at the MSOSH's OSH 2018 for its commendable safety and health record. Our Parcel F and GDC Plant 1 projects in Putrajaya took home the Gold Award Class 1, the highest award to be won by a construction & engineering company. SunCon's other projects including the MRT V201 project won the Gold Class II Award, while the Sunway Velocity Medical Centre project and The Big Box project rounded off the landslide win with Silver Awards.

18 July 2018
Construction Industry Development Board Malaysia
5-Star SCORE Rating for the year 2018

SunCon solidified its position as Malaysia's leading contractor by successfully reclaiming its 5-star rating under CIBD SCORE Programme 2018. With this SunCon ranked on par with other top Malaysian companies which have the highest 5-star SCORE rating from a pool of over 8,000 contractors with G7 licences. The SCORE Programme (also known as Penilaian Keupayaan dan Kemampuan Kontraktor) is developed by CIDB Malaysia, in collaboration with SME Corp, with an aim to provide an effective gauge of local contractors' strengths through a stringent and comprehensive rating system.

SunCon and Sunway Engineering were among the CIDB SCORE 5-star achievers at the awards ceremony held on 19 March 2019

13 July 2018
Sunway Construction Group confirmed as FTSE4Good Index Series Constituent 2018

SunCon continued to successfully remain as a constituent of the FTSE4Good Bursa Malaysia Index series for the fourth consecutive years following a review in June 2018. SunCon was first included in the index in June 2015, meeting the inclusion criteria for demonstrating strong Environment, Social and Governance (ESG) practices measured against globally recognised standards. In 2018, SunCon achieved an even better performance following the third consecutive review by FTSE Group. The repeated successful inclusion in FTSEGood demonstrates SunCon's strong commitment to being a responsible corporate entity.

25 January 2018
ACCA Malaysia Sustainability Reporting Awards (MASRA) 2017
Commendation Award - Knowledge Management

SunCon won the Commendation Award under the Knowledge Management category at the MASRA 2017. This award recognises organisations which report and disclose economic, environmental and social information in line with Bursa Malaysia's Sustainability Reporting Framework as well as global sustainability reporting standards and frameworks.

Sunway Big Box, Iskandar, Johor

PAST YEARS PROMINENT AWARDS

2017
MALAYSIAN SOCIETY FOR OCCUPATIONAL SAFETY AND HEALTH (MSOSH) AWARD 2016
(Parcel F, MRT V201, KLCC Package 1 and 2, Emerald Residence, Sunway Velocity Hotel)

2016
MALAYSIA-ASEAN CORPORATE GOVERNANCE AWARD
Industry Excellence Award
(Property and Construction)

2016
29TH ANNUAL SINGAPORE 1000 & SME 1000 AWARDS
Sunway Concrete Products
(S) Pte. Ltd.

2015
Malaysia Investor Relations Association (MIRA)

i) Best Investor Relations for An Initial Public Offering in 2015
ii) Best Chief Financial Officer (Main Board - Mid Cap)
iii) Best Investor Relations Website (Main Board - Mid Cap)

2014
MITI INDUSTRY EXCELLENCE AWARDS (AKI)
Category 3 Services
Sector Award

2014
CIDB QLASSIC EXCELLENCE AWARD
High QLASSIC Achievement Award &
The Best QLASSIC Achievement for category: Non-Residential:
Large-Scale Project
(Sunway Pinnacle)

2013
BUILDER OF THE YEAR
The Malaysian Construction Industry Excellence Awards
(MCIEA)

2013
CEO OF THE YEAR - DATUK KWAN FOH KWAI
The Malaysian Construction Industry Excellence Awards
(MCIEA)

2013
SIRIM QUALITY AWARD (ORGANISATION)

2012
THE ELECTRICAL & ELECTRONICS ASSOCIATION OF MALAYSIA (TEEAM)
Best Contractor Award 2012
Commercial Category
Sunway Engineering Sdn. Bhd.

2012
INTERNATIONAL ACHIEVEMENT AWARD
The Malaysian Construction Industry Excellence Awards
(MCIEA)

2010
INDUSTRY EXCELLENCE AWARDS
Export Excellence Award
(Services)

2010
6th MALAYSIAN OCCUPATIONAL SAFETY & HEALTH PROFESSIONAL'S ASSOCIATION (MOSHPA) OSH EXCELLENCE AWARD
Piling & Geotechnics Sector
Sunway Geotechnics Sdn. Bhd.

2010
INTERNATIONAL ACHIEVEMENT CATEGORY - SPECIAL MENTION
The Malaysian Construction Industry Excellence Awards (MCIEA)

2010
THE MALAYSIA BUSINESS AWARDS
The Most Promising Contractor in the Middle East

2009
CONTRACTOR AWARD GRADE G7
The Malaysian Construction Industry Excellence Awards (MCIEA)

23RD ANNUAL SINGAPORE 1000
Sunway Concrete Products (S) Pte. Ltd.

NATIONAL AWARD OF MANAGEMENT ACCOUNTING (NAFMA)

2009
21ST INTERNATIONAL CONSTRUCTION AWARD
Sunway Engineering Sdn. Bhd.

2008
INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) CATEGORY
The Malaysian Construction Industry Excellence Awards (MCIEA)

Sunway Construction Annual Report 2018

VALUE CREATION

INPUTS

FINANCIAL
SunCon's operations are typically funded on internally generated funds and a portion of well-adjusted debt. We have a robust capital management system in place to maintain a stable financial position.

* For more information, please refer to Capital Management under Management Discussion and Analysis

MANUFACTURED CAPITAL
SunCon owns a number of plants and a wide range of machineries. We have two Precast plants in Johor and RM127 million worth of machineries.

* For more information, please refer to Review of Financial Results

HUMAN CAPITAL
Our community spans across all age groups with diverse technical knowledge and capabilities. Cultivating lean and synergistic teams and creating an engaging, empowering and energising work environment remain key areas of focus for SunCon.

* For more information on the demographics of our workforce, please refer to Sustainability Performance

INTELLECTUAL CAPITAL
Building Information Modeling (BIM) Technology coupled with Integrated Project Delivery enables better coordination throughout the entire construction lifecycle. We are also investing in a multi-storey advanced precast manufacturing facility in Singapore.

* For more information on BIM, please refer to Business Operations Review

NATURAL CAPITAL
SunCon utilises water, energy and minerals in the form of construction aggregates in our business operations. Environmental excellence is an integral part of our business operations.

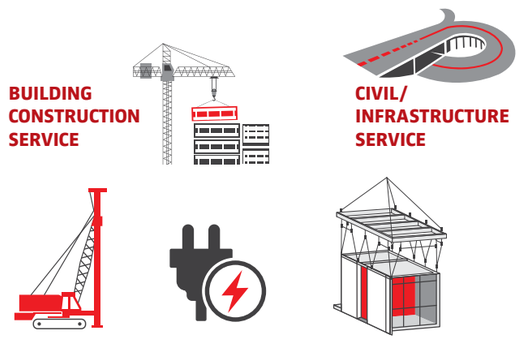
• ISO 14001 certified

* For more information on environmental impacts and mitigation initiative, please refer to Managing our Environmental Impacts

SOCIAL AND RELATIONSHIP
SunCon engages and maintains strong relationships with our key stakeholders, namely clients, business partners, professional bodies and local communities where we build.

* For more information, please refer to Stakeholder Engagement

PRODUCTS AND SERVICES



* For more information on the construction services that we provide, please refer Business Operations Review

EXECUTED WITH OPERATIONAL EXCELLENCE

SAFETY AND HEALTH
Ensuring the safety of our people is our utmost priority. SunCon stands by the ethos of Project Safety is Public Safety. SunCon proactively engages with local authorities and communities wherever we build to advance existing public-safety systems.

• OHSAS 18001 certified

* For more information, please refer to Ensuring Safe and Quality Construction

QUALITY
We are passionate about excellence and doing our work right the first time.

• ISO 9001 certified

* For more information, please refer to Ensuring Safe and Quality Construction

KNOWLEDGE MANAGEMENT
SunCon aspires to transform our workplace into a knowledge-based environment. Information is available easily through a web-based collaboration platform.

• SunCon KM Portal

* For more information, please refer to Ensuring Safe and Quality Construction

VALUE CREATION

ECONOMIC
Revenue
RM2,257 million

Profit before Tax
RM183 million

Dividend Per Share
7 sen

OPERATIONAL
Number of Work Related Fatalities: **ZERO**

Construction
Average QLASSIC Score:
73.6%

Precast
CONQUAS Score:
99.2%

ENVIRONMENT
Monthly Environmental Inspection Score:
84.5%

LICENSING
Precast
Prefabricated Prefinished Volumetric Construction License obtained **23 May 2018**
Green Concrete License obtained **29 October 2018**

EMPLOYEE
Employee Attrition Rate: **13%**

Staff Productivity: **13** times

CLIENT/CONSULTANT SATISFACTION SURVEY

Average Score	Satisfaction (YES)	Responded Rate
2018 **77.6%**	2018 **93.3%**	2018 **99.4%**
⇧	⇧	⇧
2017 **75.7%**	2017 **96.7%**	2017 **99.2%**

STAKEHOLDER OUTCOME

INVESTORS
We endeavour to deliver good returns to our shareholders. Though our share price performance has performed well over the past years in line with the industry sentiment, we are committed to pay dividend of more than **35%** of our **PATMI**.

* For more information, please refer to Review of Share Price Performance

EMPLOYEES
SunCon keeps level of pay and staff benefits under regular review and ensures that our staff benefits are competitive in the market. **More than 40%** of value generated from the Group are distributed back to our employees through salaries and other staff benefits.

* For more information, please refer to Value Added Statement and Human Capital Development

BUSINESS PARTNERS
Key to effective project management is a systematic and collaborative supply chain. Constant engagement with our clients, suppliers and subcontractors are important to ensure smooth progress at site.

* For more information, please refer to Stakeholder Engagement

ENVIRONMENT
Construction activities will leave construction residual inevitably. SunCon continuously monitors air, noise and water pollution closely to ensure that we do not surpass the hazardous limit. We have put in place measures to ensure that we minimise the environmental damage.

* For more information, please refer to Managing our Environmental Impacts

COMMUNITY
As a builder, we create value for a wider society by creating facilities to support the delivery of essential services for people's life such as medical centers, education facilities, office and commercial towers, access roads and public transportation. In any construction, disruption is inevitable. In so doing, we need to put in place precautionary manners to minimise disruption.

* For more information, please refer to Building Community Resilience

AUTHORITIES
We work closely with the local authorities to ensure that we comply to the stipulated environmental and safety regulations.

* For more information, please refer to Stakeholder Engagement

CHAIRMAN'S STATEMENT

DATO' IR GOH CHYE KOON

2018 is an exceptional year for Malaysia as the 14th general election paved the way towards the nation's transformation into a New Malaysia. The formation of the new government has also led to numerous policy reviews and reforms to strengthen fiscal administration, promote greater transparency and encourage the private sector to spur growth for a better Malaysia.

Globally, rising trade conflict, geopolitical tensions and oil prices have created uncertainties in the world economy and have led to significant volatility in financial markets which have impacted global growth, including Malaysia. While there are still uncertainties in investor sentiment, the Malaysian economy continues to record a healthy GDP growth of 4.7% in 2018. Malaysia's construction sector recorded RM145.5 billion of construction work done in 2018 and contributed 4.2% GDP growth in the same year.

Despite the challenging market conditions, SunCon has remained resilient and focused in achieving our targets.

Solid Financial Results

Anchored by strong fundamentals, SunCon has achieved another year of solid, stable performance in 2018. The Group posted a 8.7% increase in revenue to a record of RM2.257 billion from the preceding year of RM2.076 billion. Profit before tax (PBT) improved by 8.5% to RM183 million from RM169 million (restated) from the preceding year.

REVENUE

RM 2.257 billion
⇧ 8.7%
(2017: RM2.076 billion)

PBT

RM 183 million
⇧ 8.5%
(RESTATED 2017: RM169 million)

We distributed 63% of our Profit After Tax and Minority Interest (PATMI) as dividends to our shareholders for FY 2018 which translates to a dividend payout of 7 sen per share.

Operational Achievements

We successfully completed the construction of The International School of Kuala Lumpur (ISKL) in Ampang Hilir, which is the first Malaysian school, built and outfitted to Green Building Index (GBI) Platinum standards.

One of our largest design-and-build government office projects, Parcel F Putrajaya was also completed in the first quarter of 2019. This project comprises 4 packages with 10 office towers, podium parking and external works. It was designed and built to achieve stringent standards such as GBI Gold, QLASSIC score of at least 78% and an IBS score of 70%. Parcel F is also the first government building project designed & built by SunCon with the full implementation of Building Information Modelling (BIM), transforming the handover process by connecting BIM data developed during initial design stage and construction to a BIM-based Facility Management compliant model that enables the building owner to realise

Parcel F Project, Putrajaya

the value of BIM in building operations.

The construction of the Klang Valley Mass Rapid Transit (KVMRT) package V201 project from Sungai Buloh to Persiaran Dagang is progressing on schedule. Our LRT3 project from Kawasan 17 to Sri Andalas is one of the mega projects being reviewed by the government and has been facing slight delays due to pending design approvals.

SunCon will continue to construct in-house projects for its holding company, Sunway Berhad, which traditionally has been contributing approximately 40% to our revenue as well as diversifying our revenue streams and overseas expansions. We have recently established an office in Seberang Jaya, Penang to embark on our expansion plans in the Northern Region.

We successfully hit our target by clinching RM1.6 billion worth of projects in this financial year, bringing our outstanding order book to RM5.2 billion.

Our parent company, Sunway Berhad, is well on its way to expand its medical center and to develop its Penang and Seberang Jaya landbank. As a result, we have secured RM1.2 billion worth of jobs from Sunway Berhad's expansion plans, which will help us mitigate the slowdown in local construction sector growth. The projects include the expansion of the existing Sunway Carnival Mall in Seberang Jaya (RM286 million), Sunway Medical Centre Seberang Jaya (RM180 million) as well as residential condominiums in Sunway South Quay (RM223 million). In Kuala Lumpur, the continued development of Sunway Velocity's serviced apartments and office blocks have contributed RM452 million to new orders for SunCon.

Piling and geotechnical division secured new orders of RM128 million with more than 80% being infrastructure related projects. Our precast division also secured RM229 million new order for FYE 2018, with major orders involving Singapore's Housing and Development Board projects.

In Singapore, our precast division, Sunway Concrete Products (S) Pte. Ltd. together with its joint venture partner HL Building Materials Pte. Ltd., a subsidiary of Hong Leong Asia Ltd., had successfully won the bid for the lease of land for the development of an **Integrated Construction and Prefabrication Hub (ICPH)** from the Building and Construction Authority of Singapore. We plan to construct a multi-storey fully-mechanised plant on this land as part of our efforts to upscale our current precast facility. This will further improve productivity and reduce reliance on foreign workers.

CHAIRMAN'S STATEMENT (cont'd)

This investment also ensures SunCon's precast division's presence in Singapore is aligned with the Singapore Government's policy quest for further mechanisation to improve productivity. In 2018, we have also obtained two additional licenses to produce the Prefabrication Prefinished Volumetric Construction (PPVC) and the Green Concrete License.

Awards and Recognition

Our outstanding achievements and excellence in the construction industry were recognised by many experts in the industry. SunCon was conferred 3 prestigious awards at the 44th International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) Convention 2018. The Kuala Lumpur Convention Center Project and BRT Sunway Line Project, both designed and built by SunCon, won Silver Medal Awards in the Building Construction Category and Civil Engineering Construction Category, respectively. Datuk Kwan Foh Kwai, advisor and former Senior Managing Director for SunCon Group, took home the Yeoh Tiong Lay - IFAWPCA Award for Excellence, which recognises individuals who have contributed substantially towards the growth and development of the construction industry in Malaysia. These awards are a testament to SunCon's leadership position in the construction industry. We are very proud that our projects continue to receive recognitions long after they have been completed.

Both our subsidiaries, Sunway Construction Sdn. Bhd. and Sunway Engineering Sdn. Bhd. successfully achieved **5-star ratings in the Construction Industry Development Board's (CIDB) SCORE Programme 2018**, an upgrade from the 4-star rating in the previous year. To date, we are among the 19 companies from the construction industry which have achieved the highest rating of 5-star in the current year of assessment. The SCORE Programme, developed by CIDB Malaysia in collaboration with SME Corp, assesses companies based on their performance and capabilities through a stringent and comprehensive rating system.

As we continue to grow, safety remains as number one priority in our organisation. A notable achievement in 2018 was winning 5 awards at the MSOSH Awards 2017 in recognition of our commitment to safety and health. We are proud to be the only construction company to achieve the Gold Class 1 Award, one of the highest recognitions, for our Parcel F and GDC Plant 1 projects. In addition, we also worked with the Department of Occupational Safety and Health (DOSH) and Majlis Negara bagi Keselamatan dan Kesihatan Pekerjaan (MNKKP) to launch the pilot project for implementation of Occupational Safety and Health Construction Industry Management (OSHCIM) guidelines at Sunway Serene project.

Another achievement during the year was winning the Malaysian Construction Industry Excellence Award (MCIEA) Best Infrastructure Project Award 2018 for the Sunway Velocity Link Bridge project (small project category). This award is in recognition of clients, consultants and contractors for excellence in project implementation.

Sustainability Agenda

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In line with our parent company, Sunway Group's effort towards realising the 17 United Nations Sustainable Goals, we are committed towards implementing sustainability in our work processes in any way we can. Environmental, Social and Governance (ESG) matters remain integral to our strategy and business model. We have embedded these in every aspect of our daily operations to ensure a sustainable environment for our stakeholders.

Our commitment to sustainability is reflected in our achievement of the ACCA Malaysia Sustainability Reporting Awards (MASRA) 2017 as well as our continued inclusion in the FTSE4Good Bursa Malaysia Index in 2018. We are pleased to have achieved improved ratings in sustainability compared to the previous year.

We are also privileged to be qualified under the Bursa Malaysia Green Lane Policy (GLP) which entitles us to the fast-track processing of Non-complex Circulars and other applications submitted to Bursa Securities. The GLP and privileges accorded are in recognition of our Group's good Corporate Governance.

Innovation and Technology

In the era of the fourth industrial revolution, our construction methodology has greatly evolved over the years with the advancement of technology. In pursuit of higher productivity, we are establishing the basics of organising the workplace through **5S** practices which will also lead to better quality outputs and workplaces for everyone. In doing so, we have entered into a Memorandum of Understanding with Malaysia's Productivity Corporation (MPC) to establish the first Quality Environment/**5S** certification for the Malaysian construction industry. This initiative outlines the **5S** approach to be implemented in workplaces and establishes a set of criteria to be met by construction organisations nationwide for the Quality Environment/**5S**. Moving forward, we hope to champion more efficient, productive, safe and healthy construction practices.

Building on our proven track record in BIM implementation in various projects to date, we have further developed our capabilities by establishing a BIM Handbook to assist in effective collaboration among all parties of the construction supply chain towards successful project delivery. We will continue to explore new ideas, develop our capabilities and share our knowledge with the construction industry for the development of the industry as a whole.

MRT Line 2, Package V201

SunCon's Focus in 2019

Malaysia's economy is expected to grow at a more moderate pace in 2019, estimated at 4.3% to 4.8% by the Ministry of Finance, as of March 2019, with domestic demand continuing to be the engine of growth coupled with a solid manufacturing sector. However, near-term growth outlook remains resilient with sound macroeconomic fundamentals, stable financial conditions as well as broad-based and diversified economic structure. We are confident that the Government's efforts to prioritise development initiatives to build a better Malaysia will have a positive impact on the Group, albeit at a more moderate pace.

The construction sector growth is expected to moderate to 4.7% in 2019, after growing 5.1% in 2018, with contributions expected from new planned supply in the affordable homes and industrial segments. Despite this, SunCon is expected to sustain its result in the financial year ahead. To start off the year, in February 2019, SunCon was awarded the contract for Project Platinum Main Building from Tenaga Nasional Berhad for RM781 million. The works are in respect of phase 2 of Tenaga's headquarters campus development and is expected to contribute positively to the earnings of SunCon Group for the financial year ending 31 December 2019 onwards.

Building on our 37-year track record as an integrated construction service company, we will continue to develop our strategies to deliver value to all our stakeholders. We will also leverage on our extensive experience in undertaking projects overseas by exploring opportunities in the ASEAN region such as India and Myanmar, where there are huge growth in construction spending, driven by population change, geopolitical and environmental factors.

Domestically, there are also plenty of opportunities for the construction sector. Budget 2019 announced an allocation of RM29 billion for healthcare services, which gave the opportunity for construction of new hospitals. Also, in helping to develop Malaysia's aerospace industry, Khazanah Nasional Berhad is also planning to develop an 80-acre piece of land in Subang into a world-class aerospace hub while Malaysia Airport Holdings Bhd is planning to develop a RM400 million Subang Aerotech Park near the Subang Skypark airport, which will utilise its 60-acre land, to further expand the airport operator's aerospace ecosystem. We also foresee more opportunities in the renewable energy sector as Malaysia aspires to increase the renewable energy's ratio from 2% in 2016 to 20% by 2025 of the country's total energy generation mix.

2018 has been a stellar year for us at SunCon and I would like to take this opportunity to thank the Group's shareholders, investors and business partners for your never-ending support, confidence and trust. The success of SunCon is made possible thanks to the dedication, teamwork and contributions of my fellow Board members, the senior management team and all Sunwayians. In our journey towards 2019 and beyond, we will continue to work efficiently to sustain the Group's growth and maximise shareholders' returns.

Dato' Ir Goh Chye Koon
Independent Non-Executive Chairman

EXEMPLARY LEADERSHIP

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HERE COMES THE KING

Within the construction ecosystem, we have rightfully claimed the golden throne. As we lead, we not only set examples for every individual in the organisation, we inspire future kings of the industry to someday emerge.

PROFILE OF BOARD OF DIRECTORS

DATO' IR GOH CHYE KOON

Malaysian, Aged 69, Male
Chairman & Independent Non-Executive Director
Date Appointed to the Board: 17 October 2014
Years of Directorship: 4.5 years

Qualifications:
- Bachelor of Engineering (Hons) degree in Civil Engineering from the University of Malaya
- Professional Engineer (P.Eng) and a Member of the Institution of Engineers Malaysia (MIEM)
- Advisory Peer Group Member of the School of Science and Technology at Wawasan Open University

Membership of Board Committees:
- Audit Committee
- Nomination and Remuneration Committee
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers: Nil

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

He was a member of the Presidential Consultative Council of the Board of Engineers Malaysia (2002 – 2004) and also a member of the Construction Consultative Panel of Malaysia Productivity Corporation (2003 – 2009). He was the Chairman of the Building Industry Presidents' Council and President of the Master Builders Association Malaysia for the session 2004/2006 and has served as its Deputy President, Vice President and Deputy Secretary General.

Dato' Ir Goh was a board member of the Construction Industry Development Board Malaysia (CIDB) from 2004 to 2006 and served as a Main Committee Member (2001 – 2009) and Chairman of the Working Group for construction projects (Local and Foreign) (2003 – 2009) in the Construction Industry Master Plan of CIDB.

DATO' DR IR JOHARI BIN BASRI

Malaysian, Aged 64, Male
Senior Independent Non-Executive Director
Date Appointed to the Board: 17 October 2014
Years of Directorship: 4.5 years

Qualifications:
- PhD. in Process Safety from the University of Sheffield, United Kingdom
- MSc. in Terotechnology from Manchester University, United Kingdom
- Bachelor of Engineering in Mechanical Engineering from University Technology Malaysia
- Fellow of the Institute of Engineers Malaysia (IEM)
- Associate Fellow of The Institution of Chemical Engineer (U.K.)
- Professional Engineer registered with the Board of Engineers Malaysia
- Life member of The Malaysian Society for Occupational Safety and Health (MSOSH)

Membership of Board Committees:
- Nomination and Remuneration Committee (Chairman)
- Audit Committee
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers: Nil

Skills, Expertise and Working Experience:
Dato' Dr Ir Johari joined the Factories and Machinery Department of Malaysia, which is now known as Department of Occupational Safety and Health (DOSH), as a Factories and Machinery Inspector (Engineer) in 1977. He was then promoted as Director of Industrial Safety Division of DOSH in 1997.

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

Dato' Dr Ir Johari was also a member of the board of directors of NIOSH (2007 – 2014), board of member of CIDB (2007 – 2014), Chairman for the Industrial Standard Committee of Occupational Safety and Health (ISCW) SIRIM Berhad (2007 – 2014) and Member for Malaysian National Standards Committees (MyNSC) Standards Malaysia (2007 – 2014).

PROFILE OF BOARD OF DIRECTORS

DATO' SIOW KIM LUN

Malaysian, Aged 68, Male
Independent Non-Executive Director
Date Appointed to the Board: 17 October 2014
Years of Directorship: 4.5 years

Qualifications:
- Master in Business Administration from the Catholic University of Leuven in Belgium
- Bachelor of Economics (Hons) degree from Universiti Kebangsaan Malaysia
- Advanced Management Program at the Harvard Business School, USA

Membership of Board Committees:
- Audit Committee (Chairman)
- Nomination and Remuneration Committee
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers:
- UMW Holdings Berhad
- EITA Resources Berhad
- Hong Leong Assurance Berhad
- Eco World International Berhad
- Radiant Globaltech Berhad

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

Dato' Siow is currently a director of MainStreet Advisers Sdn. Bhd.

DR SARINDER KUMARI A/P OAM PARKASH

Malaysian, Aged 62, Female
Independent Non-Executive Director
Date Appointed to the Board: 1 March 2018
Years of Directorship: 1.1 years

Qualifications:
- Ph.D. in Financial Economics from University Putra Malaysia
- Masters in Economics from George Washington University, USA

Membership of Board Committees:
- Risk Management Committee (Chairperson)
- Audit Committee
- Nomination and Remuneration Committee

Directorships of Other Public Companies and Listed Issuers: Nil

Skills, Expertise and Working Experience:
Dr Sarinder has over 30 years of experience in policy and strategic planning, trade negotiations, regulatory and Government affairs. She has previously served in various portfolios with the Ministry of Finance (MOF), Ministry of International Trade and Industry (MITI) and the Performance Management and Delivery Unit under the Prime Minister's Department in Malaysia.

In MOF, she was involved in the raising of Federal Government loans from the international capital and bond markets, debt management and privatisation projects. Her portfolio in MITI included the World Trade Organisation (WTO), Strategic Planning and Free Trade Agreements (FTAs) Policy and Negotiations. She was also the lead negotiator for Services for Malaysia's first Bilateral FTA.

In PEMANDU she provided strategic direction on the planning and implementation of the Tourism-related initiatives under Malaysia's National Transformation Programme. She was also responsible for the Strategic Reform Initiative encompassing the Competition Act, Adoption and Development of International Standards and the Liberalisation of Services. She developed the performance assessment and management system for the performance assessment of all Ministers by the Prime Minister.

Dr Sarinder joined PEMANDU Associates in March 2017 and she is currently responsible for business development activities with a focus on public sector transformation and business turnaround.

PROFILE OF BOARD OF DIRECTORS

DATO' CHEW CHEE KIN

Malaysian, Aged 73, Male
Non-Independent Non-Executive Director
Date Appointed to the Board: 17 October 2014
Years of Directorship: 4.5 years

Qualifications:
- Bachelor of Economics (Hons) Degree from the University of Malaya
- Program in Management Development at Harvard Business School, USA

Membership of Board Committees:
- Nomination and Remuneration Committee

Directorships of Other Public Companies and Listed Issuers:
- Sunway Berhad
- Gopeng Berhad

Skills, Expertise and Working Experience:
Dato' Chew started his career as a Trainee Executive in UMW (Malaya) Sdn. Bhd. in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn. Bhd.

He joined the Sunway Group in 1981 as the Group General Manager (Operations) and was subsequently promoted to Deputy Group Managing Director (Operations) of the Sunway Holdings Berhad Group in 1989. In 1995, he was promoted to Group Managing Director of the Sunway Holdings Berhad Group and to President of the Sunway Holdings Berhad Group in 1999.

Upon the completion of the merger of Sunway City Berhad and Sunway Holdings Berhad in 2011, Dato' Chew was designated as the President of Sunway Berhad. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.

EVAN CHEAH YEAN SHIN

Malaysian, Aged 39, Male
Non-Independent Non-Executive Director
Date Appointed to the Board: 18 September 2014
Years of Directorship: 4.6 years

Qualifications:
- Bachelor of Commerce Degree and Bachelor of Business System Degree from Monash University
- Chartered Financial Analyst Charterholder
- Certified Practising Accountant
- Member of Malaysian Institute of Accountants

Membership of Board Committees:
- Risk Management Committee

Directorships of Other Public Companies and Listed Issuers: Nil

Skills, Expertise and Working Experience:
Evan Cheah joined the Sunway Group following his graduation as an Executive Assistant and was attached to the Sunway Group Finance division from 2001 to 2002, with key roles in investment analysis, due diligence, corporate finance, management accounting and group procurement. In 2003, he was promoted and rotated to Sunway Construction where he was the Finance Manager. In 2006, he became the General Manager, Business Development of Sunway Group's Trading & Manufacturing division. In 2010, he was promoted to be the Executive Director of Sunway Mas Sdn. Bhd., a property development company within Sunway Group, in charge of operation matters.

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

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

PROFILE OF BOARD OF DIRECTORS

CHUNG SOO KIONG

Malaysian, Aged 52, Male
Managing Director & Non-Independent Executive Director
Date Appointed to the Board: 1 November 2015
Years of Directorship: 3.5 years

Qualifications:
- Bachelor of Science (Hons) Degree in Quantity Surveying from the University of Abertay Dundee
- Diploma in Building (Technology) from Tunku Abdul Rahman College

Directorships of Other Public Companies and Listed Issuers: Nil

Skills, Expertise and Working Experience:
Mr Chung began his career with Taisei Corporation in 1990 where over a period of seven years he rose to the position of Section Manager – Quantity Surveying. In 1997, he joined Sunway Construction Sdn. Bhd. and served as the Contract Manager of Business Development & Marketing Department. Thereafter, Mr Chung acted as the Country Manager/Project Director of Sunway Innopave Sdn. Bhd. (Abu Dhabi Branch) for the period from 2007 to 2013.

After his stint in Abu Dhabi, Mr Chung took up the role of Deputy Managing Director of Sunway Construction Sdn. Bhd. since 2013 before he was promoted to the position as Managing Director of the Company in November 2015. Mr Chung has over 20 years of experience in the construction sector.

DIRECTORS
Family Relationship with Director and/or Major Shareholder
Mr Evan Cheah Yean Shin (Evan Cheah) who is a Non-Independent Non-Executive Director and major shareholder of Sunway Construction Group Berhad (SunCon), is the son of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling (Tan Sri Dr Jeffrey Cheah)and brother of Ms Sarena Cheah Yean Tih (Sarena Cheah) and Mr Adrian Cheah Yean Sun (Adrian Cheah). Tan Sri Dr Jeffrey Cheah, Ms Sarena Cheah and Mr Adrian Cheah are the major shareholders of SunCon. Tan Sri Dr Jeffrey Cheah and Ms Sarena Cheah are also the directors of Sunway Berhad, which is a major shareholder of SunCon.

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

Conflict of Interest
None of the other Directors has any conflict of interest with SunCon Group.

Conviction for Offences
All the Directors have not been convicted of any offence (other than traffic offences, if any) within the past 5 years and have not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2018.

Attendance of Board Meetings
The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2018 is disclosed in the Corporate Governance Overview Statement.

PROFILE OF GROUP ADVISOR

DATUK KWAN FOH KWAI

Malaysian, Aged 67, Male
Advisor

Qualifications:
- Bachelor of Engineering (Hons), University of Malaya

Skills, Expertise and Working Experience:
Datuk Kwan has over 40 years of extensive experience working in the construction industry, both in the public and private sectors.

Datuk Kwan began his career as a Contract Engineer in 1977 with the Department of Public Works, Ministry of Works for three years and was attached to the East-West Highway project. In 1980, he moved to Promet Construction Sdn. Bhd. as its Site Manager. Following this, he joined Alam Baru Sdn. Bhd., a Class "A" Contractor, as General Manager from 1984 to 1986. He joined Taisei Corporation of Japan from 1986 to 1996 and his last position was General Manager of Taisei (Malaysia) Sdn. Bhd.

Datuk Kwan joined Sungei Way Construction Berhad as an Executive Director in 1996. In 2001, he was promoted to Managing Director of Sunway Construction Berhad, which was delisted from Bursa Malaysia Securities Berhad and converted to a private limited company in 2004. He was appointed as the Senior Managing Director of Sunway Construction Group Berhad in 2014. Datuk Kwan was the Senior Managing Director of the Company until his retirement in 2015. Since then, he was re-designated as Non-Independent Non-Executive Director of the Company. He subsequently stepped down from the said position in December 2017 as he wishes to focus on his role as an advisor for which his tenure has been extended.

Datuk Kwan served as the President of Master Builders Association of Malaysia for the term 2010–2012, Immediate Past President (2012-2016) and the Honorary Advisor for the term 2016 to 2018. He is also a Member of The Institution of Engineers, Malaysia (IEM). He is a Fellow Member of the Chartered Institute of Building (FCIOB) and was a Board Member and Chairman of Finance Committee of International Federation of Asian & Western Pacific Contractors' Association (IFAWPCA) from 2012 to 2016.

Datuk Kwan is currently the Chairman of the Board of Governors of SMJK Yuk Choy, Ipoh, Perak, Vice President of Perak Chinese Assembly Hall and Deputy President of Perak Nam Hoi Wui Kwun.

PROFILE OF KEY SENIOR MANAGEMENT

LIEW KOK WING

Malaysian, Aged 50, Male
Deputy Managing Director

Qualifications:
- Master of Science Degree in Civil Engineering, National University of Singapore
- Bachelor of Engineering (Hons) in Civil Engineering, National University of Singapore

Skills, Experience and Expertise:
Mr Liew began his career with L&M Geotechnic in Singapore in 1993, where he acted as a Project Engineer at various construction projects in Singapore. In 1996, he was transferred to L&M Systems, Thailand as a Project Manager. In the same year, he left to join Taylor Woodrow Projects (M) Bhd. before joining SunCon. He was a Senior Geotechnical Engineer in SunCon from year 1996 to 1998. Then after, he joined Nishimatsu Construction Company in Singapore. He rejoined SunCon in 2000 and oversee various projects in Malaysia as well as India.

He was appointed Deputy Managing Director on 1 January 2016. Prior to this, he was the head of Civil Division since January 2007.

NG BEE LIEN

Malaysian, Aged 47, Female
Chief Financial Officer

Qualifications:
- Chartered Accountant, Malaysian Institute of Accountants
- Bachelor of Commerce, Majoring in Finance, University of Western Australia

Skills, Experience and Expertise:
Ms Ng started her career as an auditor with Ernst & Young from 1994 to 1997. Thereafter, she joined Muhibbah Engineering (M) Bhd in 1997.

She joined SunCon in 2005 as a Senior Manager-Finance. She has been with SunCon for 13 years where she takes charge of the finance department within SunCon Group.

She was appointed Chief Financial Officer on 1 January 2016. She has been heading the Finance Department since 1 January 2010.

WONG KWAN SONG, RICHARD

Malaysian, Aged 54, Male
Senior Executive Director

Qualifications:
- Bachelor of Engineering (Hons) in Civil Engineering, University of Portsmouth
- Certificate in Technology (Building), Tunku Abdul Rahman College

Skills, Experience and Expertise:
Mr Richard started his career in 1987 at Syarikat Pembinaan Perlis Sdn. Bhd. He then joined Syarikat Pembinaan YTL Sdn. Bhd. in 1988 before joining SunCon in 1989.

Thereafter, he joined Setarabina Sdn. Bhd. in 1995 and served as a Project Manager before rejoining SunCon in 1999.

He has held various positions in SunCon during his 19-year tenure with SunCon Group.

Mr Richard was appointed Senior Executive Director on 1 January 2018. Prior to this, he was the head of Building Division since January 2007.

ERIC TAN CHEE HIN

Malaysian, Aged 47, Male
Executive Director

Qualifications:
- Registered Professional Engineer, Board of Engineers Malaysia
- Registered GBI (Green Building Index) Facilitator
- GBI Commissioning Specialist (CxS)
- Master of Business Administration, The Nottingham Trent University
- Bachelor of Engineering Degree in Mechanical Engineering, Universiti Sains Malaysia

Skills, Experience and Expertise:
Mr Tan began his career with SSP (E&M) Sdn. Bhd. in 1996 where he served as a Mechanical Engineer.

In 2000, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 18 years within the company. He has been heading the Mechanical, Electrical and Plumbing division since 1 November 2014.

Mr Tan was appointed Executive Director on 1 January 2019.

Sunway Construction Annual Report 2018

PROFILE OF KEY SENIOR MANAGEMENT

THOMAS SAMUEL A/L CT SAMUEL

Malaysian, Aged 59, Male
Executive Director
Geotechnical

Qualifications:
- Master's Degree in Business Administration, Heriot Watt University
- Bachelor of Engineering (Hons), University of Malaya

Skills, Experience and Expertise:
Mr Thomas began his career as a project engineer in the specialised field of geotechnical engineering with Pilecon Engineering Bhd in April 1983.

In October 1988, he joined Bauer Malaysia Sdn. Bhd. In a career spanning 26 years, he was extensively involved with the development and installation of large diameter deep bored piles. He was also involved in development of new techniques for borehole stabilisation using third generation polymers and the development of removable temporary ground anchors. He also helped to successfully introduce the installation of high strength soil cement columns for stabilisation of road and rail embankments.

Mr Thomas joined Sunway Geotechnics (M) Sdn. Bhd. on 15 January 2015 as an Executive Director. He has held this position since then.

KWONG TZYY EN

Singaporean, Aged 60, Male
Executive Director
Precast

Qualifications:
- General Certificate of Education (GCE) 'A' Levels

Skills, Experience and Expertise:
Mr Kwong held the position of Managing Director in Huey Long Construction Co from 1981 to 1988, where he specialised in underground telecom piping.

In 1989, he joined Spandeck Engineering Pte. Ltd. and served as Production Manager overseeing the supply of precast components for housing projects. Thereafter, he joined L&M Precast Pte. Ltd. from 1992 to 2000 and Hanson Precast Pte. Ltd. from 2000 to 2001.

He joined Sunway Concrete Products (S) Pte. Ltd. in 2001 and has held various positions based primarily in Singapore during his tenure of 17 years with the SunCon Group.

Mr Kwong was appointed Executive Director on 1 January 2016. Prior to this, he was the head of Precast Division since January 2011.

LIM VIN TZE

Malaysian, Aged 43, Male
General Manager
Mechanical, Electrical and Plumbing

Qualifications:
- Registered Professional Engineer Board of Engineers Malaysia
- Registered GBI (Green Building Index) Facilitator
- GBI Commissioning Specialist (CxS)
- Bachelor of Engineering in Mechanical Engineering, University of Melbourne, Australia

Skills, Experience and Expertise
Mr Lim began his career with KTA Tenaga Sdn. Bhd. in 2000 where he served as a Mechanical Engineer.

In 2005, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 13 years within the company.

He was appointed General Manager in Mechanical, Electrical and Plumbing division on 1 November 2014.

YIP LAI HUN

Malaysian, Aged 53, Female
Director
Supply Chain & Contracts Management

Qualifications:
- Diploma in Technology (Building), Tunku Abdul Rahman College
- Certificate in Technology (Architecture), Tunku Abdul Rahman College

Skills, Experience and Expertise:
Ms Yip began her career in 1990 with MBF Builders Sdn. Bhd. and joined Rinota Construction Sdn. Bhd. in 1991. She then worked as a Quantity Surveyor with J.V. NLC Construction (Nishimatshu – Lum Chang) from 1992 to 1993.

She joined SunCon in 1993 and has held various positions during her 25-year tenure with SunCon Group.

Ms Yip was appointed Director in Supply Chain and Contracts Management on 1 January 2016. She has been heading the Contracts Department since 1 January 2008.

Sunway Construction Annual Report 2018

PROFILE OF KEY SENIOR MANAGEMENT

TAN IN TUAN

Malaysian, Aged 63, Male
Director
Virtual Design and Construction

Qualifications:
- Bachelor of Science (Hons) Degree in Civil Engineering University of Glasgow, Scotland

Skills, Experience and Expertise:
Mr Tan began his career with EEMAL Construction as a Project Manager from 1982 to 1988.

In 1988, he joined Taisei Corporation in which he was involved in various projects undertaken by Taisei in Singapore and Malaysia.

He joined SunCon in 1997 as Assistant General Manager. He held various positions in SunCon during his 22-year tenure with SunCon.

Mr Tan was appointed Director on 1 July 2009 where he continued to head the Planning Division of SunCon where he has led since 2003. In 2017, his role expanded further where he now heads the Technical, Virtual Design and Construction (VDC) and Planning Division.

KHOR WEI MOON

Malaysian, Aged 65, Male
Director
Virtual Design and Construction

Qualifications:
- Registered Professional Engineer, Board of Engineers Malaysia
- Member of Institution of Engineers Malaysia and Institution of Engineers Australia
- Bachelor of Civil Engineering, University of Melbourne, Australia

Skills, Experience and Expertise:
Mr Khor began his career with the consulting firm, Esa Jurutera Perunding, which he joined in 1977. He then formed a consulting firm, SA Jurutera Perunding in 1988.

He joined SunCon in 1997 as Senior General Manager – Technical (Design). In 2001, he acted as the Technical Director for the SILK Highway. His role was extended to Chief Operations Officer of Sunway Infrastructure Berhad till 2006.

He rejoined SunCon on 1 January 2008 as Director – Technical (Design).

Mr Khor was appointed Director – Technical and Design on 1 January 2008.

TAN KIM YOKE

Malaysian, Aged 63, Male
Senior General Manager
Business Development

Qualifications:
- Committee Member of International Affairs, Master Builders Association of Malaysia
- Associate Member, Malaysia Institute of Management (MIM)
- Advanced Diploma in Building Technology, Federal of Institute of Technology

Skills, Experience and Expertise:
Mr Tan joined SunCon in 1982 and left to join Pembinaan JBBS Sdn. Bhd. in 1991. He rejoined SunCon in 1992 as Senior General Manager and was involved in various project implementation. From 1999 till 2007, he headed SunCon's operations in India and completed 7 packages of National Highways.

He then joined Soma Enterprise Ltd. in India from 2008 till 2013 and was involved in the Chennai Metro line and elevated tollway. In 2013, he joined Pelangi Wira (M) Sdn. Bhd.

Mr Tan rejoined SunCon on 1 October 2015 as Senior General Manager in Business Development.

MAJOR (R) LEONG YEE KEONG

Malaysian, Aged 58, Male
Senior General Manager
Environmental, Safety and Health

Qualifications:
- Safety and Health Officer registered with DOSH
- Master of Occupational Safety and Health Risk Management, Open University Malaysia
- International General Certificate (IGC), National Examination Board in Occupational Safety and Health (NEBOSH), UK
- Diploma is OSH Management

Skills, Experience and Expertise
Major (R) Leong served in the Malaysian Armed Forces from 1979 to 1994. Throughout his years in the military, Major (R) Leong held various appointments in different military organisations.

He joined Universal Concrete Products Berhad from 1994 to 2007 and held leadership roles in various departments including Human Resources, Project Management and Safety. Amongst the notable projects he completed were the Tasik Raban bridge in Lenggong Perak, NKVE 3rd Lane Widening and the Electrified Double Track from Kampar to Ipoh.

In 2008, Major (R) Leong joined SunCon as Senior Manager, Environmental, Safety and Health (ESH) and was also involved in the completion of overseas project in Abu Dhabi.

Major (R) Leong is currently serving as the Deputy Chairman of II of the Safety and Health Committee, Master Builders Association Malaysia (MBAM) and member of the Technical Committee for the drafting of CIDB Construction Industry Standard, CIS 10:2008 on Occupational Safety and Health Assessment System in Construction.

Major (R) Leong was appointed Senior General Manager, ESH on 1 January 2016.

PROFILE OF KEY SENIOR MANAGEMENT

KONG HEONG FOOK

Malaysian, Aged 54, Male
Senior General Manager
Machinery

Qualifications:
- Master of Arts in International Business, York St John University, United Kingdom
- Diploma in Supervisory Management, Malaysia Institute of Management (MIM)
- Advance Diploma in Automotive Technology, Department of Skills Development Malaysia
- Certificate in Automotive and Diesel Technician, Ungku Omar Polytechnics

Skills, Experience and Expertise:
Mr Kong began his career at Automotive Corporation Malaysia in 1986. He joined Auto Bavaria Sdn. Bhd. in 1989 and Pilecon Engineering Berhad in 1991.

He then joined Megah Sewa Sdn. Bhd. (subsidiary of Gamuda Engineering Sdn. Bhd.) in 2000 as Plant Manager.

Mr Kong joined Sunway Machinery Sdn. Bhd. in 2005 as a General Manager and has over 28 years of experience in construction plant and machinery industry.

He was appointed Senior General Manager on 1 January 2018.

MAU CHE PEAN

Malaysian, Aged 59, Male
General Manager
Land Survey

Qualifications:
- Bachelor in Construction Management, Open University Malaysia
- Diploma in Survey

Skills, Experience and Expertise:
Mr Mau began his career with Jurukur Berjasa Licensed Surveyor in 1981 as a field surveyor for engineering and building construction.

He then joined JHEOA-KOPERASI Kijang Mas from 1987 to 1992 and headed the drafting department for "Cadastral" survey works.

In 1992, he joined Jurukur Nik Hisyam and worked for the Felda Township at Terengganu.

He subsequently joined Sunway PMI-Pile in 1996.

Mr Mau joined SunCon in 1999 where he has held various positions and was also posted overseas to the United Arab Emirates for four years.

Mr Mau was appointed General Manager heading the Land Survey Department since 1 January 2014.

MOHD FAUDZI BIN HANAFIAH

Malaysian, Aged 56, Male
General Manager
Total Quality Management

Qualifications:
- Bachelor of Science in Civil Engineering, The Ohio State University, USA
- ISO 9001 Lead Assessor
- Qualified Trainer for QLASSIC Awareness Construction Industry Development Board

Skills, Experience and Expertise
Encik Mohd Faudzi started his career in 1988 as Project Engineer with Pembangunan Langkawi (M) Sdn. Bhd., Penang.

In 1991, he joined Malaysia Productivity Corporation which is under the Ministry of Trade & Industry as a management consultant in the Productivity & Quality Improvement Department.

He joined Pilecon Engineering Berhad in 1995 as Senior Quality Assurance Engineer.

On 27 May 1996, Faudzi joined SunCon as Assistant Manager – Quality Assurance. He was responsible in setting up the Quality Management System and leading the Total Quality Management initiatives. He was promoted to his current position in 2015.

STEVEN SHEE BOO CHEONG

Malaysian, Aged 60, Male
General Manager
Legal

Qualifications:
- Bachelor of Laws (LLB), University of London
- Certificate of Legal Practice

Skills, Experience and Expertise:
Mr Shee began his career in an engineering consultancy firm as a draftsman. He later retrained in law and moved on as an in-house counsel dealing with construction contracts, claims and dispute resolution.

He is actively involved in the construction industry and sits in various capacities in the various committees of the Master Builders Association of Malaysia. He is now a Vice President and Chairman of the ICT and Publications Committee. He also contributes to the CIDB Construction Law Reports and the Master Builders Journal. Steven is a trained adjudicator and is a Fellow with the Asian Institute of Alternative Dispute Resolution.

He was appointed General Manager, Legal on 1 January 2011. Prior to this, he headed the Contract Services Department.

STEVEN LUM WAI TAT

Malaysian, Aged 47, Male
General Manager
Human Resources

Qualifications:
- ACIS (No: 7039375) The Malaysian Association of Chartered Secretaries and Administrators (MAICSA)
- Graduated, The Institute of Chartered Secretaries and Administrators (ICSA), United Kingdom
- Certificate in Accounting and Business Computing, Tunku Abdul Rahman College

Skills, Experience and Expertise:
Mr Lum began his career with Price Waterhouse, Malaysia in 1995, his first role being in Human Resources, and subsequently to Corporate Communications. In 2000, Steven moved back into the HR field with PricewaterHouseCoopers Consulting, Malaysia as an Associate Consultant. Due to a corporate merger and acquisition exercise in 2002, Steven naturally moved on to IBM Global Business Services' Human Capital Management division where he progressed to a position of Managing Consultant. In 2009, he joined the Tan Chong Group, and subsequently moved on to the Taylor's Education Group in 2012. Steven rejoined the Tan Chong Group in 2014, where he helmed Group HR's Centre of Excellence.

Steven joined SunCon on 11 January 2016 as General Manager, Human Resources.

PROFILE OF KEY SENIOR MANAGEMENT

SUBBA RAO A/L V SEMENCHALAM

Malaysian, Aged 51, Male
General Manager

Qualifications:
- Current Education Executive Bachelor in Construction Management, Open University Malaysia

Skills, Experience and Expertise:
Mr Rao started his career in 1986 at LFY Construction Sdn. Bhd. In 1989 he left the company and joined SunCon.

He has held various positions in SunCon within his 28-year tenure with the Group. Within his tenure, he was also posted to India for 11 years, where he was involved in 7 major highway projects ranging from 40 to 80 kilometres in length each.

Mr Rao was appointed General Manager heading the Civil Division on 1 January 2016.

YAP WEI LEN

Malaysian, Aged 53, Male
General Manager

Qualifications:
- Registered Professional Engineer, Board of Engineers Malaysia
- Member of Institution of Engineers Malaysia
- MBA (Construction and Real Estate), University of Reading UK
- Project Management Professional (PMP), Project Management Institute
- Postgraduate Diploma in Project Management, RICS
- Bachelor of Engineering (Hons), University of Malaya

Skills, Experience and Expertise
Mr Yap began his career with the consulting firm, Perunding Hashim & NEH in 1990. From 1993, he joined international companies in Malaysia.

He joined SunCon in 2000 as Deputy Project Manager. He held various roles and positions in SunCon Malaysia and oversea projects during his 18-year tenure with SunCon Group.

In 2015, Mr Yap was appointed as Project Director for Putrajaya Parcel F Project.

LEE KUAN HONG

Malaysian, Aged 44, Male
General Manager

Qualifications:
- Master Degree in Business Administration U21 Global
- Bachelor of Science in Civil and Structural Engineering (Hons), Nanyang Technological University, Singapore

Skills, Experience and Expertise
Mr Lee began his career in 1999 as Project Engineer with Econ International Ltd (Singapore).

Since then, he has held leadership roles in different construction companies, gaining extensive experience in the full range of operations, from tendering, planning to construction of challenging local and international projects such as the Electrified Double Track Project from Rawang to Ipoh, twin 45 storey luxury residential towers and international branded hotel in Melaka, and building and highway projects in Qatar and Bahrain.

Mr Lee's entrepreneurial vision and strategic leadership skills led him to set up his own construction company in 2007. Prior to joining SunCon, Mr Lee was attached to Turner International Malaysia Sdn. Bhd. in 2017 as Senior Project Manager.

Mr Lee was promoted to his current position as General Manager, Operations in 2018, where he is responsible for setting up and overseeing the operations of SunCon's northern region branch.

Family Relationship with Director and/or Major Shareholder
None of the Key Senior Management has any family relationship with any director and/or major shareholder of Sunway Construction Group Berhad (SunCon).

Conflict of Interest
None of the Key Senior Management has any conflict of interest with SunCon Group.

Conviction for Offences
All the Key Senior Management have not been convicted of any offence (other than traffic offences, if any) within the past 5 years and have not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2018.

Directorship In Public Companies and Listed Issuers
None of the Key Senior Management has any directorship in public companies and listed issuers.

ORGANISATION STRUCTURE

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DETERMINED
TO SOAR HIGHER

By constantly elevating our standards, we operate on a higher vantage point, and seek to always put every challenge that comes our way below us.

OUTLOOK AND FUTURE PROSPECT

CONSTRUCTION SEGMENT

Malaysia's Gross Domestic Product (GDP) expanded at 4.7% in 2018 with construction sector seeing a decline in growth in the fourth quarter 2018 of 2.6% as compared to third quarter 2018 of 4.6%. Construction registered a lower growth in fourth quarter 2018 as the civil engineering sector was impacted by delays in highway construction.

According to Bank Negara Malaysia, the real Gross Domestic Product (GDP) growth is expected to expand further 4.3% to 4.8% in 2019 even with a decline in inflationary pressure. Meanwhile, Malaysia's construction sector is expected to weigh down expansion in 2019 in the absence of new growth catalysts due to the property overhang and the cancellation of major infrastructure projects.

Despite this, there are still pockets of opportunity in Malaysia with Large Scale Solar 3 (LSS3) worth about RM2 billion which will be awarded in first quarter 2020, development of hospital by Jabatan Kerja Raya (JKR) worth RM29 billion and the Subang Aerotech Park by Khazanah.

SunCon secured a RM1.6 billion new order book for the year ended 2018. For year ending 2019, we are targeting RM1.5 billion worth of new orders. Our latest project, TNB Campus, Bangsar Kuala Lumpur is in a site measuring approximately 13 acres with a contract duration of 26 months. It has 8 blocks of building which comprises of office blocks, child care centre, gallery and convention centre. This will be another Green Building Index (GBI) Platinum rated building to be constructed by SunCon.

SunCon will be mitigating the anticipated slowdown in the local construction growth from our proposed overseas expansion in the ASEAN region coupled with in-house projects by our holding company, Sunway Berhad. Our parent company is now on an aggressive stance to expand its medical centres and developing its Penang and Seberang Jaya land bank. Our piling division will venture into Singapore in 2019 to expand our expertise in earthworks and piling operations.

PRECAST SEGMENT

Singapore's Gross Domestic Product (GDP) expanded by 3.2% in 2018 (2017: 3.6%) with construction sector having a negative growth of -2.2% in the fourth quarter of 2018 as compared to the third quarter of 2018 at -2.5%. The Ministry of Trade and Industry (MTI) announced on 15 February 2019 that the forecasted GDP growth for Singapore will be maintained at 1.5% to 3.5%, with growth expected to come in slightly below the mid-point of the forecasted range.

Our precast unit which predominantly operates in Singapore should be resilient due to its healthy outstanding order which stands at RM233 million as at December 2018. Our new order book obtained during the year under precast amounted to RM229 million (2017: RM163 million). The Housing and Development Board (HDB) reported that a total of 15,811 units of flats have been launched up to November 2018 (2017: 17,593; 2016: 17,891).

In 2019, HDB will launch about 15,000 new flats, in which, they have launched 3,739 flats in the first exercise in February 2019. A wide selection of flats will be offered across mature and non-mature estates, including Sengkang, Jurong West and Kallang Whampoa, to meet the diverse housing needs of Singaporeans.

For year ending 2019, this segment will continue to have margin pressure due to low margin jobs secured earlier. Newer projects secured in FYE 2018 have better pricing but will only start contributing to the earnings of SunCon one year later.

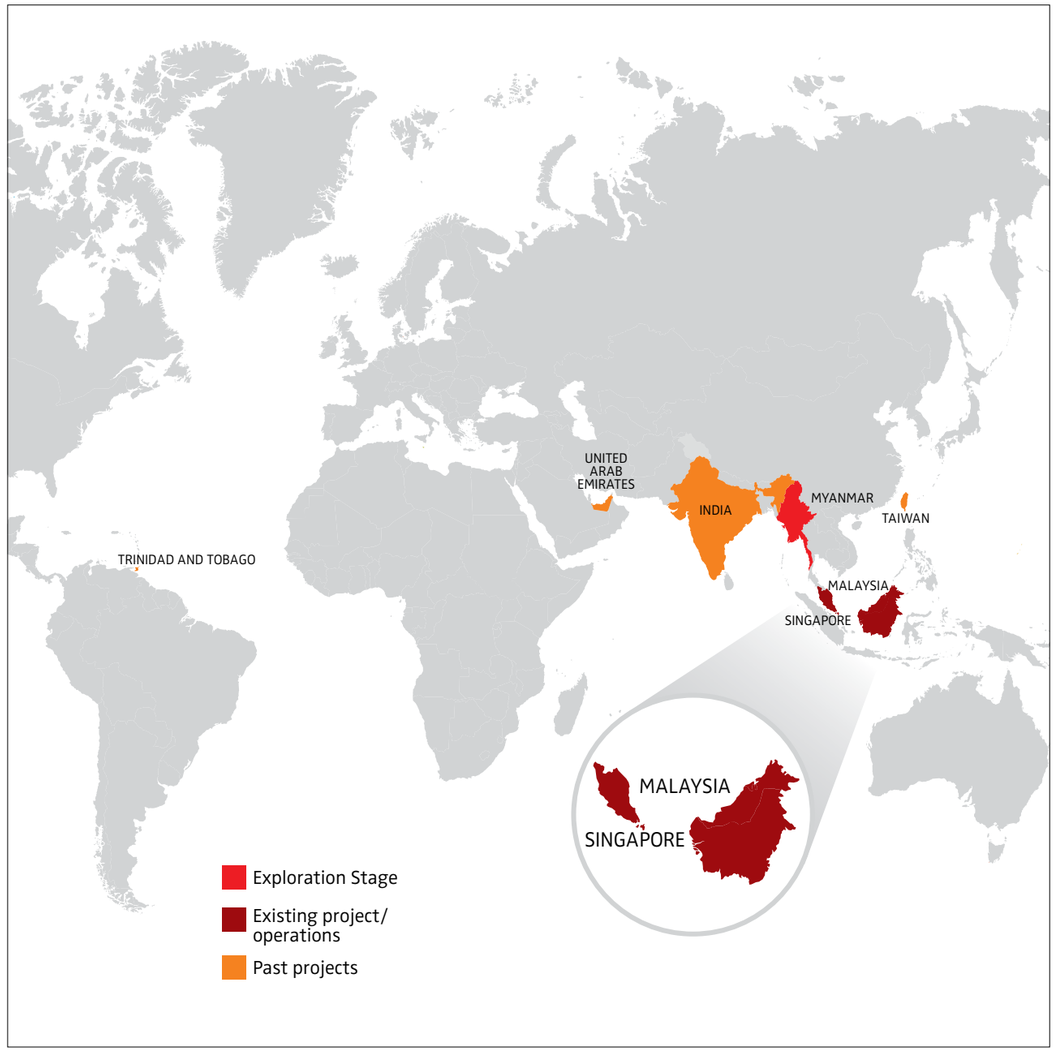
OVERALL

Taking into consideration of the prevailing challenging external environment, the Management is cautiously optimistic of the business performance for the year. Nevertheless, every effort will be taken to minimise any adverse impact that we might encounter in the year. Over in the medium term horizon, with the proposed Malaysia's High Speed Rail resolution in 2020, we expect this to be a catalyst for the construction sector.

Artist's impression of TNB Campus, Bangsar

BUSINESS OPERATIONS REVIEW

SunCon operates predominantly in Malaysia and Singapore in construction and precast manufacturing. We are one of the largest construction firms in the market with activities solely related to construction. Our construction capabilities vary from the construction of Specialty Buildings, Civil and Infrastructure works, Mechanical, Electrical and Plumbing services and Foundation and Geotechnical works. SunCon is headquartered in Bandar Sunway in the Klang Valley and we have two semi-permanent offices in Northern Region in Seberang Jaya, Penang and Southern Region in Iskandar, Johor. We also have two precast manufacturing facilities in Johor which cater to the housing development market in Singapore.



BUSINESS OPERATIONS REVIEW (cont'd)

BUILDING CONSTRUCTION SERVICES

Our building construction services division specialises in the design and construction of special purpose buildings with a proven track record in constructing buildings that have become national landmarks such as the Kuala Lumpur Convention Centre; Traders Hotel, Kuala Lumpur; Pinewood Iskandar Malaysia Studio, Johor; Legoland Malaysia Theme Park; Ministry of Housing and Local Government; and Ministry of Women, Family and Community Development Buildings in Putrajaya, amongst others. We have also completed several projects overseas in the past years.

2018

During the year, we have completed several projects within the Klang Valley. One of the projects is the International School of Kuala Lumpur (ISKL) in Ampang Hilir. The ISKL is a Green Building Index Platinum Rated building and the scope of works include the construction of teaching facilities for Early Years, Elementary, Middle and High School students. We have also completed the Kuala Lumpur City Centre basement carparks; this was a breakthrough for us as it was built with the top-down construction methodology. The Putrajaya Parcel F project has been progressing very well during the year with the topping up ceremony conducted in March 2018.

We have obtained several new orders in Klang Valley, namely, the Sunway GEOLake residential tower in Sunway South Quay, Sunway Velocity 2 and two storeyed block office and service apartment next to the Sunway Velocity Medical Centre.

In the Southern region, we have completed the Sunway Emerald Boulevard 88 project in July 2018 which was fully constructed using our in-house precast expertise. We have also handed over the Emerald Residence project in Sunway Iskandar in December 2018. We are currently working on the first of its kind retail park in the country that features a big warehouse concept, the Big Box Village.

We have also mobilised a team to be based in Northern region having commenced on two projects in Seberang Prai, which are the Sunway Carnival Mall extension and Sunway Medical Centre Seberang Prai.

2019 and beyond

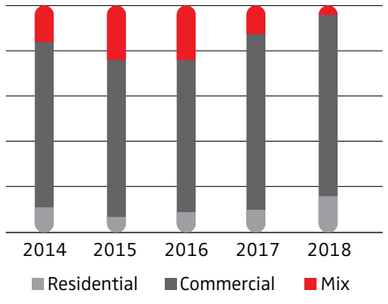
We are anticipating more projects in Penang Island in the near future from the mixed development of Sunway Valley City. SunCon will also capitalise on the opportunities from the recent Budget 2019 which includes the planned RM29 billion development for new hospitals. In addition, also included in Budget 2019 are plans to develop Subang Airport as an aerospace hub in which we have prior experience in building aerospace warehouse previously.

The building division historically have higher manpower than the other divisions due to the vast number of trades it involves.

The segregation of revenue based on residential, commercial and mix is as per below:

	2014	2015	2016	2017	2018
Residential	11%	6%	8%	11%	15%
Commercial	73%	71%	70%	78%	82%
Mix	16%	23%	22%	11%	3%

REVENUE
Mix



KEY RESOURCES Number of employees

771 Males

110 Females

KLCC North East Car Park

International School of Kuala Lumpur (ISKL) in Ampang Hilir

Sunway Construction Annual Report 2018

BUSINESS OPERATIONS REVIEW (cont'd)

CIVIL AND INFRASTRUCTURE SERVICES

The civil and infrastructure division specialises in civil and rail infrastructure services and has vast experience in various roads, highways, airports and runways, bridges and rail transportation infrastructure projects over the last 37 years. Some of the notable projects that have been completed are the Ipoh Airport, Kajang SILK Highway, South Klang Valley Expressway (SKVE), Light Rail Transit – Kelana Jaya Line extension, Bus Rapid Transit Sunway Line and Mass Rapid Transit (MRT) Jalan Semantan to Sungai Buloh – Package V4. We have also completed the Coastal Highway Southern Link that links Medini, Johor to Singapore via the Second Link Expressway. Other than that, our track record also includes seven highway projects in India.

2018

The infrastructure sentiment has been subdued since the May 9 election as there have been a lot of reforms and reviews of mega infrastructure projects.

Our portion of the MRT Line 2 – Package V201 from Sungai Buloh to Persiaran Dagang has been progressing very well and we have completed all the piers and viaduct works. We have also completed the station footprints and are in the midst of working on the stations.

As for the LRT 3 project, our alignment for Package GS07-08, from Kawasan 17 to Taman Sri Andalas in Klang, Selangor comprises 9.3km in length, 6 stations, 2 park and rides and 1 cable stayed bridge. On 17 October 2018, it was announced that the LRT 3 project will proceed at a reduced cost of RM16.6 billion from the earlier RM31.65 billion. During the year, our LRT 3 project was progressing albeit at a slower pace as certain works could not proceed due to the on-going review to redesign the 6 stations in our alignment.

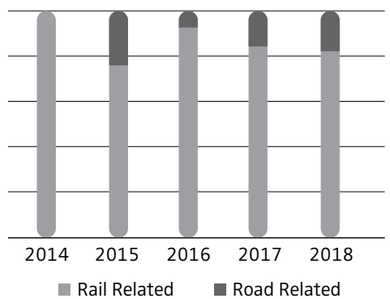
2019 and beyond

In order to cushion off the potential slowdown in the rollout of mega infrastructure projects within Klang Valley, SunCon will continue to explore new possibilities in the Northern Region specifically opportunities from our parent company developments as well as the Penang Masterplan. We are also exploring the overseas market, namely in the rail and road infrastructure sector in India, where we have prior experience in roadway construction projects.

The segregation of rail and road related works is as per below:

	2014	2015	2016	2017	2018
Rail Related	100%	87%	98%	84%	84%
Road Related	0%	13%	2%	16%	16%

REVENUE
Mix



KEY RESOURCES Number of employees

624 Males

59 Females

MRT Line 2 Package V201, Damansara Damai Station

LRT 3, Package GS07-08

Sunway Construction Annual Report 2018

BUSINESS OPERATIONS REVIEW (cont'd)

FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

SunCon has expertise in the provision of design and build of earth retaining walls and piling solutions. Our primary expertise is in bored piling, where we have drilled bored piles to the depth of some 113 metres by 3.0 metres in diameter. Our piling services cover all types of buildings such as residential, commercial, institutional, purpose-built or specialty buildings and civil and infrastructure works.

Our foundation and geotechnical division primarily supports all building and civil infrastructure projects that we obtained as a Group. Hence, we are able to have better control of the projects through on-site coordination and more efficient machinery utilisation.

2018

Geotechnical projects are typically shorter in duration where the contracts can range from a short period of 3 months to a longer timeframe of 15 months. During the year, we have successfully completed several projects that were secured in the preceding year namely the Sungai Besi-Klang Expressway (SUKE), Damansara-Shah Alam Elevated Highway (DASH) and several piling contracts within parcels of the Bukit Bintang City Center (BBCC), MRT V201, MRT V205, Sunway Serene, Sunway Medical Center 4 and two storey block office and service apartment next to the Sunway Velocity Medical Centre.

We have secured and completed several external projects during the year, namely the Bukit Bintang City Centre tunneling works, Tenaga Nasional Berhad campus and a portion of MRT V202. Our foundation and geotechnical division is still working on the piling and earthworks for the LRT3 project which spans across 9 km. We started the piling works for LRT3 in December 2017 and work has since progressed albeit at a slower pace due to recent review of the LRT3 project and delays in approval of right-of-ways from the client.

2019 and beyond

Our foundation and geotechnical services division has also started exploratory works to venture overseas within the ASEAN region during the year.

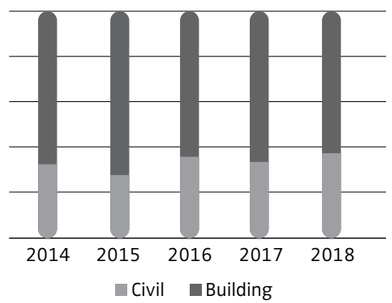
We also own 31 boring rigs and we will continue to purchase equipment with Multi-Functional Foundation System.

	2014	2015	2016	2017	2018
No of rigs	28	27	27	31	31
Utilisation rate	87%	57%	49%	74%	78%

The segregation of revenue based on building and civil jobs are as per below:

	2014	2015	2016	2017	2018
Civil	29%	26%	34%	35%	38%
Building	71%	74%	66%	65%	62%

REVENUE
Mix



KEY RESOURCES Number of employees

171 Males

18 Females

Bukit Bintang City Centre foundation works

Piling Works for TNB Campus

BUSINESS OPERATIONS REVIEW (cont'd)

MECHANICAL, ELECTRICAL AND PLUMBING SERVICES

SunCon provides mechanical, electrical and plumbing services, and specialised engineering solutions as a fully integrated construction services business. The modus operandi for our mechanical, electrical and plumbing service is very much to complement the projects under the building construction service and civil infrastructure service division in achieving the Green Building Index (GBI) as planned by our client.

Apart from that, we constantly look to upscale our technology capabilities and improve our expertise in Green Building. We also have expertise in chilled water supply and power generation systems. These experiences were garnered from the three Gas District Cooling plants that we commissioned in Putrajaya. We have also completed the Bio-XCell Biotechnology Park in Nusajaya, Johor.

2018

During the year, we have completed our third Gas District Cooling (GDC) in Putrajaya where we installed a chilled water supply system that includes the supply and installation of chillers, cooling towers, gas boiler and thermal energy storage. The GDC project also includes the power generation system which comprises a heat recovery steam generator, fuel gas compressor and gas turbine generator.

2019 and beyond

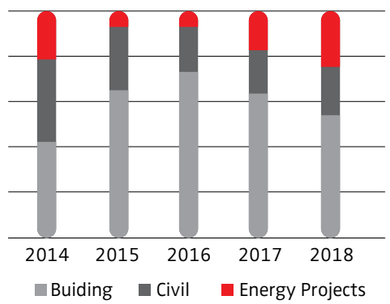
As sustainable energy is imminent in this day and age, we have embarked on solar energy, particularly in solar panels and solar farms. We have installed the solar panels along the Ecodeck elevated walkway in Bandar Sunway and are embarking on the technology of Solar Farm. In line with Malaysia's aspiration to increase the Renewable Energy generation mix from 2% in 2016 to 20% in 2025, the Government has announced that RM2 billion worth of tenders will be open for the third cycle of large-scale solar (LSS3) scheme.

We have four certified Green Building Index (GBI) facilitators and two certified Green Renewable Energy Managers.

The segregation of revenue based on building, civil and specialised energy projects are as per below:

	2014	2015	2016	2017	2018
Buiding	42%	65%	73%	64%	54%
Civil	38%	28%	20%	19%	21%
Energy	20%	7%	7%	17%	25%

REVENUE
Mix



KEY RESOURCES Number of employees

124 Males

12 Females

Gas District Cooling (GDC) Plant 1 in Putrajaya

Ecodeck elevated walkway equipped with solar panels in Bandar Sunway

Sunway Construction Annual Report 2018

BUSINESS OPERATIONS REVIEW (cont'd)

MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia. We are among the first to be awarded the license to produce precast Prefabricated Bathroom Unit (PBU) and we recently obtained the license to produce Prefabricated Prefinished Volumetric Construction (PPVC). Our precast sales are predominantly in Singapore where we cater to the Singapore Housing Development Board (HDB) projects and also private executive condominiums.

Our precast business has been in operations since 1994 and we currently have a total of two precast plants with an annual capacity of 156,600 cubic meters. We specialise in manufacturing building components such as precast walls, slabs, panels, PBU and PPVC.

2018

During the year, we were awarded the Integrated Construction and Prefabrication Hub (ICPH) together with our Joint Venture partner, HL Building Materials Pte. Ltd. The construction of the plant has begun and the plant is expected to be fully commissioned by end 2021. With this new plant, our annual capacity will be increased to 256,600 cubic meters. We have also secured RM229 million of new orders during the year.

Our precast margin during the year has been compressed due to higher steel bar content and pricing coupled with stiff competition in pricing. We do not expect this to be a long term issue but the compressed margin will be prolonged for the next 12 months until our new projects secured with better margins begin recognition. Nevertheless, the new projects that we secured during the year are of reasonable margin that would contribute to our normalised margin in 2020 while we will continue to increase our operational efficiency.

2019 and beyond

Moving forward, we will continue to upgrade our precast facilities in order to cater for more products. During the year, we have obtained the Green Concrete License which will give us opportunities to tender for more Government of Singapore's project that requires mandatory use of green concrete.

Precast Segment Indicators

	2014	2015	2016	2017	2018
HDB BTO Launched in Singapore (units)	22,455	15,100	17,891	17,593	15,811
Precast Division Sales – Private (%)	4%	15%	15%	15%	4%
Precast Division Sales – HDB (%)	96%	85%	85%	85%	96%
Maximum Plant Capacity (M^3 Per Annum)	207,000	195,000	245,150	156,600	156,600
Utilisation – Senai Plant (%)	32%	35%	57%	53%	58%
Utilisation – Iskandar Plant (%) [1]	N/A	N/A	22%	43%	39%
Utilisation – Tampines Plant (%) [2]	69%	65%	71%	N/A	N/A

[1] Iskandar plant only started operations in 2016
[2] Tampines plant was returned to the Singapore Government in 2017

KEY RESOURCES Number of employees

94 Males

21 Females

Sunway Emerald Boulevard 88, Iskandar, Johor constructed with precast

Artist's impression of the proposed Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore

Sunway Construction Annual Report 2018

BUSINESS OPERATIONS REVIEW (cont'd)

CENTER OF EXCELLENCE

SunCon Virtual Design & Construction (VDC)

VDC is a versatile system as it synergises Building Information Modelling (BIM) and Integrated Project Delivery (IPD). VDC is the management of BIM models as well as people and processes in order to achieve explicit project goals and enhance the value chain throughout the entire project lifecycle.

VDC enhances construction management by integrating different disciplines to achieve effective communication. 3D modeling helps analyse the projects for constructability and effective trade coordinations between architectural, structural and MEP works. 4D modeling helps simulate project planning, scheduling and progress reporting. 5D modeling enables accurate material quantity take-off, hence, improving cost budgeting and controlling.

To cope with the growing demand from clients, we collaborate closely with all stakeholders including consultants to further develop 6D models, integrating Facilities Management (FM) and internet of things (IoT). As part of the Sunway Group initiative to embrace the United Nations (UN) Sustainability Development Goals (SDG), we are developing BIM models that are capable of performing efficient energy, heat emission, light and sun path analyses on buildings, resulting in compliance to Green Building Index (GBI).

To-date, SunCon has implemented VDC in Sunway in-house as well as external public and private projects. Various types of projects with gross floor areas ranging from approximately 61,000 to 410,000 square metres and consisting of medium to high rise offices, hotels, shopping malls, hospitals, MRT/LRT stations have been implemented with VDC applications. VDC has also been adopted in tendering projects of iconic in design and construction management.

SunCon VDC Roadmap

SunCon VDC Roadmap aims and focuses on continuous improvement of process transformation to ensure all stakeholders embrace VDC to collaborate and deliver our products and services. VDC implementation has also enhanced our competitive edge in providing innovative field BIM applications that lead to effective construction management.

SunCon's top management are fully committed in embracing VDC in all Sunway's projects by providing lean and innovative construction management.

VDC is also being adopted for precast housing construction in Johor and Singapore as it facilitates efficient design, off-site fabrication and construction to reduce delivery time, costs, wastages, project lifecycle maintenance costs as well as improve product quality.

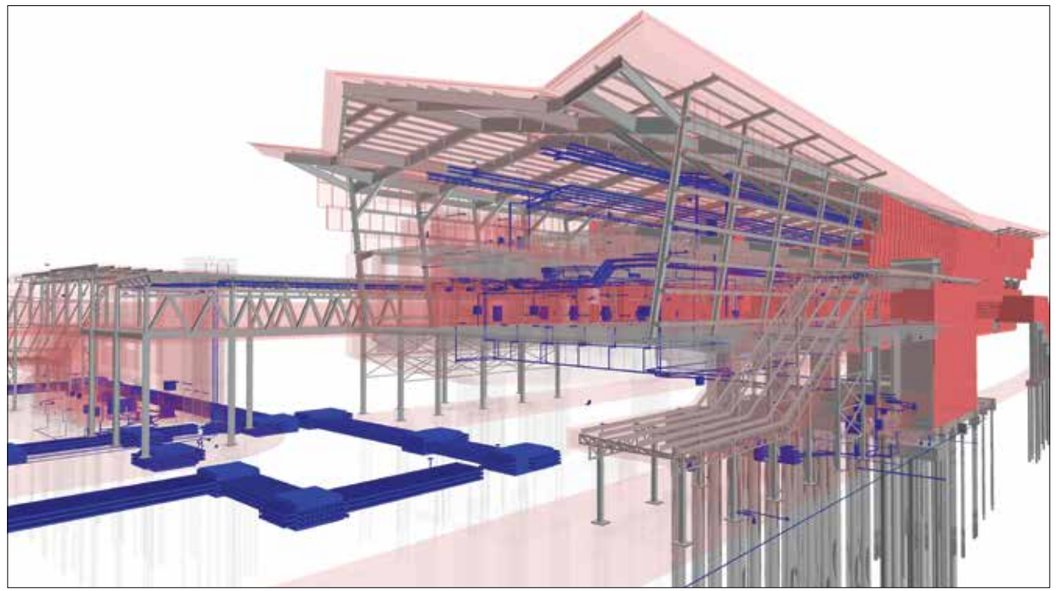
SunCon Research & Development (R&D)

Aspiring to improve the quality of our products and ensure the sustainability of the construction industry, SunCon is continuously committed in VDC. We are confident through research and development as an integrated knowledge base and continuous human resource talent development including collaboration with local universities, our competitiveness in the construction industry will be greatly enhanced particularly in the emerging era of Industry 4.0.

VDC Coordination Meeting

Virtual Design and Construction

Intelligent Multi-disciplinary BIM Model of Block F5, Parcel F project



Intelligent Multi-disciplinary BIM Model of LRT 3 Station

BUSINESS OBJECTIVES AND STRATEGIES

Business Objectives	FY 2018 reviews	FY 2019 – FY 2020 Priorities
To be the Top 3 Construction and Engineering Company in Malaysia	Market Capitalisation: **RM1,719 million** New Order Book: **RM1,553 million** Return on Capital Employed: **43%**	• The Group targets to hit a revenue of RM2.5 billion by 2020 • The Group aims to maintain a return on capital employed (ROCE) > 30% • We target a minimum order book replenishment of RM2.0 billion to RM3.0 billion per annum
Sustainability through Environment, Safety and Health	Zero Life Loss: **NIL** (2017: NIL , 2016: 2 nos, 2015: 2 nos) **FTSE4Good Inclusion** (2018: 3.2, 2017: 2.2) Worked Man Hours: **20,242,286** Accident Frequency Rate: **0.10**	• As safety is our top priority, we target a zero life loss and Safety and Health Assessment System in Construction (SHASSIC) 5 star at all project sites
Sustainability through employees as our key assets	Staff Productivity: **13 times** Attrition Rate: **13%**	• Employee Engagement Survey aspiration score of 2019: > 75% (2017: 69%, 2015: 59%) • We target employee turnover to be lower than the industry's attrition (2017: 14.7% vs 14.6%, 2016: 15.1% vs 15.1%) • We hope to maintain productivity of more than 15 times (2017: 12, 2016: 10, 2015: 11)
Sustainability through Quality and Innovation	Construction in Malaysia Average **QLASSIC** Score: **73.6%** Precast in Singapore **CONQUAS** Score: **99.2%** Customer Satisfaction Score: **93.3%** (2017: 96.7%)	**QUALITY** • To achieve at least 90% in Customer Satisfaction Score • We aim to maintain QLASSIC score more than the Malaysian industry average presently at 74% (2018: M1 80%, VO 67%, M3 77%, ISKL 74%, CP3 74%) (2017: Lenang 85%, SMC3: 77% VS Industry average 74%) **INNOVATION – DIGITAL TRANSFORMATION** • Being in the age of disruption, the Group will further improve the Virtual Design and Construction particularly in the timeline to project completion, costing and facilities management. • The Group will also further automate the billing system after successfully implementing the Esker Invoicing for the past 2 years. We target to improve operational efficiency as a whole.
Global Expansion and New Product	We have successfully obtained the Integrated Construction Prefabrication Hub (ICPH) award on the 27 July 2018. With the completion of this hub in 2021, we will manufacture the **Prefabricated Prefinished Volumetric Construction** in full force.	**GLOBAL EXPANSION** • Overseas venture in 2019 (India, Myanmar etc) **NEW PRODUCT** • Exploring Solar Energy and various green products through Mechanical, Electrical and Plumbing division.

KEY BUSINESS RISKS

The Group believes that identifying and managing risks is central to our business operations to enhance strategic values within the group in the long run. An efficient risk management system is in place and has been endorsed by the Board. A summary of key risks and potential mitigation plans are disclosed below while the full report is disclosed under the Statement on Risk Management and Internal Control section.

1. PROJECT COMPLETION

As the Group strives to maintain its position as Malaysia's largest listed pure play construction group by revenue, this risk is perennial and holds a significant weight in risk analysis.

Mitigation: The Group has successfully negated such risks for the financial period with effective and efficient procurement of necessary resources to mitigate any potential delays and claims including active negotiation with client to accelerate works due to unforeseen delays, deploying more resources and improving supervision for the purpose of increasing productivity.

2. COST OVERRUN

This risk concerns the Group as the fluctuations for raw material prices especially steel bar prices and preliminary cost due to prolongation of project. It could result in overrun of project operation costs from the tender costs.

Mitigation: In response to this, some contracts have pass through clauses in relation to steel price fluctuation. In the absence of pass through clauses, the Group negotiates with suppliers to hedge our steel bar purchases for 6 months' interval. To control our preliminary cost like overhead and plant and machinery, we monitor the progress of our project actively to ensure timely delivery.

3. CYBER & IT RISK

With the advent of cyber threats and other potential hazards such as fire, floods and other major equipment failures, among others, the continuity of business operations is of a major concern to the Group. This risk, if left unattended, could result in major disruption of critical business processes and possible unauthorised disclosure of sensitive business information, resulting in financial or reputational loss.

Mitigation: To mitigate this risk, the Group has outsourced the IT services to ITSSC since 2004 in which various policies, resources, processes, and systems have been developed and deployed. The Group-wide Information Security policy, called the Sunway Information Security Policies ("**SISP**"), was developed in accordance with ISO/IEC 27002 (2005) standards. ITSSC is also certified in Disaster Recovery ("**DR**") through ISO27001:2013 Information Security Management System ("**ISMS**") standard in order to minimise the risk of business financial loss, business interruptions and unavailability of IT service through timely backup of data, migration to Cloud and having off-site storage for backup tapes. In addition, continuous initiatives are in place to enhance the cyber defense capabilities and IT resiliency of the Group.

4. HUMAN CAPITAL

Risks arising from issues such as high staff turnover, loss of key and technical staff, competition from other industry players, succession planning and staff retention.

Mitigation: Human Resources Department, together with respective divisions and operating subsidiaries continuously improve and enhance mitigation plans which include employee engagement surveys, team building exercises, training and development – internal and external and constant reviews of the Group's remuneration and compensation benefits for staff.

5. WORKPLACE SAFETY AND HEALTH

Risks arising from the intrinsic nature of construction activities, which often involved complex activities being carried out by teams of workers, we remain exposed to occurrence of accidents and incidents caused by human error or other factors. In addition, all construction activities generate dust, waste and noise pollution.

Mitigation: Appropriate and effective policies and procedures are implemented and thoroughly monitored jointly by Environmental, Safety and Health (ESH) Department and Risk Working Committee to mitigate these risks. There is also strict compliance to various environmental laws and regulations.

6. DEPENDENCE ON THE PROPERTY MARKET AND GOVERNMENT INFRASTRUCTURE SPENDING

Risks relating to decline in demand in the property sector and government infrastructure spending under the construction sector. In Singapore, the manufacturing and sale of precast concrete products business segment is also dependent on the number and timing of launches by the Housing Development Board ("**HDB**").

Mitigation: In response to this, the Group continuously improves our productivity and technical capabilities to enable us to take on more complex construction projects especially in the areas of mechanical, electrical and plumbing services, foundation and earthwork and industrialised building system ("**IBS**"). As part of our expansion plans, the Group has begun exploratory works on Renewable Energy in an effort to escalate our technical expertise in this field. In addition, the Group will also target to undertake projects within the ASEAN region.

REVIEW OF FINANCIAL RESULTS

STATEMENT OF FINANCIAL PERFORMANCE

CONDENSED FINANCIAL STATEMENT	Financial Year Ended				
RM' 000	**2018**	**2017 RESTATED**	**2016**	**2015**	**2014**
Revenue	**2,256,835**	**2,076,290**	**1,788,844**	**1,916,859**	**1,880,707**
Profit Before Tax	183,066	168,660	153,677	140,750	139,324
Income Tax Expense	(38,046)	(36,227)	(30,039)	(13,012)	(26,495)
Profit Net of Tax	**145,020**	**132,433**	**123,638**	**127,738**	**112,829**
Profit Attributable to:					
- Non-Controlling Interests	339	137	119	574	25
- Owners of the Parent	144,681	132,296	123,519	127,164	112,804
Net Profit from Discontinued Operations	-	-	-	-	50,339
Total Net Profit to Owners of the Parent	**144,681**	**132,296**	**123,519**	**127,164**	**163,143**
FINANCIAL RATIOS					
Gross Profit Margin (%)	19.7%	20.6%	21.2%	20.3%	21.0%
Profit Before Tax Margin (%)	8.1%	8.1%	8.6%	7.3%	7.4%
Effective Tax Rate (%)	20.8%	21.5%	19.5%	9.2%	19.0%
Basic Earnings Per Share (sen)	11.20	10.24	9.55	9.84	12.62
Average Return on Capital Employed (%)	43%	47%	57%	52%	28%
Average Return on Equity (%)	26%	26%	26%	31%	16%

QUARTERLY PERFORMANCE	For the Period Ended				
RM' 000	**2018 YTD**	**Q4 2018 Oct-Dec**	**Q3 2018 Jul-Sept**	**Q2 2018 Apr-Jun**	**Q1 2018 Jan-Mar**
Revenue	**2,256,835**	**626,015**	**557,317**	**544,275**	**529,228**
Profit Before Tax	183,066	47,267	46,927	45,168	43,704
Income Tax Expense	(38,046)	(10,449)	(10,426)	(9,290)	(7,881)
Profit Net of Tax	**145,020**	**36,818**	**36,501**	**35,878**	**35,823**
Profit Attributable to:					
- Non-Controlling Interest	339	257	88	21	(27)
- Owners of the Parent	144,681	36,561	36,413	35,857	35,850
Total Net Profit to Owners of the Parent	**144,681**	**36,561**	**36,413**	**35,857**	**35,850**
FINANCIAL RATIOS					
Profit Before Tax Margin (%)	8.1%	7.6%	8.4%	8.3%	8.3%
Effective Tax Rate (%)	20.8%	22.1%	22.2%	20.6%	18.0%
Basic Earnings Per Share (sen)	11.20	2.83	2.82	2.78	2.77

SEGMENTAL REVENUE	For the Year Ended				
RM' 000	**2018**	**2017**	**2016**	**2015**	**2014**
Building Construction	1,377,444	1,288,046	1,097,324	931,298	816,717
Civil and Infrastructure	570,042	487,866	370,434	546,516	632,149
Foundation and Geotechnical Engineering	252,752	202,840	200,092	293,568	278,267
Mechanical, Electrical and Plumbing	510,555	465,975	321,656	380,667	305,083
Others	6,669	5,217	2,086	697	1,211
Consolidated Adjustment	(594,300)	(518,552)	(489,493)	(488,730)	(407,276)
Total Construction	2,123,162	1,931,392	1,502,099	1,664,016	1,626,151
Total Precast	133,673	144,898	286,745	252,843	254,556
Total Turnover	**2,256,835**	**2,076,290**	**1,788,844**	**1,916,859**	**1,880,707**

SEGMENTAL PROFIT	For the Year Ended									
%	**2018**		**2017 RESTATED**		**2016**		**2015**		**2014**	
GROSS PROFIT MARGIN										
Construction	20.6%		20.4%		20.7%		18.0%		17.7%	
Precast	4.8%		24.0%		23.9%		35.1%		42.5%	
RM' 000										
PROFIT BEFORE TAX										
Construction	182,047	8.6%	141,173	7.3%	95,454	6.4%	63,790	3.8%	40,096	2.5%
Precast	1,019	0.8%	27,487	19.0%	58,223	20.3%	76,960	30.4%	99,228	39.0%
Total	**183,066**		**168,660**		**153,677**		**140,750**		**139,324**	

MAJOR CUSTOMERS	For the Year Ended									
RM' 000	**2018**	**%**	**2017**	**%**	**2016**	**%**	**2015**	**%**	**2014**	**%**
Prasarana Negara Berhad	188,969	9%	73,084	4%	43,572	3%	239,012	14%	420,741	26%
MMC Gamuda	295, 864	14%	344,124	18%	230,807	16%	235,723	14%	210,289	13%
Cititower Sdn. Bhd.	151,310	7%	161,200	8%	166,495	11%	77,050	5%	110,356	7%
Putrajaya Bina Sdn. Bhd.	536,348	25%	491,222	26%	184,619	12%	112,359	7%	-	0%
In-House	464,974	22%	640,372	33%	710,624	47%	748,621	45%	704,753	43%
Others	485,697	23%	221,390	11%	165,982	11%	251,251	15%	180,012	11%
Total Construction Turnover	**2,123,162**		**1,931,392**		**1,502,099**		**1,664,016**		**1,626,151**	

REVIEW OF FINANCIAL RESULTS (cont'd)

STATEMENT OF FINANCIAL PERFORMANCE (cont'd)

REVENUE

	Construction	Precast
	RM 2,123 million	RM 134 million
	⇧ 9.9%	⇩ 7.6%
	(2017: RM1,931 million)	(2017: RM145 million)

CONSTRUCTION SEGMENT
The construction segment reported revenue of RM2,123 million (2017: RM1,931 million). Higher revenue in the current year by 9.9% was mainly due to higher contribution from all divisions from this segment e.g., Civil division (the on-going KVMRT V201 from Sg Buloh to Persiaran Dagang), Geotechnical division (with piling job from LRT 3 GS07-08 from Kawasan 17 to Sri Andalas and various piling projects from Bukit Bintang City Centre development) and Building division in both Central (International School of Kuala Lumpur, Ampang which was handed over in August 2018 and Parcel F, Putrajaya which will be handed over in 2019) and Northern region (which commenced activities this year from the award of Sunway Carnival Mall Extension and Sunway Medical Centre in Seberang Jaya) and our Mechanical, Electrical and Plumbing division (completion of Gas District Cooling System Plant 1 & 2, Precinct 1, Putrajaya 2).

PRECAST SEGMENT
The precast segment reported revenue of RM134 million (2017: RM145 million). The decrease in revenue in current year by 7.6% was mainly due to completion of several projects.

GROSS PROFIT

	Construction	Precast
	20.6%	4.8%
	⇧ 1.0%	⇩ 80.0%
	(2017: 20.4%)	(2017: 24.0%)

CONSTRUCTION SEGMENT
The construction segment reported a gross profit margin of 20.6% compared to 20.4% in the preceding financial year. Gross profit takes into account all the direct costs except for staff costs which are accounted for wholly under administrative expense.

PRECAST SEGMENT
The precast segment reported a gross profit margin of 4.8% as compared to preceding year gross profit margin of 24.0% due to lower margin projects secured in 2017.

PROFIT BEFORE TAX (PBT)

	Construction	Precast
	RM 182 million	RM 1 million
	⇧ 29.1%	⇩ 96.4%
	(Restated 2017: RM141 million)	(Restated 2017: RM28 million)

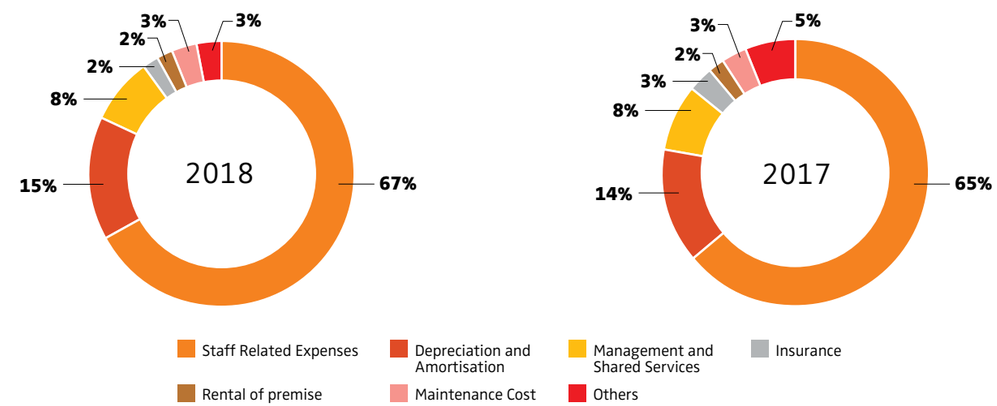
MARGIN

	8.6%	0.8%
	(Restated 2017: 7.3%)	(Restated 2017: 19.0%)

CONSTRUCTION SEGMENT
The profit before tax margin for the construction segment is within the normal range. The profit before tax margin can be maintained due to stable operational efficiency.

PRECAST SEGMENT
The profit before tax margin for the precast segment is lower due to the challenging environment in the precast business in Singapore. Projects secured in 2017 yielded a lower margin due to price competition.

ADMINISTRATIVE EXPENSES



The total administrative expenses amounted to RM266.6 million (2017: RM274.5 million).

a) Staff related expenses amounted to RM178.3 million (2017: RM178.0 million) which takes up about 67% (2017: 65%) of the total administrative expenses.

b) Depreciation and amortisation of assets amounted to RM40.0 million (2017: RM37.8 million) which is about 15% (2017: 14%) of total administrative expenses.

REVIEW OF FINANCIAL RESULTS (cont'd)

STATEMENT OF FINANCIAL PERFORMANCE (cont'd)

OTHER EXPENSES
The total other expenses amounted to RM24.2 million (Restated 2017: RM12.3 million).

a) Allowance for impairment losses of trade receivables of RM10.5 million (Restated 2017: RM5.9 million) is due to MFRS 9 adjustment. The other expenses for the preceding year is also restated to reflect the implication of MFRS 9 adjustment.

b) Forex exchange loss of RM1.5 million (2017: RM0.6 million) from the weakened Ringgit Malaysia as compared with our hedged amount in Singapore Dollars for our precast operations.

c) Amortisation of intangible assets (mainly on our Enterprise Resource Planning software) of RM2.2 million (2017: RM2.5 million).

d) Write off of property, plant and equipment and intangible assets amounted to RM4.4 million. The Group has written off 2 units of launcher girder during the current year as there is a change in the launching method for the new LRT3 project as compared to the MRT Line 1 and Line 2.

OTHER INCOME
The total other income amounted to RM20.7 million (Restated 2017: RM17.2 million).

a) In 2018, we recorded an arbitration gain of RM4.1 million from our Trinidad project.

b) Reversal of allowance for impairment losses during the year amounted to RM4.3 million and a restated amount in 2017 is at RM3.2 million due to adjustment in MFRS 9.

c) Included in other income are rental income of plant and machinery of RM1.9 million (2017: RM0.9 million), gain on disposals of property, plant and equipment of RM1.2 million (2017: RM0.9 million) and forex gain of RM2.1 million (2017: RM0.7 million).

FINANCE INCOME AND FINANCE COST
Finance income of RM16.0 million (2017: RM13.5 million) was mainly due to deposits with other financial institutions with a grossed weighted average rate of 5.57% p.a. (2017: 5.05%). These placements are made with money market instruments with special tax exemption.

Finance cost averaged around 3.94% (2017: 3.88%) for bills of discounting which are mainly short term funding via discounting of our tax invoices for our sales. The weighted average rate for revolving credits is at 3.62%.

Further details on SunCon's capital management is presented under Capital Management section.

TAXATION

20.8%
⇩3.3%
(2017: 21.5%)

The effective tax rate for the current year is 20.8% (Restated 2017: 21.5%) which is lower than Malaysia's statutory tax rate of 24% mainly due to foreign income which is not taxable (arbitration gain from our Trinidad project) and interest income which is exempted from tax. There is also reduction of taxable income due to reduction in tax rates from incremental chargeable income as announced in Budget 2017.

STATEMENT OF FINANCIAL POSITION

KEY BALANCE SHEET	Financial Year Ended				
RM' 000	**2018**	**2017 RESTATED**	**2016 RESTATED**	**2015**	**2014**
Property, Plant and Equipment	163,200	149,844	138,381	161,783	175,820
Investments in joint ventures	44,739	-	-	-	24,189
Other Non-current Assets	9,408	8,478	16,729	18,426	13,982
Total Non-current Assets	217,347	158,322	155,110	180,209	213,991
Trade Receivables	884,359	1,005,106	652,984	487,377	606,688
Cash and Bank Balances	484,869	487,240	465,768	468,477	291,617
Intercompany	83,516	73,650	132,187	90,584	70,918
Tax Recoverable	22,100	21,922	12,737	14,370	8,523
Others	62,277	63,966	56,967	156,421	132,461
Total Current Assets	1,537,121	1,651,884	1,320,643	1,217,229	1,110,207
Total Assets	**1,754,468**	**1,810,206**	**1,475,753**	**1,397,438**	**1,324,198**
Trade Payables	656,182	728,039	577,029	548,836	521,644
Borrowings and Hire Purchase and Lease	113,631	134,659	136,515	136,841	135,132
Intercompany	62,460	149,087	82,960	53,810	25,245
Other Current Liabilities	226,827	247,397	190,154	202,178	257,611
Total Current Liabilities	1,059,100	1,259,182	986,658	941,665	939,632
Total Non-current Liabilities	102,850	7,009	608	4,095	4,354
Total Liabilities	1,161,950	1,266,191	987,266	945,760	943,986
Total Equity	592,518	544,015	488,487	451,678	380,212
Total Liabilities and Equity	**1,754,468**	**1,810,206**	**1,475,753**	**1,397,438**	**1,324,198**

FINANCIAL RATIOS					
Net Gearing Ratios (Times)	Net cash positive				
Inventory Turnover (Days)	85	79	39	37	48

REVIEW OF FINANCIAL RESULTS (cont'd)

STATEMENT OF FINANCIAL POSITION (cont'd)

PROPERTY, PLANT AND EQUIPMENT

Net Book Value (NBV)	Financial Year Ended			
RM' 000	**2018**		**2017**	
Freehold land	8,538	5%	8,538	6%
Buildings	13,029	8%	13,098	9%
Plant and Machinery	127,365	78%	118,718	79%
Motor Vehicles	11,499	7%	6,998	5%
Office Equipment	1,546	1%	2,014	1%
Capital Work-in-Progress	1,223	1%	478	0%
Total	**163,200**		**149,844**	

SunCon holds a freehold land in Senai Johor with the cost of RM8.5 million. This land is currently used as our Precast Plant in Senai and it has a total land area of 475,409 sq.ft. This consists of a open casting yard with 9 production lines, a worker's canteen, office and a power station.

Under the Buildings category consists of our casting yards and site offices for both our Iskandar and Senai precast plant. Both the precast plants are located in Johor, Malaysia.

In terms of motor vehicles, SunCon owns a fleet of four-wheeled drives and motorcycles that are allocated to all project sites for ease of travelling within the construction sites. Apart from that, it is also a norm under the contractual requirement for SunCon to provide motor vehicles for our clients and consultants. These vehicles will be disposed-of or used by our own project team at the end of the contractual period.

Office equipment, furnitures and fittings of RM1.5 million is mainly IT equipment in the likes of hardware.

Capital work-in-progress of RM1.2 millon is due to upgrading works for the existing launcher girder in use.

TAX RECOVERABLE

Total tax recoverable amounted to RM22.1 million (2017 : RM21.9 million). Amount recoverable from India tax authorities amounted to RM11.9 million and all are under legal proceeding. In 2018, SunCon continued to pursue its recoverability of taxes from the tax authorities in India however on account of India's GST implementation in 2017, there were no hearings in India's High Courts for old cases and they would be only likely to be taken up for hearings in the year 2019.

The balance of the tax recoverable of RM10.2 million are with the Inland Revenue Board of Malaysia of which majority are for over payment of taxes with respect of year assessment 2017 of RM2.5 million, year assessment 2016 of RM2.4 million, and amount under legal case of RM3.2 million with respect to tax audit for year assessments 2009 to 2011.

STATEMENT OF CASH FLOWS

CONDENSED CASH FLOW STATEMENT	Financial Year Ended				
RM' 000	**2018**	**2017**	**2016**	**2015**	**2014**
		RESTATED			
Dividend from a Joint Venture	731	2,153	-	24,841	97,382
Other Operating Cash Flows	188,463	60,681	85,616	214,788	193,545
Total Operating Cash Flows	**189,194**	**62,834**	**85,616**	**239,629**	**290,927**
Acquisitions of Property, Plant and Equipment and Software	(56,169)	(54,688)	(19,016)	(38,673)	(45,731)
Disposals of Property, Plant and Equipment	1,393	6,246	2,055	14,980	7,944
Advances received from Joint Venture/ Related Company	24,413	83,314	11,250	24,542	208,429
(Acquisition)/Disposal of Investment	(44,110)	-	-	-	25,985
Placement in Funds	-	-	78,000	(64,800)	14,350
Other Investing Cash Flows	237	(7)	379	17	51,632
Total Investing Cash Flows	**(74,236)**	**34,865**	**72,668**	**(63,934)**	**262,609**
Dividends	(96,918)	(71,090)	(84,039)	(70,000)	(427,958)
Other Financing Cash Flows	(21,114)	(2,851)	(326)	1,599	9,943
Total Financing Cash Flows	**(118,032)**	**(73,941)**	**(84,365)**	**(68,401)**	**(418,015)**

FINANCIAL RATIOS

		RESTATED	**RESTATED**		
Trade Receivables Turnover (Days)	114	126	104	73	92
Trade Payables Turnover (Days)	84	113	149	107	92

OPERATING ACTIVITIES

Operating cash flow improved this year due to receipt of milestone payments for the Coast Highway Southern Link project that was completed in financial year ended 2017 and advance payment received for LRT 3 package GS07-08 from Kawasan 17 to Sri Andalas. Despite many contractors facing challenging times in 2018 due to slow payment from clients, SunCon's cash flow remained resilient with our trade debtors (2018: 114 days, 2017: 126 days) and trade creditors (2018: 84 days, 2017: 113 days) turnover period remained at a healthy level.

INVESTING ACTIVITIES

Capital expenditure of RM56.2 million incurred in 2018 comprised of 60% from our piling division and the balance from our civil & building division. Under our piling division, we acquired 4 units of boring machines and some tools. Under our civil and building division, we further enhanced our assets base to include a further 5 units of skylifts, 3 units of rough terrain cranes, 1 tower crane, 3 crawler cranes, 4 water tanker, 4 lorry cranes and 5 tipper trucks amongst others.

Investment in a joint venture of RM44.1 million represents our share of equity of 49% for the joint venture between our precast unit with Singapore listed Hong Leong Asia Limited's precast concrete unit, HL Building Materials Pte. Ltd. ("**HL**") (51%) announced end of July 2018. Our plans are to build a fully mechanised, state-of-the-art integrated precast plant on the land, with an expected annual production capacity of 100,000 cubic meters of concrete products on a land with a tenure 30 years from July 2018. The land is located at Pulau Punggol Barat and measures approximately 38,421.8 square meters which will be share between SunCon and HL. The land cost of SGD$25.7 million has been fully paid during the year.

We obtained further financing from Sunway Treasury Sukuk Sdn. Bhd. of RM24.4 million bringing a total loan of RM142.5 million loan mainly to finance our piling rigs and Senai Plant, of which RM96.3 million is classified under non-current liabilities.

FINANCING ACTIVITIES

Net loan repayment of bank borrowings, under financing activities of RM21.1 million stems from reduced borrowing from banks (which are short termed in nature) to Sunway Treasury Sukuk Sdn. Bhd. which is offering a long term borrowing for our fixed assets. SunCon also paid dividends of RM96.9 million in financial year ended 2018 compared to RM71.1 million in 2017.

REVIEW OF FINANCIAL RESULTS (cont'd)

CAPITAL MANAGEMENT

	Financial Year Ended				
RM' 000	**2018**	**2017**	**2016**	**2015**	**2014**
Term Loans	-	-	-	-	208
Banker's Acceptance	-	-	-	-	505
Loan Bills Discounting	107,544	134,659	136,515	86,652	83,839
Revolving Credits	6,087	-	-	50,189	50,168
Total Borrowings	113,631	134,659	136,515	136,841	134,720
Total Finance Cost	8,296	6,084	6,056	3,507	3,339
Total Finance Income	16,040	13,477	10,488	8,045	4,055
Net Finance Income	7,744	7,393	4,432	4,538	716
FINANCIAL RATIOS					
Net Gearing Ratio (Times)	Net Cash Positive				
Interest Coverage Ratio	21	26	25	39	35

SunCon has a robust capital management system to ensure that we maintain a healthy capital ratio in order to support our daily operation without disruption. Our strategy is to maximise shareholders' wealth by managing our excess funds accordingly. Our funds are invested in a diverse portfolio such as the fixed income securities, money market instruments and placement in selected funds.

Through the support from Sunway Treasury Sdn. Bhd. and its Islamic arm, Sunway Treasury Sukuk Sdn. Bhd., we are able to source for the most reasonable rate both in placement and borrowing. Our objective as a Group is to optimise internal funds and to minimise external borrowings. We manage our funds by planning our payment ahead of time to ensure that we keep a minimum bank balance at all times. This allows us to place our excess funds in quest to obtain a higher return. With this, we will be able to arbitrage between our placement and borrowing rates differential.

Our payments and collections are mostly transacted in Ringgit Malaysia and Singapore Dollars for our precast business in Singapore. We do constant monitoring on our foreign currency exposure and ensure that we hedge accordingly when opportunity arises.

DEBT MANAGEMENT

SunCon has borrowings of RM107.5 million from Loan Bills Discounting where monthly project progress certificates are being used as an instrument for lending with maturity tenure ranging from 30 to 120 days. Apart from that, our borrowings also consist of revolving credit facilities for our Singapore operations. These short term borrowings are mainly used to manage our receivables turnaround period. It is also used to support the initial capital requirement of new projects, capital expenditure requirements, bulk purchase of materials for better economies of scale and optimisation of interest rates differential.

There is no net gearing in the group as SunCon is able to maintain a net positive cash position. Our weighted average borrowing rate is 3.94% (2017: 3.88%) per annum for bill of discounting and 3.62% per annum for revolving credit facilities. The interest coverage ratio has decreased from 26 times in 2017 to 21 times in 2018 due to higher borrowings from working capital throughout the year.

INVOICE FACTORING

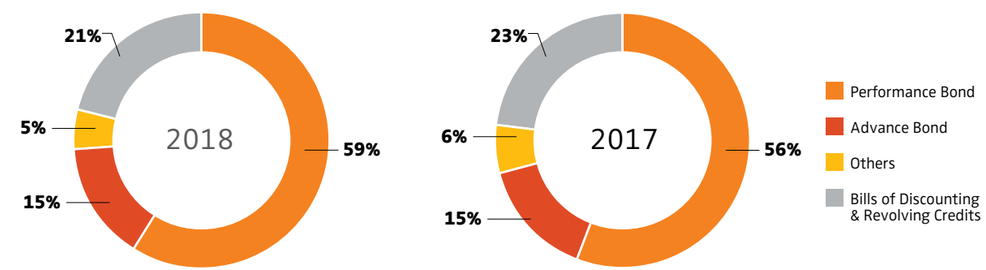
In any construction job, cash turnaround is of great importance. As such, SunCon strives to ensure that our payments to subcontractors and suppliers are on timely basis so that they have sufficient cash flow to work around. Any disruption to our subcontractors and suppliers will have a chain effect on the progress at site. However, in any circumstances where our subcontractors require funds earlier than the stipulated credit period, we will arrange for them to factor their invoices with Sunway Credit Sdn. Bhd. so that they are able to obtain their required funds within 3 business days with competitive rates.

SHARIAH COMPLIANT FUNDS

SunCon has placed 35.9% of our total gross cash (RM174.2 million) in Shariah Compliant Funds. Shariah Compliant regulation requires cash that are placed in conventional accounts to be less than 33% of total assets. As SunCon has a total gross cash of RM484.9 million of which RM310.7 million are under conventional accounts, the ratio of conventional cash over total assets is 17.7% which is well below the threshold of 33%. (Total Assets: RM1,754.5 million).

CREDIT FACILITIES

It is important to ensure that we have sufficient credit facilities on hand to ensure that we can seize any job opportunity in the market. Our credit facilities vary for the issuance of bank guarantees such as performance bonds, advance payment bonds, tender bonds, security bonds, loan bills discounting and revolving credits. In 2018, we have unutilised facilities of 48%.



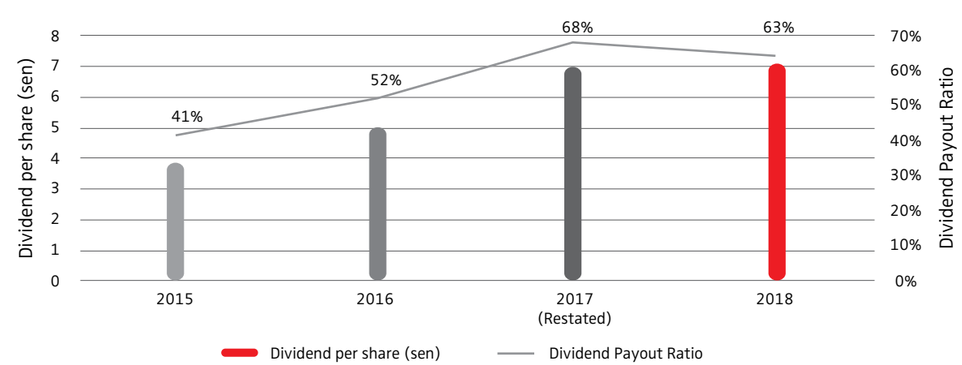
DIVIDEND POLICY

SunCon's dividend policy is to distribute at least 35% of our PATMI for the year back to our esteemed shareholders. The Board's intention is to continuously pay good dividends to our shareholders in appreciation on their support towards the Company's growth.

During the year, SunCon declared a total of 7 sen per share for the financial year ended 2018. We have historically paid higher dividend payout since our listing in 2015.

We are committed in delivering satisfactory results backed by strong fundamentals and sound balance sheet in 2018 to be able to reward shareholders more than the Group's dividend payout policy of 35% of PATMI.

	Financial Year Ended			
	2018	**2017**	**2016**	**2015**
		RESTATED		
Dividend per share (sen)	7	7	5	4
Dividend payout (RM'000)	90,457	90,457	64,646	51,716
Profit attributable to the owners of the parent (RM'000)	144,681	132,296	123,519	127,164
Dividend Payout Ratio	63%	68%	52%	41%



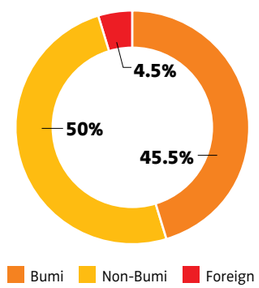
REVIEW OF SHARE PERFORMANCE

Sunway Construction Group Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.

Listing Date	Stock Name	Stock Sector	Stock Code	Others
28-Jul-15	SUNCON	Construction	5263	Shariah Compliant

	31-Dec-17	Share Price and Index Performance				
		1Q	2Q	3Q	4Q	2018
SunCon Closing Price*	2.51	2.06	1.81	1.82	1.33	1.33
Change (RM)		(0.45)	(0.25)	0.01	(0.49)	(1.18)
Change (%)		(17.9%)	(12.1%)	0.6%	(26.9%)	(47.0%)
FTSE BM KLCI Index**	1,796.81	1,863.46	1,691.50	1,793.15	1,690.58	1,690.58
Change (pts)		66.65	(171.96)	101.65	(102.57)	(106.23)
Change (%)		3.7%	(9.2%)	6.0%	(5.7%)	(5.9%)
Bursa Malaysia KL Construction Index	312.53	284.19	202.74	200.09	155.79	155.79
Change (pts)		(28.34)	(81.45)	(2.65)	(44.30)	(156.74)
Change (%)		(9.1%)	(28.7%)	(1.3%)	(22.1%)	(50.2%)

% OF SHAREHOLDING AS OF DECEMBER 2018



	Year Ended				
	2018	2017 RESTATED	2016	2015	IPO-28 JULY RESTATED
Market Capitalisation (RM'000)	1,718,687	3,244,308	2,197,930	1,810,060	1,551,480
Closing Price (December) (RM)	1.33	2.51	1.70	1.40	1.20
Dividend Per Share (sen)	7	7	5	4	
Basic EPS (sen)	11.20	10.24	9.55	9.84	

* Closing price (Source: Bloomberg) ** Financial Times Stock Exchange Bursa Malaysia Kuala Lumpur Composite Index

The first quarter of 2018 has seen SunCon doing considerably well in the first two months of the year. SunCon's share price hits our all-time-high at a daily close of RM2.62 on 12 January 2018. On 25 January 2018, we saw the emergence of The Employees Provident Fund (EPF) as our substantial shareholder.

SunCon's share price starts to fall in March 2018 to close at RM 2.06 which is a 17.9% drop from 2017. This is the same period around the bidding of the Kuala Lumpur-Singapore High Speed Rail in which SunCon participated in a four-party consortium. During the same period, there were great uncertainties that led to a selldown of shares by our institutional investors in view of profit taking.

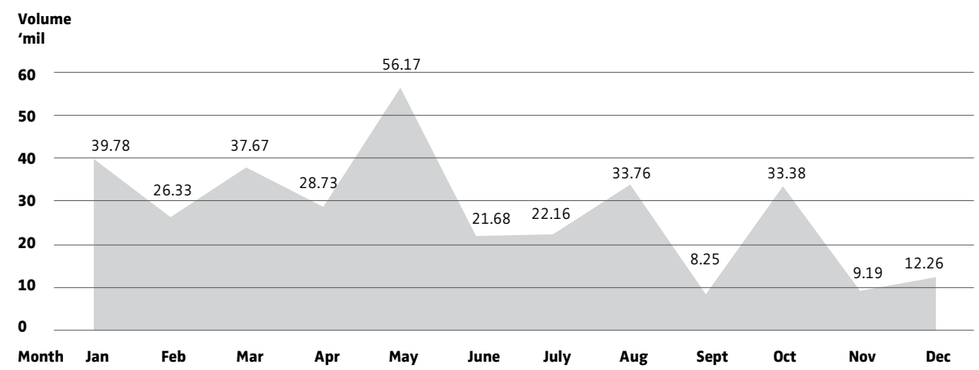
Our share price saw a further reduction in the second quarter of 2018 after the change of Government on 9 May 2018. The Pakatan Harapan government advocates reform in the form of reduction in cost by reviewing and subsequently cancelling some mega infrastructure projects. This has dampened the sentiment in the construction sector substantially which saw the Bursa Malaysia Kuala Lumpur Construction Index (KLCON) to decline by 35.1% in the first half of 2018. SunCon's share price declined sharply by 27.9% in the first half of 2018 from year ended 2017 at a close at RM 1.81.

Fundamentally, SunCon remains the same despite the negative market sentiment post 14th General Election. Our share price has then traded steadily in quarter three of 2018 with no substantial movement. The reforms by government that affects SunCon directly are the reduction of cost in Light Rail Transit 3 (LRT3) and Mass Rapid Transit Project Line 2 (MRT2). The impact of reduction in contract sum was larger in LRT 3 as the project is at its initial stage while our MRT2 project has already advanced. We also saw a reduction in the foreign shareholdings from 8.9% in year ended 2017 to 4.5% as of the end of 2018.

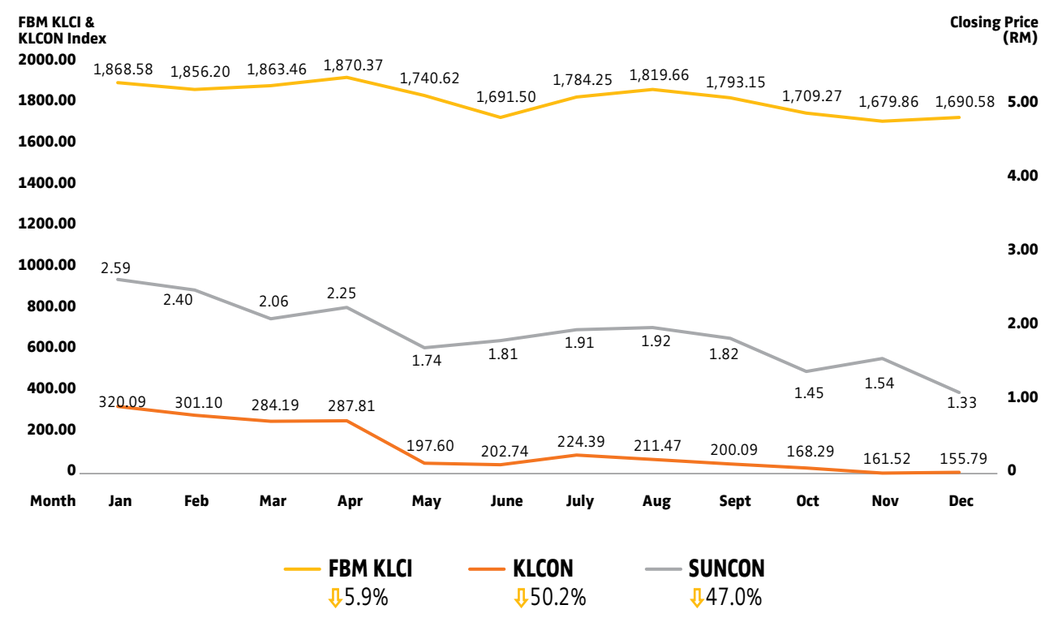
On 8 October 2018, SunCon share price decreased to RM1.56 when the government announced the retender of MRT2 underground work. This has further dampened the construction sector. However, the issue was eventually resolved but the sentiment on construction sector was still relatively weak.

SunCon closed 2018 lower at RM1.33, which was our lowest share price during the year. Our share price declined by 47.0% during the year along with the negative sentiment within the sector which was reflected on the KLCON Index. The KLCON Index closed at 155.79 points on the last trading day of 2018, a decline of 50.2% as compared to the beginning of the year.

SHARE VOLUME PERFORMANCE



REVIEW OF SHARE PERFORMANCE VS FTSE KLCI AND KLCON



VALUE ADDED STATEMENT

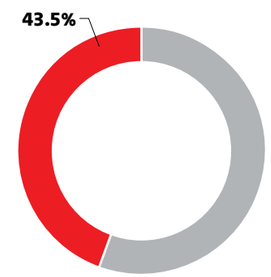
Financial Year Ended	2018		2017	
(RM'000)			**RESTATED**	
VALUE ADDED				
Revenue	2,256,835		2,076,290	
Purchases of goods and services	(1,836,180)		(1,686,773)	
	420,655		389,517	
Share of profits of a joint venture	731		2,153	
Adjustment arising from MFRS 9	(6,226)		(5,535)	
Financing Cost	(8,296)		(6,084)	
Other Income and Expenses	2,735		10,497	
TOTAL VALUE ADDED	**409,599**		**390,548**	
RECONCILIATION:				
Profit attributable to owners of parent	144,681		132,296	
Add: Depreciation and amortisation	39,964		37,771	
Finance cost	8,296		6,084	
Staff costs	178,273		178,033	
Taxation	38,046		36,227	
Non-Controlling Interests	339		137	
TOTAL VALUE ADDED	**409,599**		**390,548**	
Value Distributed				
Employees				
Salaries and other staff costs	178,273	43.5%	178,033	45.6%
Government				
Corporate Taxation	38,046	9.3%	36,227	9.3%
Providers of Capital				
Dividends	96,918	23.7%	71,090	18.2%
Finance costs	8,296	2.0%	6,084	1.6%
Non-Controlling Interests	339	0.1%	137	0.0%
Reinvestment and growth				
Depreciation and amortisation	39,964	9.7%	37,771	9.7%
Income retained by the Group	47,763	11.7%	61,206	15.6%
TOTAL DISTRIBUTED	**409,599**	**100.0%**	**390,548**	**100.0%**

APPRECIATING OUR TALENT POOL

Our employees received

RM 178.3 million

in wages, salaries, allowance, bonuses, employees' share option scheme and other related staff benefits

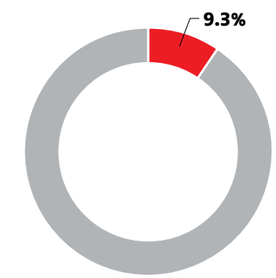


CONTRIBUTING TO THE NATION'S GROWTH

We contributed

RM 38.0 million

to sustain the nation's growth through the statutory taxes

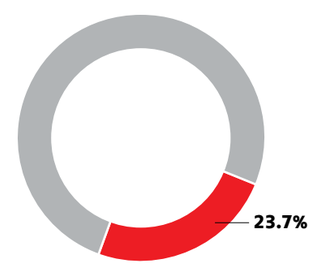


REWARDING OUR SHAREHOLDERS

We distributed total dividends of

RM 96.9 million

to our shareholders. Since our listing in 2015, we have distributed more than our Group's dividend payout policy of 35% of net profit

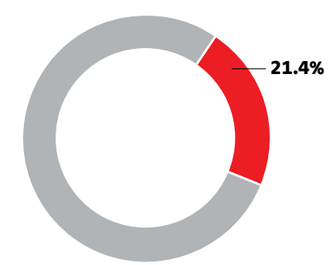


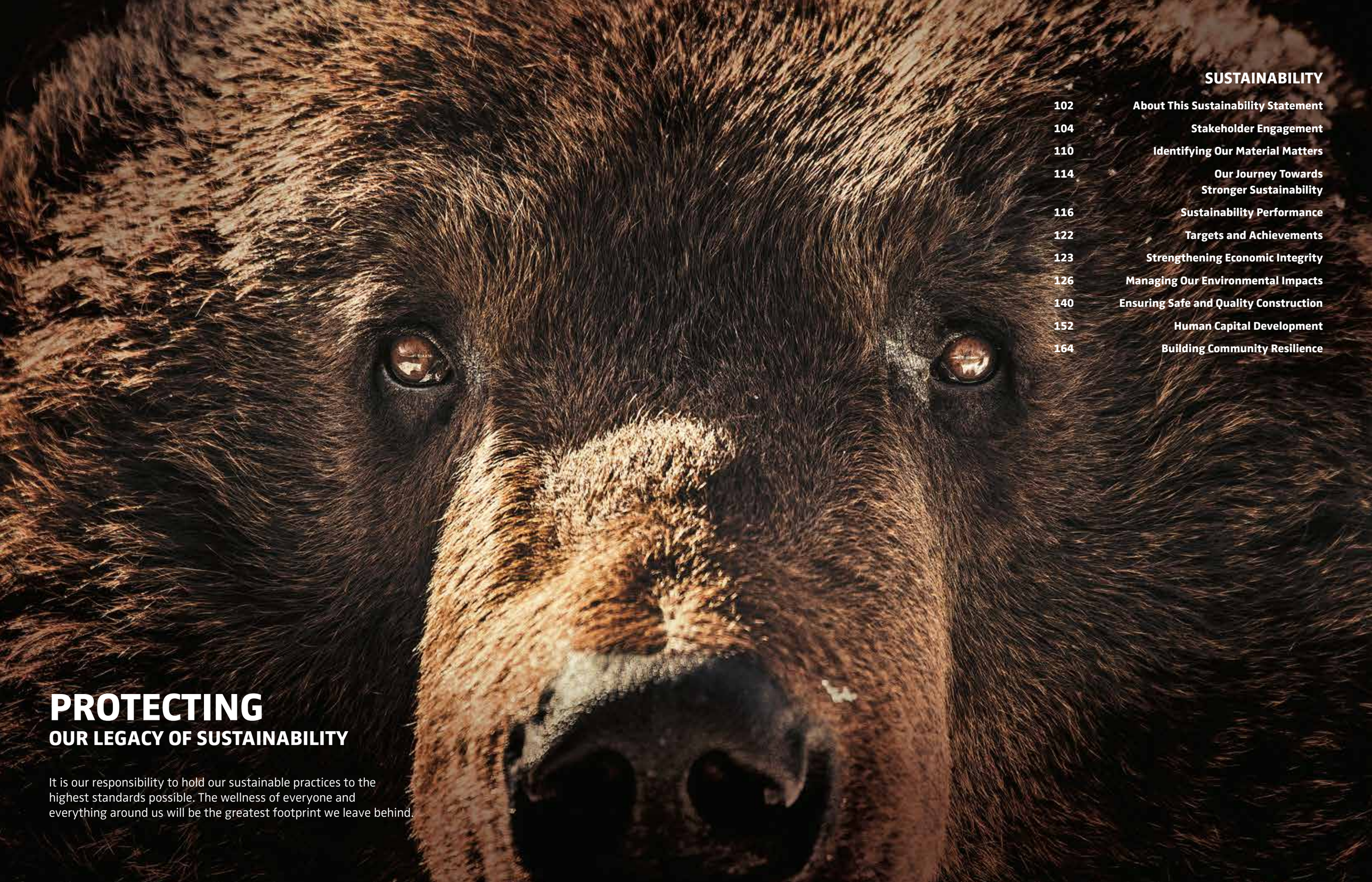
SUSTAINING FUTURE VALUE CREATION

We retained

RM 87.7 million

in reinvestment and business growth to ensure sustainable value creation to all our stakeholders





PROTECTING
OUR LEGACY OF SUSTAINABILITY

It is our responsibility to hold our sustainable practices to the highest standards possible. The wellness of everyone and everything around us will be the greatest footprint we leave behind.

SUSTAINABILITY

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ABOUT THIS SUSTAINABILITY STATEMENT

ABOUT THIS REPORT
[102-1, 102-5, 102-52, 102-50]

We adopted a robust approach in strengthening our economic, social and environmental sustainability performance as it is important in securing the confidence and meeting the expectations of our key stakeholder groups. This annual statement demonstrates the best practices, efforts and initiatives that Sunway Construction Group Berhad ("**SunCon**" or "**the Company**") has undertaken or implemented to promote local economic development, protect the environment and support our surrounding communities from 1 January 2018 to 31 December 2018.

REPORTING FRAMEWORK
[102-54]

In this report, we have presented the disclosures in line with the Global Reporting Initiative (GRI) Standards – Core Option. Relevant GRI standards which are disclosed in this sustainability statement are specified with indicator numbers in brackets under the corresponding subtopics. The definition for each indicator number are disclosed at the end of the statement. The narrative and supporting data in this statement also reflects our activities in relation to meeting ISO 9001, OHSAS 18001 and ISO 14001 standards where applicable. The sustainability reporting requirements of Bursa Malaysia have also been highlighted in this statement, which are pertinent in demonstrating our commitment to sustainability and stakeholder inclusivity.

SCOPE OF REPORTING
[102-2, 102-4, 102-5, 102-6, 102-7]

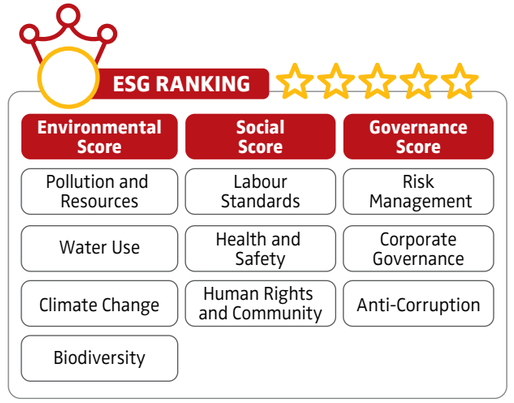
The scope of reporting extends to the activities and projects of Sunway Construction Group Berhad and its active subsidiaries; Sunway Construction Sdn. Bhd., Sunway Geotechnics (M) Sdn. Bhd., Sunway Engineering Sdn. Bhd., Sunway Precast Industries Sdn. Bhd. and Sunway Concrete Products (S) Pte. Ltd.

The projects that have been discussed in SunCon's Sustainability Statement in 2018 are as listed below:

Project Name	Description	Location
Parcel F	Government Office Buildings at Putrajaya	Putrajaya (Klang Valley)
Emerald Residence (ER)	Landed Residence	Johor Bahru
Mass Rapid Transit Line 2 – Package V201	Elevated rail from Persiaran Dagang to Sungai Buloh	Klang Valley
Mass Rapid Transit Line 2 – Package V205	Elevated rail from Sungai Besi to Serdang Raya (North)	Klang Valley
Light Rail Transit Line 3 (LRT3) – Package GS07-08	Elevated rail from Sri Andalas to Kawasan 17	Klang Valley
Sunway GEOLake Residences	Serviced Residence at Bandar Sunway	Klang Valley
International School of Kuala Lumpur (ISKL)	Education Facilities	Klang Valley
Big Box Village	Retail Park	Johor Bahru
KLCC P1	Basement Carparks	Klang Valley
KLCC P2	Basement Carparks	Klang Valley
Sunway Medical Centre 4 (SMC 4)	Medical Centre	Klang Valley
Sunway Velocity Medical Centre (SVMC)	Medical Centre	Klang Valley
Sunway Serene	Serviced Residence at Kelana Jaya	Klang Valley
Gas District Cooling P1	District Cooling Plant	Putrajaya (Klang Valley)
Integrated Construction and Prefabrication Hub (ICPH)	Highly automated precast factory that uses state-of-the-art technology	Singapore
Bukit Bintang City Centre	Piling Works	Klang Valley

MEMBERSHIPS AND ASSOCIATIONS
[102-13]

We are pleased to note that our status as a constituent of the FTSE4Good Index was reaffirmed in 2018 and we were categorised under the 82 percentile rank. Our scores within the three pillars of Environment, Social and Governance reflects the effectiveness of our policies and procedures to manage our impact on these three aspects of our business.



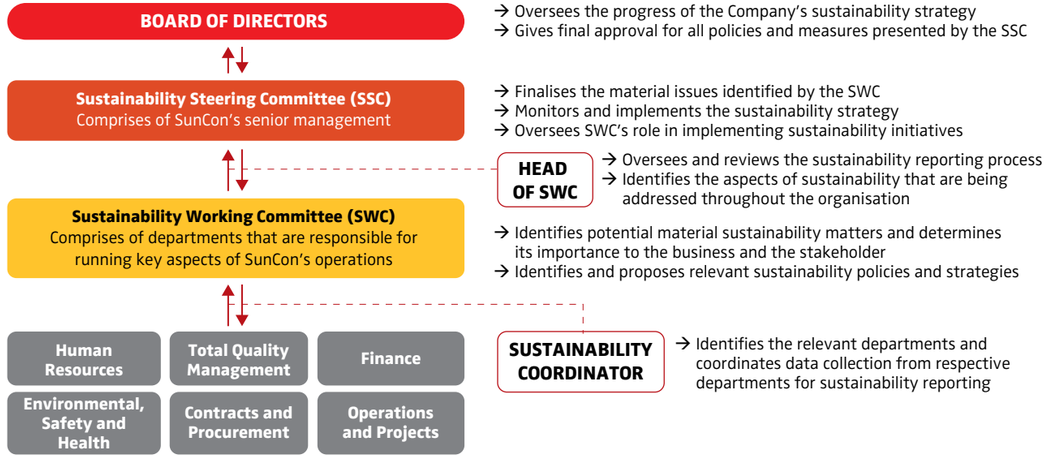
Some of the associations that we are members of are listed below:

NAME OF THE ASSOCIATION	SUNCON MEMBERSHIP
Master Builders Association Malaysia (MBAM)	SunCon has been a member since 1988
Construction Industry Development Board (CIDB)	CIDB Grade 7 Contractor
Singapore Precast Association	SunCon is affiliated with this association for our operations in Singapore

SUSTAINABILITY GOVERNANCE
[102-18]

Governance and accountability are salient in setting the direction of the Company towards becoming a leader in sustainability business practices, continually improving key areas relating to sustainability, and demonstrating actions in line with our values.

The diagram below illustrates the governance structure and highlights the main responsibilities of the constituents. As shown in the structure, the SWC is helmed by the General Manager of Operations, who is in turn supported by the Sustainability Coordinator. Key personnel and departments are involved in the process of identifying risks in the context of sustainability, setting targets and developing a robust sustainability strategy. We endeavour to successfully incorporate sustainability into our business strategies and gain competitive advantage as we explore new business opportunities and enter new markets whilst effectively managing our non-financial risks.



STAKEHOLDER ENGAGEMENT

[102-40, 102-43, 102-44]

Our stakeholders have a vested interest in SunCon's strategies and development plans, and their involvement is key in achieving our sustainability goals and targets. At the heart of our success is our value creation process, which draws on various inputs and through our business activities, converts them to outputs that create positive value for our stakeholders.

Stakeholder engagement defines the broader, more inclusive and continuous process between us and our stakeholders, encompassing a range of activities and approaches that spans the entire life of a project. The spectrum of stakeholder engagement covers different practices that need to be employed and integrated in order to build strong and meaningful stakeholder relations.

The concerns and expectations of stakeholder groups are constantly evolving and monitoring them is an ongoing process. The table from pages 104 to 109 captures the key stakeholder groups involved, their expectations, methods of engagement and the manner by which we have addressed their expectations in 2018.

The stakeholders that have been covered in discussing SunCon's performance in 2018 are as listed below:

Stakeholder Group	Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Clients	• Proper project management • Project completed in compliance with standards, high quality and on time delivery • Safety and security of sites • Compliance with environmental, safety and health laws and regulations	Client Satisfaction Survey	Annually	• Client and consultant satisfaction index in 2018: 93.3% • Average QLASSIC score for projects assessed in 2018: 73.6% • 2 QLASSIC awards received (for projects assessed in 2017) • ESH Townhall at project LRT3 served as a communication platform to address issues relating to public safety • ESH campaign is conducted annually at our projects as an engagement platform with clients and the workers
		Quality Assessment System in Construction (QLASSIC)	Annually	
		Progress meetings and updates	Monthly/ weekly	
		Progress reports	Monthly	
		Site walk with top management	Monthly	
		Townhall	Annually	
		ESH Campaign	Annually	

Stakeholder Group	Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Authorities and Regulators	• Compliance with guidelines and regulations	Inspections	As per the operational requirements	• Mandatory plant and machinery inspections to ensure all machineries are in good working conditions • Drug test and health talks were conducted at Parcel F by Agensi Anti Dadah Kebangsaan (AADK). Machinery operators were tested for drugs and results were negative • The MOH conducted inspections at our project sites to ensure all larvae breeding grounds are eradicated • All SunCon project sites participated in the Communcation for Behaviour Impact (COMBI) programme, an initiative by MOH to combat dengue at construction sites • Site visits and audits by DOSH, DOE and CIDB to ensure our business operations are in compliance with regulatory requirements • Spot-checks by Immigration Department at project sites • BOMBA and Jabatan Pertahanan Awam Malaysia (JPAM) were involved in emergency rescue drills at our project sites • Progress reports submitted to DOSH and DOE on a monthly basis • Compulsory training and seminars organised by DOE and DOSH as part of the Continuous Education Programme (CEP) for registered competent person • Engagement session with DOSH for Work Package Contractors of MRT2 and LRT3 project • Launched Occupational Safety and Health in Construction Industry (Management) 2017 • Annual fire drills held by BOMBA • New workers and employees were sent for compulsory CIDB Green Card certification training
		Engagement sessions	On going	
		Training, seminar and demonstrations	On going	
		Report submissions	Monthly	
		Site visits and audits	Spot checks / On going	
		Audits by regulators	Monthly	
		Engagement with Department of Occupational Safety and Health (DOSH), Department of Environment (DOE), Ministry of Health (MOH) and BOMBA	Monthly/ Annually	
		Spot checks by Malaysian Immigration Department	Ad-hoc	
		Green Card Certification training with Construction Industry Development Board (CIDB)	As and when necessary	

STAKEHOLDER ENGAGEMENT (cont'd)

[102-40, 102-43, 102-44]

Stakeholder Group	Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Shareholders, Investors and Analysts	• Effective communication and business strategies • Timely and transparent reporting • Strong corporate governance • Prudent risk management • Market and business performance outlook and strategies	Statutory announcements	As and when necessary	• Analyst house that covers SunCon: - 2018: 14 out of which 4 has buy call - 2017: 15 out of which 12 has buy call - 2016: 13 out of which 10 has buy call • 4 quarterly financial reports • 148 Bursa announcements • 25 one-on-one management meetings • 6 small group meetings • Attended 10 conferences held in Singapore, Japan, Thailand and Malaysia • 4th AGM held on 20 June 2018 at Sunway Resort Hotel and Spa • SunCon supported the Bursa Bull Charge 2018 held on 27 September 2018
		Annual General Meetings	Quarterly or when any changes occur in the Group	
		Corporate events	Annually	
		Small group meetings	As and when upon request by bankers and analysts necessary	
		Conferences	Ad-hoc	
		One-on-one management meetings	Ad-hoc	
Employees	• Career development and progression • Knowledge and skills enhancement • Fair remuneration • Work-life balance • Safe, healthy and conducive workplace	Employee engagement surveys	Biennially	• Engaged with employee groups EG3 and above to identify their needs and concerns • Activities conducted by SunCon Social Club in 2018 • Mandatory training and certification for CIDB Green Card (working at height, safety awareness, heavy lifting and scaffolding) • ESH Townhall on 31 July 2018 at project LRT3 served as a communication platform with our staff and subcontractors to pledge on continual commitment in environmental, safety and health • Buka Puasa celebration with workforce at Centralised Labour Quarters (CLQ) • Health screening initiative for staff and workers at our project sites. Blood pressure and glucose tests were conducted. Participants with borderline and above borderline results are required to go for further check-up. Screening was conducted at project LRT3, Sunway GEOLake Residences and TNB HQ
		Dialogue and engagement	7 sessions	
		Health screening programme	3 sessions	
		ESH committee	Annually	
		Townhall	Annually	
		SunCon Social Club	20 programmes	
		Festive celebrations	Annually	
		Training programmes	As per the training plan	

Stakeholder Group	Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Suppliers and Subcontractors	• Safe working environment • Professional and transparent procurement process • Timely payment	Subcontractors assessment	Annually	• Grading of subcontractors in 2018 - Grade A: 1%, Grade B: 33%, Grade C: 60%, Grade D: 5%, Grade E: 1% • Supplier grading in 2018 - Grade A: 3%, Grade B: 80%, Grade C: 17% • Established an E-bidding system to ensure transparency and paperless transactions • Daily toolbox meetings held at project site before daily work commences • Utilise the Esker software for payment processes since 2016 for timely payments • ESH Townhall on 31 July 2018 at LRT3 served as a communication platform with our staff and subcontractors to pledge on continual commitment to environmental protection and safety and health
		Suppliers assessment	Annually	
		ESH committee	Monthly	
		Regular engagement with suppliers and subcontractors to understand their needs	Daily/Weekly	
Trade Union and Professional Bodies	• Sharing of best practice and knowledge to improve the industry as a whole • Implementation of policies and requirements by relevant agencies or professional bodies	Dialogues	Ad-hoc	• Participated in one of the 14 dialogue sessions organised by Ministry of Human Resources on Foreign Workers Management Matters • 3 Dialogue sessions with National Institute of Occupational Safety and Health (NIOSH) to establish Authorised Entrant and Standby Person (AESP) for Confined Space customised training for all Work Package Contractors at MRT 2 project • SunCon has 5 representations in Masters Builders Association of Malaysia (MBAM) • SunCon has 30 registered Safety and Health Officer (SHO) • SunCon has 3 Certified Professionals in Scheduled Waste Management (CePSWaM), 1 Certified Erosion, Sediment and Storm Water Inspector (CESSWI), and 4 Malaysian Certified Inspector of Sediment and Erosion Control (MY-CISEC) • SunCon has membership with NIOSH and Malaysian Society for Occupational Safety and Health (MSOSH) • 5 SunCon projects were awarded in the MSOSH Occupational Safety and Health (OSH) Award 2017 • Major (R) Leong Yee Keong, Senior General Manager – ESH represented SunCon in the Technical Committee for the drafting of CIDB Construction Industry Standard, CIS 10:2008 on Occupational Safety and Health Assessment System in Construction Industry
		Meetings	Ad-hoc	
		Trainings	As and when needs arise	
		Project site visits	Spot-check	
		Technical Committee	Ad-hoc	

STAKEHOLDER ENGAGEMENT (cont'd)

[102-40, 102-43, 102-44]

Stakeholder Group	Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
General Public	• Responsible corporate governance • Project transparency and progress updates • Timely feedbacks resolution • Safe construction practices	Complaint hotline number Complaint management system for MRT and LRT projects Mail drops to provide project updates and information Media communication via radio announcements Resident townhalls Information box at public areas around project site	Throughout the project construction phase	• Hotline numbers are displayed at project site entrance and on hoarding surrounding the project • Calls regarding the projects are returned within 15 minutes and concerns identified • Mail drops done in the event of critical building activities (noisy machinery, closed roads etc.) • Radio announcements to disclose project information and updates • Townhall held one month before project commences to notify residents about project • Information box updates every 3 months to update on project progress and any changes
Media	• Immediate notification of financial releases and material developments • Timely and transparent communication	Press release Media coverage	Quarterly / annually and As and when necessary As and when necessary	• Two exclusive interviews were conducted by local printing house in 2018
Community	• Responsible corporate citizen which gives back to the community • Responsible for the livelihood of the surrounding community throughout the construction phase • Public safety	Sponsorship and donations Community service Community building	Annually Ad-hoc Project-to-project basis	• Sekolah Sultan Alam Shah, Putrajaya - Contributed in the upgrading works of basketball court for Sekolah Sultan Alam Shah, Putrajaya - Conducted fogging, larvaciding and *gotong-royong* at Sekolah Sultan Alam Shah, Putrajaya to eradicate potential mosquitoes breeding grounds - Assisted in cutting and trimming of trees at Sekolah Sultan Alam Shah, Putrajaya - Cleaning of Sultan Alam Shah school compound to eliminate dengue cases • Conducted fogging for Jalan Jati SD4 communities • Defogging of Jalan Dagang to eliminate dengue mosquitoes and breeding sites • *Gotong-royong* at Flat Cempaka Mawar, Klang to prevent the spread of dengue • Number of fundraising activities in 2018: - Charity Car Wash – Build a Home - Minggu Infaq Putrajaya 2018

Stakeholder Group	Expectations	Engagement Method	Frequency of Engagement	Addressing Their Expectations
Business Partners	• Adherence to corporate governance and national regulations • Transparent Joint Venture (JV) relationship • Open knowledge sharing between industries • Meeting targets and expectations	Satisfaction survey JV-client meetings	Annually Monthly for ongoing projects	• JV with Taisei Corporation to build a new warehouse for Nippon Express Malaysia • JV with HL Building Materials Pte. Ltd. for the development of ICPH • To schedule committee meeting with JV partner at quarterly basis or as and when required
Civil Society Organisations (CSO)	• Fair treatment of employees and workers • Safe working conditions at project site • Employment opportunities to local community	Implementing the Skim Latihan 1 Malaysia (SL1M) Collaboration with Malaysian Productivity Corporation	On going Annually	• Number of unemployed graduates undergoing training under Skim Latihan 1Malaysia (SL1M) for 2018: (85 trainees hired) • Signing Ceremony of Memorandum of Understanding (MoU) between Malaysia Productivity Corporation (MPC) and SunCon to mark the collaboration in establishing 5S standards for construction industry

New Warehouse in Shah Alam for Nippon Express Malaysia

IDENTIFYING OUR MATERIAL MATTERS

MATERIALITY ASSESSMENT

[102-46, 102-47]

SunCon's materiality assessment involved three steps. However, before embarking on the assessment, we reviewed the 29 material sustainability matters that were selected in 2017, to categorise them by their realm of impact/influence, i.e. economic, environmental or social and aligned the titles of some matters to GRI terminology.

STEP 1

Ranking each material matters based on whether it is of medium, high or significant importance to the different stakeholder groups.

STEP 2

Ranking each material matters based on whether it is of medium, high or significant importance to the business operations.

STEP 3

Using the rankings that were assigned in STEP 1 and STEP 2 by the Sustainability Working Committee, we derived the materiality matrix which establishes SunCon's priority areas for sustainability.

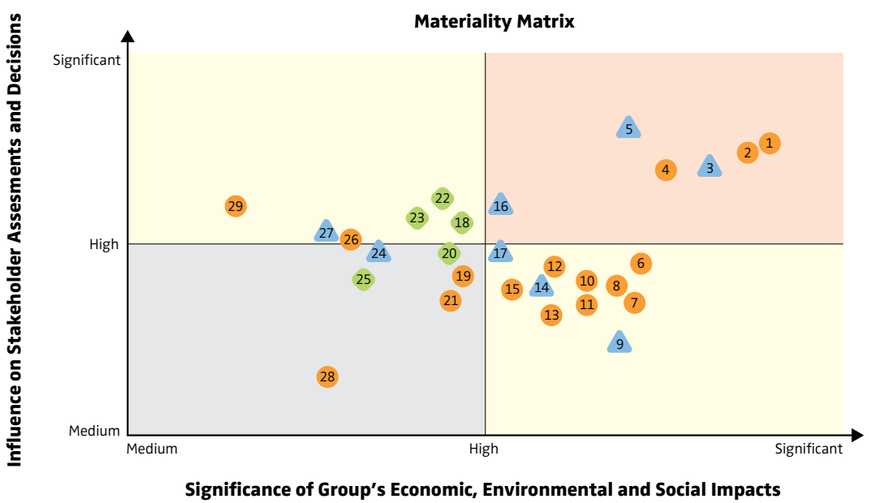


Table Legend

Economic Indicators · Environmental Indicators · Social Indicators

MAPPING MATERIAL SUSTAINABILITY MATTERS & SUSTAINABLE DEVELOPMENT GOALS

The table below maps the material sustainability matters to its relevant position on the matrix, to the stakeholder group(s) to whom the material matter concerns, to the relevant GRI Standard and to the corresponding Sustainable Development Goals (SDGs).

Economic · Environmental · Social

NO	MATERIAL SUSTAINABILITY MATTER	RELEVANT STAKEHOLDER GROUP(S)	GRI STANDARD INDICATOR	SUSTAINABLE DEVELOPMENT GOALS
1	**Public Safety**	Employees, authorities and regulators, suppliers and subcontractors, general public	Occupational Health and Safety	3
2	**Occupational Health and Safety**	Employees, authorities and regulators, suppliers and subcontractors	Occupational Health and Safety	3
3	**Economic Performance**	Shareholders, investors and analysts, business partners	Economic Performance	8
4	**Quality Management**	Trade union and professional bodies, suppliers and subcontractors	Customer Health and Safety	9, 13
5	**Anti-Corruption**	Employees, authorities and regulators, suppliers and subcontractors, general public	Anti-Corruption	16
6	**Customer Satisfaction**	Community, general public, CSOs	Universal Disclosure	8, 11
7	**Employee Engagement**	Employees, CSOs	Employment	5, 8
8	**Talent Retention**	Employees	Employment	8
9	**Stakeholder Engagement**	All stakeholder groups	Universal Disclosure	16, 17
10	**Career Development**	Employees	Employment	8
11	**Employer-Employee Relations**	Employees	Training and Education	8, 16

IDENTIFYING OUR MATERIAL MATTERS (cont'd)

MAPPING MATERIAL SUSTAINABILITY MATTERS & SUSTAINABLE DEVELOPMENT GOALS (cont'd)

NO	MATERIAL SUSTAINABILITY MATTER	RELEVANT STAKEHOLDER GROUP(S)	GRI STANDARD INDICATOR	SUSTAINABLE DEVELOPMENT GOALS
12	**Local Hiring**	Employees, community, general public	Market Presence	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH; 10 REDUCED INEQUALITIES
13	**Non-Discrimination**	Employees, suppliers and subcontractors	Non-Discrimination	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
14	**Supply Chain Management**	Suppliers and subcontractors	Supplier Social Assessment, Procurement Practices	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 17 PARTNERSHIPS FOR THE GOALS
15	**Employee Training**	Employees	Training and Education	4 QUALITY EDUCATION
16	**Nation Building**	CSOs, community, general public, shareholders, investors and analysts, media	Market Presence, Employment, Economic Performance	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
17	**Procurement Practices**	Suppliers and subcontractors, authorities and regulators	Procurement Practices	8 DECENT WORK AND ECONOMIC GROWTH; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
18	**Materials**	Suppliers and subcontractors, authorities and regulators	Materials	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION
19	**Community Engagement**	Community, general public, media	Local Communities	1 NO POVERTY
20	**Energy**	CSOs, community, general public, shareholders, investors and analysts	Energy	13 CLIMATE ACTION
21	**Customer Privacy**	Clients, general public	Customer Privacy	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
22	**Waste Management**	Community, general public, authorities and regulators	Effluents and Waste	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
23	**Water**	Community, general public, authorities and regulators	Water	6 CLEAN WATER AND SANITATION
24	**Community Investment**	Community, general public, media	Economic Performance	1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH
25	**GHG Emissions and Climate Change**	Authorities and regulators, shareholders, investors and analysts	Emissions	13 CLIMATE ACTION

NO	MATERIAL SUSTAINABILITY MATTER	RELEVANT STAKEHOLDER GROUP(S)	GRI STANDARD INDICATOR	SUSTAINABLE DEVELOPMENT GOALS
26	**Child and Compulsory Labour**	Authorities and regulators, CSOs	Forced or Compulsory Labour, Child Labour	8 DECENT WORK AND ECONOMIC GROWTH; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
27	**Fair Tender Bidding**	Authorities and regulators, suppliers and subcontractors	Anti-Corruption	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS
28	**Corporate Social Responsibility**	Community, shareholders, investors and analysts, media	Local Communities	1 NO POVERTY; 2 ZERO HUNGER
29	**Diversity and Inclusiveness**	Employees	Diversity and Equal Opportunity	8 DECENT WORK AND ECONOMIC GROWTH

DEFINING OUR COMMITMENT TO SUSTAINABILITY

Being part of Sunway Group, we uphold the Group's corporate vision *"to be Asia's model corporation in sustainable development, innovating to enrich lives for a better tomorrow"* which defines our aspirations for success and our organisational culture to implement best practices throughout our operations.

REPORTING PILLARS

Strengthening Economic Integrity	To continuously have a positive impact on the local economy and to expand our business in a sustainable manner
Managing Our Environmental Impacts	To mitigate any negative environmental impact by observing best industry practices and strict adherence to environmental regulations
Ensuring Safe and Quality Construction	To create a safe and healthy working environment for all employees and prioritise quality construction
Human Capital Development	To create a conducive workplace where our employees can grow professionally and personally
Building Community Resilience	To support the vulnerable sections of the community and engaging the public to gather feedback to understand their concerns

OUR JOURNEY TOWARDS STRONGER SUSTAINABILITY

Our legacy is built on sustainable practices and it is our duty to ensure that we stand firm in our beliefs for the betterment of our surroundings.

Our projects assist societies in overcoming challenges of growing populations, connectivity, resiliency, and resource management. We recognise our role in facilitating both social and economic development in the countries where we operate. In order to entrench sustainability into the fabric of the organisation, we have integrated the key themes of our sustainability approach into the main thrusts of SunCon's business strategy. We monitor our progress on these themes as we believe it represents the impact of our operations on our key stakeholder groups.

Strategic Thrusts	Description	2018 Targets	Related Material Sustainability Matter
Business Performance	To maintain our status as one of the top three construction players in Malaysia and to be the largest listed pure play construction group	• Top 3 construction and engineering company in Malaysia • Yearly order book replenishment RM2 billion • Return on Capital Employed above 30 per cent	• Economic Performance • Nation Building • Anti-Corruption • Fair Tender Bidding • Stakeholder Engagement
Health, Safety and Security	We are determined to instil safety as a way of life throughout our organisation and at all times	• To maintain zero life loss at all project sites • To ensure all project worksites strictly comply with applicable legal requirements in relation to health and safety	• Occupational Health and Safety • Customer Privacy • Stakeholder Engagement
Environment	To manage and utilise resources, as well as carry out operations in a manner that protects the environment	• To ensure all project worksites strictly comply with applicable legal requirements in relation to reducing our environmental impact	• Energy • Water • Waste Management • GHG Emissions and Climate Change • Materials • Stakeholder Engagement
Human Capital Development	We continuously develop competencies, capabilities and talent of our people which is the most important asset to us	• Maintaining productivity of employees to a target of 15 times revenue per employee • Securing an engagement score of 65 per cent and above	• Employee Training • Talent Retention • Career Development • Stakeholder Engagement
Workplace Environment	We continuously seek to create a conducive working environment for all employees and workers	• To gather employee feedback biennially and monitor employee satisfaction levels • To have regular management-employee engagement sessions • To practice ethical and fair practices and implement policies that protect the employees from any wrongdoing	• Employee Engagement • Employer-Employee Relations • Diversity and Inclusiveness • Non-Discrimination • Child and Compulsory Labour • Stakeholder Engagement
Community	We take active efforts to support and safeguard the surrounding communities where we operate	• To take active efforts towards ensuring public safety and reducing any negative impact our project sites have on the surrounding community • To support and provide aid to uplift the vulnerable sections of the community	• Public Safety • Community Investment • Community Engagement • Corporate Social Responsibility • Stakeholder Engagement
Quality and Innovation	We are committed to delivering high quality products across all trades and constantly innovate to find more efficient construction methodology	• Maintaining the quality standards in achieving QLASSIC scores above industry average of 74% under the construction sector • Mechanisation of precast plant in Senai and Iskandar to increase production capacity	• Quality Management • Customer Satisfaction • Stakeholder Engagement
Global Expansion	We are cognisant of the need to expand geographically in order to sustain and grow our operations	• To secure at least one project internationally in 2018 particularly in Myanmar or Indonesia • To look for new opportunities in India, where we have had success in completing projects • To be on the outlook for international opportunities within the ASEAN context	• Local Hiring • Supply Chain Management • Procurement Practices • Stakeholder Engagement

* For more information please refer to Business Objectives and Strategies

SUSTAINABILITY PERFORMANCE

[102-7, 102-8, 102-51, 202-2, 401-1, 403-2, 404-1, 405-1, 405-2]

	2018	2017	2016
ENVIRONMENT			
Total Water Use (m^3)	387,932	332,279	274,318
Electricity Consumption (kWh)	1,058,342	1,037,382	1,594,974
Diesel Consumption (litres)	5,818,880	5,292,948	5,386,869
CO_2 Emissions from Company-Owned Vehicles and Machinery (CO_2e)	15,704	14,285*	14,538*
CO_2 Emissions from Purchased Electricity (CO_2e)	784	769*	1,182
CO_2 Emissions from Air Travel (CO_2e)	84	45*	77*
Construction Waste Disposal (MT)			
Concrete	12,366	36,821	7,984
Steel	1,401	2,510	2,477
Timber	3,245	1,473	517
Materials Purchased (MT)			
Steel Bar	37,311	49,518	37,683
Cement	6,317	12,547	37,153
Sand	55,648	102,977	165,561
Ready Mixed Concrete	52,005	51,092	29,775
Quarry	150,001	285,554	4,783
Premix	2,674	153	51,812
WORKPLACE			
Employees			
Total Number of Employees	2,448	2,097	2,025
Executives	35%	42%	40%
Non-Executives	24%	35%	33%
Foreign Skilled Labour	41%	23%	27%
Permanent Staff	48%	64%	63%
Non-Permanent Staff	52%	36%	37%
Number of Physically Challenged Employees	2	2	2
Total Number of JPA Graduates Under the Scholarship Talent Attraction and Retention (STAR) Programme by Talentcorp	5	6	4
Percentage of Women in Management	27%	23%	23%

* Restated

	2018	2017	2016
Gender[1]			
Overall			
Female	14%	16%	15%
Male	86%	84%	85%
Gender (Executive Level Employees EG1-9)			
Female	31%	29%	29%
Male	69%	71%	71%
Gender (Non-Executive Level Employees)			
Female	5%	7%	6%
Male	95%	93%	94%
Age Group			
Overall			
< 30	40%	37%	37%
30 - 50	51%	52%	51%
>50	9%	11%	12%
Age Group (Executive Level Employees EG1-9)			
< 30	29%	34%	32%
30 - 50	55%	50%	52%
>50	16%	16%	16%
Age Group (Non-Executive Level Employees)			
< 30	46%	39%	41%
30 - 50	48%	53%	52%
>50	6%	8%	7%
Years In Service			
Less than 1 year	28%	15%	23%
1 - 3 years	25%	28%	24%
3 – 6 years	20%	37%	39%
6 – 10 years	18%	12%	7%
10 – 15 years	5%	5%	4%
15 years and above	4%	3%	3%

[1] Note: Construction is still a male-dominated industry even in developed countries due to long working hours for night casting and a demanding work schedule.

SUSTAINABILITY PERFORMANCE (cont'd)

	2018	2017	2016
WORKPLACE (cont'd)			
Diversity			
Overall			
Malay	50%	51%	49%
Chinese	33%	34%	36%
Indian	14%	12%	12%
Others	3%	3%	3%
Diversity (Executive Level Employees EG1-9)			
Malay	39%	36%	33%
Chinese	49%	52%	56%
Indian	10%	10%	10%
Others	2%	2%	1%
Diversity (Non-Executive Level Employees)			
Malay	66%	68%	67%
Chinese	13%	12%	13%
Indian	18%	15%	15%
Others	3%	5%	5%

BOARD OF DIRECTORS			
By Gender			
Female	14%	14%	12%
Male	86%	86%	88%
By Age			
30 – 50	14%	14%	26%
> 50[2]	86%	86%	74%
By Ethnicity			
Malay	14%	14%	13%
Chinese	72%	72%	75%
Indian	14%	14%	0%
Others	0%	0%	12%

[2] The majority of directors are aged >50 years as a highly experienced Board is desired which comes naturally with age.

	2018	2017	2016
SENIOR MANAGEMENT (EG10 & ABOVE)			
By Gender			
Female	8%	8%	8%
Male	92%	92%	92%
By Age			
< 30	0%	0%	0%
30 - 50	31%	29%	32%
>50	69%	71%	68%
By Ethnicity			
Malay	4%	5%	4%
Chinese	83%	86%	83%
Indian	13%	9%	13%
Others	0%	0%	0%

EMPLOYEE TURNOVER RATES			
Industry Average	9%[3]	15%	11%
Attrition Rates	13%	13%	13%
By Gender			
Female	3%	2%	2%
Male	10%	11%	11%
By Age Group			
< 30	7%	6%	5%
30 - 50	5%	6%	7%
> 50	1%	1%	1%
By Region			
In Malaysia	13%	13%	12%
Outside Malaysia	0%	0%	1%

[3] Voluntary Attrition Rate for Property & Construction Industry from Korn Ferry Hay Group Property & Construction Forum 2018.

Sunway Construction Annual Report 2018

SUSTAINABILITY PERFORMANCE (cont'd)

	2018	2017	2016
TOTAL NEW HIRES[4]			
By Gender			
Female	50	62	47
Male	652	270	454
By Age Group			
<30	458	214	286
30 – 50	236	103	203
> 50	8	15	12
By Region			
In Malaysia	692	330	499
Outside Malaysia	10	2	2
By Nationality			
Malaysia	25.8%	91.1%	52.5%
Indonesia	70.7%	0.5%	47.1%
Bangladesh	0.7%	6.1%	0%
China	0.5%	0.8%	0.4%
India	0.3%	0.3%	0%
Philippines	0.3%	0.3%	0%
Singapore	0.1%	0.3%	0%
Burkina Faso	0%	0.3%	0%
Others	1.6%	0.3%	0%

[4] By Number of Employees

	2018	2017	2016
COMPARISON OF PAY			
Total Men Basic Salary (RM)	73,981,915	75,379,611	67,054,157
Average Annual Men Basic Salary (RM)	59,471	60,264	57,702
Average Number of Men Paid	1,244	1,251	1,162
Total Women Basic Salary (RM)	20,325,544	20,193,860	17,296,738
Average Annual Women Basic Salary (RM)	61,780	62,423	58,765
Average Number of Women Paid	329	324	294
Ratio of Men to Women Pay Equity	0.96:1	0.97:1	0.98:1
TRAINING			
Employee Participation in Training	820	963	1,253
Average Attendance Per Training Programme	20	20	15
Average Training Budget Per Employee (RM)	859	805	800
Average Man Days of Training Per Employee	2.83	1.23	2.70
Percentage of Employees with a Minimum of 3 Man Days of Training[5]	12%	13%	32%
OCCUPATIONAL HEALTH AND SAFETY			
Worked Man-Hours	20,242,286	18,790,437	16,918,924
Fatal Accidents	0	0	2
Lost Time Injury Accidents	2	4	6
Total Recordable Cases	2	4	8
Accident Frequency Rate	0.10	0.21	0.47

[5] An Employee Development Target Set by Management

TARGETS AND ACHIEVEMENTS

[205-3, 307-1]

	Targets	Achievements
ECONOMIC	Economic Performance are presented in Management Discussion and Analysis in detail.	Economic Performance are presented in Management Discussion and Analysis in detail.
ENVIRONMENTAL	To achieve ZERO compounds and fines from federal and local authorities.	Fine due to mosquito larvae observed at site. Fine was paid in August and October 2018.
	To maintain notice received from federal and local authorities on vector issues at 0.25 or below, company-wide.	Notice received on vector issues recorded at 0.043.
	Segregate construction waste at designated areas by type of waste for 3R and disposal.	All project sites segregate construction waste.
	To achieve a monthly environmental inspection score of 80% and above.	Average score of 84.5% achieved.
SAFETY AND HEALTH	ZERO life loss	Zero life loss
	To achieve a monthly inspection score of 80% and above.	Average score of 82.0% achieved.
	Accident Frequency Rate (AFR) of less than 0.3.	Accident Frequency Rate (AFR) of 0.10.
	Achieve 3 milestones: 3.9 million, 7 million and 10 million company wide-man-hours without any lost time accident.	Achieved 3rd milestone as the highest accumulated manhours without a lost time accident in 2018 was 15,410,095.
QUALITY	Contractors, subcontractors and suppliers' adherence to SunCon's quality standards	Subcontractors rated at Grade C and above maintained at 94% in 2018
	To meet the following targets for the annual client/consultant satisfaction survey:	
	• A minimum average score of 70%	Achieved an average score of 77.6%
	• A minimum average score of 90% in the "satisfaction of products and services" category	Recorded a satisfaction rate of 93.3%
	• Target response rate 75%	Achieved a response rate of 99.4%
	• Target QLASSIC score of 80%	Achieved an average QLASSIC score of 73.6%
OTHERS	Number of employees dismissed due to non-compliance with anti-corruption policy	ZERO cases
	Total number of fines in relation to corruption	ZERO cases
	Total amount of political contributions	ZERO contributions
	Anti-corruption training for employees	All employees are briefed on ethics, corruption and bribery through the Employee Handbook upon joining the Company
	Number of projects achieving Green Building Index (GBI) or other industry-relevant green building ratings.	10 GBI-certified projects completed

STRENGTHENING ECONOMIC INTEGRITY

To continuously have a positive impact on the local economy and to expand our business in a sustainable manner.

- Nation-building provider for superior workforce with fair compensation and decent opportunities.
- Rising economic productivity through innovation and technological advancement in business management and enterprise resource planning.

- Realising sustainability practice in our core business conduct and integrating sustainability information into our yearly reporting.
- Demonstrating our green commitment through practices and approaches with employees, contractors and the public.
- Advocating for circular economy and global resource efficiency through utilising sustainable resources.

- Leading developer of quality, sustainable and resilient infrastructures.
- Transforming traditional management method to technologically-engaged system through Virtual Design and Construction.
- Adopting clean and environmentally sound technologies in our constructions which are GBI certified.

- Promoting and enforcing non-discriminatory laws and policies for sustainable development.
- Zero incidents of corruption, bribery and fraudulent practice in all forms.
- Substantially increasing transparency and inclusivity practices within the organisation.

HIGHLIGHTS

- FTSE4Good Index Series constituent for the 4th consecutive year
- FY2018 Accolades include Commendation Award in Knowledge Management from ACCA Malaysia, 5-Star SCORE Rating, High QLASSIC Achievement, Gold and Silver Class for MSOSH Awards and Asia's Best Sustainability Report within Annual Report 2018
- 14% talent growth since 2017
- Utilisation of SAP cloud system in supply chain management and procurement strategies
- First in Malaysia to integrate Virtual Design and Construction (VDC) in the construction line since 2010
- Land acquisition for the development of the Integrated Construction and Fabrication Hub (ICPH) – awarded by Construction Authority of Singapore on 27 July 2018

ECONOMIC PERFORMANCE

[201-1, 201-4, 203-1]

Economic Performance are presented in Management Discussion and Analysis in detail.

STRENGTHENING ECONOMIC INTEGRITY (cont'd)

SUSTAINABLE PROCUREMENT PRACTICES

Our procurement capability continues to gain strength and traction. We emphasise on the integration of subcontractor and supplier skills and competencies in order to achieve performance improvement and thereby reducing the cost as well as rewarding the business supply chain with sustainable growth. To build an effective relationship between us and our subcontractors and suppliers, we clearly define our expectations on matters relating to safety and quality via our contract agreements with our suppliers.

SunCon's Supply Chain and Contracts Management (SCCM) team conducts effective and thorough screening and assessments of suppliers and subcontractors. While subcontractors are assessed based on their capability and experience in project safety and quality, prospective suppliers have to satisfy the five criteria of the e-Supplier Assessment which are product quality, cost, delivery, safety and health, and service quality as illustrated in the following chart. Furthermore, we stress upon the importance of complying with the country's relevant environmental and social regulations throughout our supply chain and impart this responsibility to our suppliers and subcontractors.

SUPPLIER ASSESSMENT

PRODUCT QUALITY
- Performance
- Written complaints
- Response Time
- Wastage

COST
- Pricing
- Fixed price with provisional quantity
- Terms of payment

DELIVERY
- Delivery
- Delivery Quantity
- Interval Time of Delivery
- Urgent Requests
- Written Complaints

SERVICE QUALITY
- Problem-Solving
- Value-added Service
- Personnel

SAFETY AND HEALTH
- Personal Protective Equipment (PPE)
- Safety Precautions
- Additional Protection

E-BIDDING & E-INVOICING

2018

63,218
invoices issued

156
e-bid events completed

Reducing paper storage, retrieval and wastage

SPENDING ON LOCAL SUPPLIERS
[204-1]

Overall, we provide an allocated budget of 70% for spending on local suppliers for all our projects, subject to material cost and availability. Depending on the scale of the project, we assign specific clauses that stipulates the requirement for locally sourced building materials and supplies throughout the project construction phase. Examples of projects with contract agreement clauses related to local suppliers are listed in the table below.

Project Name	Two Bid System
1. KLCC	Contractors are required to maximise the usage of local materials/products
2. Parcel F	Mandatory to utilise local materials and goods
3. GDC P1	Mandatory to utilise local materials and goods
4. MRT V201	The contractors are given a specific list of local suppliers to obtain building products

ANTI – CORRUPTION
[102-16]

SunCon's stance on anti-corruption and organisational transparency for employees within the organisation is conveyed through SunCon's code of conduct which is elucidated in the letter of employment given to every new employee.

Employees are also required to complete an online training on Sunway E-policy, Sunway Code of Conduct and Business, which necessitate our employees to act with integrity and ethics, to comply with laws and regulations and to uphold cooperative behaviours. Sunway Code of Conduct and Business is publicly available on our website.

One of our existing practices that we have to abide by is the 'NO-GIFT' policy. In practising the 'NO-GIFT' policy, our employees have to politely refrain from receiving any gifts. Instead, they are advised to respond to the giver by explaining with SunCon's 'NO-GIFT' policy while also acknowledging the giver's kind gesture. Contrariwise, our employees are also not advised to give gifts.

We have been conducting and aspire to continue our business operations without any incidents of corruption and these above-mentioned efforts play an important role in ensuring this.

MANAGING OUR ENVIRONMENTAL IMPACTS

To mitigate any negative environmental impact by observing best industry practices and strict adherence to environmental regulations.

- Maintain clean water and avoid pollution via water quality monitoring.
- Reduce dependency on main water supply through alternative measures.
- Reuse water from vehicle washing facilities at project sites.
- Monitor water consumption activities at the HQ.

- Advocate efforts to combat climate change through efficient fuel use and monitoring of carbon emissions.
- Apply stringent monitoring measures to emissions that contribute to accelerating climate change which includes NOx and SOx.

- Encourage use of sustainable building materials such as precast RC, RMC, GGBS and PFA.
- Ability to provide solutions and deliver design and build services meeting the requirements for Green Building certification.
- Minimise the use of timber girders and introduce modular formwork to reduce construction time and cost.

- Promote and enforce compliance to regulatory requirements through stringent environmental monitoring practices.
- Certified for ISO 14001 for Environmental Management Systems.
- Zero incidence of significant spills.

- Ensure the proper management and disposal of construction waste.
- Encourage the use of eco-friendly construction materials and the practice of recycling/ reusing them.
- Actively monitor the generation of waste at the project sites.

HIGHLIGHTS

- 100% Environmental monitoring at all project sites
- Sunway Southern Region Office GBI certified
- Percentage of SunCon's machines that are less than 5 years of use: 52%
- Achieved average monthly environmental inspection score at SunCon's project sites: 84.47%
- All SunCon's project sites are ISO 14001 certified

SUNCON GOOD SOCIAL AND ENVIRONMENTAL PRACTICES

Compensation Packages	Employee compensation is in compliance with: Workmen's Compensation (Amendment) Act 1996, Social Security Insurance, Employer's Liability Insurance.
Quarters and Transportation Provision	Employees are provided accommodation at a Centralised Labour Quarter (CLQ) with transportation to and from project sites.
Prohibition of Environmental Degradation	Works are sternly regulated to ensure good environmental practice is conducted and any potential impact or pollution is mitigated effectively.
Penalty for Environmental Pollution	The Environmental, Safety and Health committees are to monitor for any act of pollution committed or violation of legal requirements. Actions will be taken against the offender accordingly.
Occupational Safety and Health	Ensuring Safe Work Method Statement is prepared and safe work system is provided as per legal requirements and industry's best practice. Training and Personal Protective Equipment (PPE) are provided to all employees and workers.
Operational Emissions and Discharges	Release of emissions, biodiversity impacts, waste disposal, pollution and other environmental issues resulting from site operations are measured to strategise ways for mitigation.
Environmental Commitment	All SunCon stakeholders to be acknowledged of SunCon's commitments for efficient utilisation of resources, recycling initiative and use of alternate materials which are more environmental friendly and green.
Public Safety	Well-thought out approach with local authorities and communities by implementation of approved Traffic Management Plan and SunCon Hotline is established as part of grievance mechanism for public members. SunCon strictly adheres to all legal requirements with regards to public safety protection and implementation of industry's best practices.

Daily Housekeeping, Maintenance of Silt Fence near Waterways and Noise Monitoring Activities

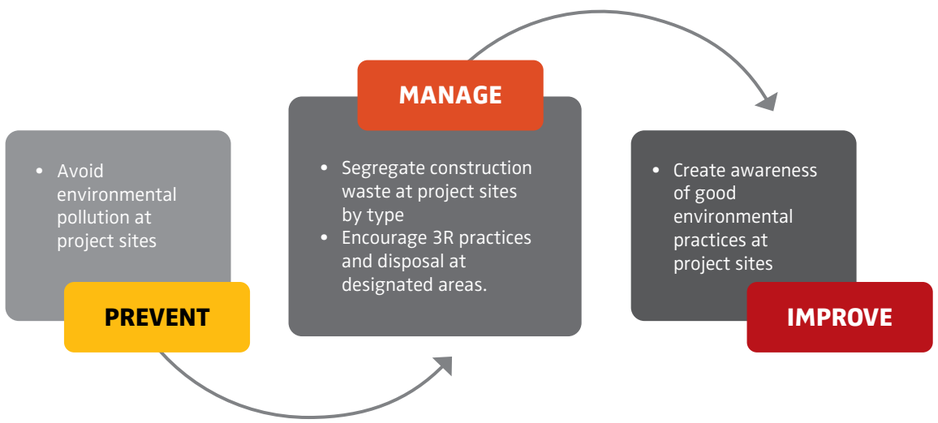
MANAGING OUR ENVIRONMENTAL IMPACTS (cont'd)

Here at SunCon, we practice due diligence in managing our environmental impact from construction activities that may result in dust and noise generation, waste materials generation, soil and water contamination, damage to public drainage systems, destruction of plants, birds and terrestrial fauna, etc. As our nation continues to develop, the construction industry will continue to impact the physical environment as long as the industry demands natural resources. To overcome this challenge, we include several key practices that are targeted to reduce our impact on the surrounding environment in the long run.

We do not have any construction projects that are located in ecologically sensitive areas. However, our on-site teams remain sensitive to the local ecology, landforms and communities, and invest in taking several proactive initiatives to conserve the natural local environment around our project sites.

At the forefront of our operations, we go by three environmental objectives at our project sites to ensure the sustainability of our construction activities throughout the construction phase as illustrated.

Furthermore, we have crafted a comprehensive environmental management programme which includes regular inspections, audits and daily site walks to monitor our performance with regard to minimising environmental impact at the project site and ensuring compliance to environmental regulations implemented by the government.



ENVIRONMENTAL COMPLIANCE
[307-1]

In SunCon, we enforce strict compliance and are committed to meet the statutory requirements as stipulated by the Department of Environment (DOE) Malaysia. Adequate trainings are also conducted regularly to ensure our staff and workers are made aware of the requirements and consequences of non-compliance.

Building on our effort to remain in compliance to regulatory compliance, we are also certified to ISO 14001 Environmental Management System which we have benefited in remaining commercial, successful without disregarding our environmental responsibilities. Our environmental impact such as efficient use of resources, pollution reduction and lower waste generation while striving for the company's growth. Our commitment to the conservation and protection of the environment is accentuated through our QESH policy, which addresses our obligations in the prevention of environmental pollution, management of construction waste and conservation of resources by performing a systematic environmental aspect and impact evaluation, implementing the operational controls and providing necessary trainings.

AIR MONITORING
[305-7]

Construction activities that contribute to air pollution include land clearing, operation of diesel engines, demolition, burning and working with toxic materials. As one of the leading construction companies, we conduct 100 per cent environmental monitoring across all our projects in order to monitor, detect and where possible, minimise any adverse environmental impact. Furthermore, open burning is strictly prohibited at all SunCon project sites. SunCon monitors the air quality at every worksite at various stations because most of our activities generate dust, contaminated vapours and odour. We ensure that the perimeters are within DOE limits. Total suspended particulates (TSP) are monitored on a biweekly, monthly or quarterly basis depending on the requirement. TSP reading across all our project sites ranged from 26 to 250 µg/m³ which is within the limit set by the DOE which is 260 µg/m³.

Nitrogen Oxide (NOx) and Sulphur Oxide (SOx) are also parameters used by SunCon to monitor the ambient air quality. NOx and SOx readings across all our monitoring stations are within the limit set by DOE which is 300 µg/m³.

NOx (µg/m³) Monitoring

Project	Baseline	2018		2017		2016	
		Min	Max	Min	Max	Min	Max
MRT V201	<1	<1	<1	<1	12	<1	4
KLCC P1	<5[6]	3.8	12.5	<5	14	<5	<5
KLCC P2	<5	<5	<5	<5	<5	<5	<5
LRT3	<0.5	<0.5	1	-	-	-	-

[6] NOx (µg/m³) at KLCC P1 was monitored at 4 stations = the baseline at 2 station was <5, 12.5 and 3.8

SOx (µg/m³) Monitoring

Project	Baseline	2018		2017		2016	
		Min	Max	Min	Max	Min	Max
MRT V201	<0.5	-	-	<1	12	<1	4
KLCC P1	<5	<5	<5	<5	<5	<5	<5
KLCC P2	<5	<5	<5	<5	<5	<5	<5
SVMC	N/A	-	-	<5	<5	N/A	N/A

NOISE MONITORING

Noise during construction and building works can be a nuisance to local residents and businesses as our projects, although being hoarded up, are still within close proximity to the public and residential areas such as Bandar Sunway, Klang, and Bandar Sri Damansara. Measures are taken by SunCon to demonstrate our responsibility to the community and regulatory agencies. These measures include limiting night work activities to those that do not generate noise above general limit, installing noise barriers at receptive areas and engaging communities around our construction site for a collective solution.

Noise levels are measured during day and night at different monitoring stations for every construction site. The noise level readings are taken on a monthly or quarterly basis to be reported to the DOE as required by the Environmental Assessment Plan.

Project	Noise Monitoring (Day) General Limit : 65 dB(A)		Noise Monitoring (Night) General Limit : 55 dB(A)	
	Baseline	Average	Baseline	Average
MRT V201	66	67	62	63
LRT3	68	70	64	66
KLCC P1	76	70	71	66
KLCC P2	78	69	74	63
Parcel F	61	61	50	54
SMC 4	65	65	59	61
SVMC	69	70	63	63
KJ P1	61	67	N/A	N/A
GDC P1	67	63	65	60

MANAGING OUR ENVIRONMENTAL IMPACTS (cont'd)

ENVIRONMENTAL COMPLIANCE (cont'd)

WATER MONITORING
[306-5]

On a monthly basis, we measure the total suspended solids (TSS) in water bodies located within or near our project sites to maintain compliance to environmental regulations enforced by the Department of Environment (DOE). We record the TSS levels at final discharge points from our project sites into any waterways to ensure continuous compliance with DOE regulations.

The table below presents water quality monitoring data of final discharge points at our project sites.

Project	Compliance Limit	Average Baseline	Minimum	Maximum	Average
ER	100	71	17	203*	55
MRT V201	150	11	7	124	32
LRT3	50	27	19	75	56
Sunway GEOLake	100	5	5	25	10
CP3	100	-	8	18	11
ISKL	50	50	20	185*	87**

The TSS limit stipulated by DOE is to remain within the 50 to 150 mg/l threshold
* High reading arise from one-off event due to heavy rain at ER and ISKL
** High average reading as only 2 sets of reading available due to project completion. Average was skewed by one-off high reading due to rain event

In the event of high TSS readings detected at the monitoring stations, we take immediate remedial actions to rectify the issue and conduct an evaluation on the current management procedure to reduce TSS discharge.

SILT TRAPS

Silt traps are constructed at project sites to control erosion particulates from entering waterways that surround our project sites and sedimentation risks associated with land clearing and building activities that would agitate the existing soil structure. The following table presents the water monitoring data of discharge points at our silt traps.

Frequent maintenance of our silt traps ensures that the traps are not blocked and continue to effectively filter large solid particulates. In addition to complying with the regulations mentioned in the water monitoring section, our silt traps are constructed to ensure compliance to the Environmental Quality as imposed by Perbadanan Putrajaya for Water Pollution Control in Parcel F and GDC P1 projects due to its location being in the Putrajaya district.

Project	Compliance Limit	Average Baseline	Minimum	Maximum	Average
ER	50	5	ND	960*	5
MRT V201	50	50	ND	34	50
LRT3	50	19	ND	31	13
Sunway GEOLake	100	71	10	188**	71
Big Box	50	48	ND	2963***	16
KLCC P1	50	50	ND	48	50
KLCC P2	50	50	ND	32	50
Parcel F	50	50	ND	49	50
SMC4	100	100	70	95	83
Sunway Serene	50	48	5	161**	48
GDC P1	50	19	ND	40	19

* High reading due to heavy rain and silt trap not maintained at ER. Corrective action which requires maintenance has been conducted
** High reading arise from one-off event due to heavy rain at Sunway GEOLake and Sunway Serene
*** High reading is one-off event due to heavy rain and inefficient silt trap design at Big Box. Corrective action to re-design silt traps and maintenance has been conducted

Frequent maintenance on our silt traps ensures that the erosion and sediment control measure functions as per its design capacity effectively.

OUR STRATEGY TO ADDRESS CLIMATE CHANGE

The construction industry is bound to have detrimental impact on the environment. Every activity in the construction project life cycle, from manufacturing and transporting of building materials to the installation and construction of buildings, consumes energy and emits greenhouse gas (GHG).

At SunCon, we are working to reduce our carbon footprint by examining key areas and pivotal opportunities which we can take advantage on. These include the use of low embodied carbon building materials, energy efficient plant and machinery, and environmentally friendly fuel, where they are linchpins to a construction project.

EMISSIONS
[305-1, 305-2, 305-3]

Reducing vehicle emission is part of a larger SunCon strategy to tackle the negative health and environmental effects of air pollution created by our activities.

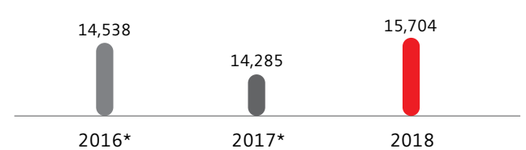
Our emissions accounting is based on the GHG Protocol classification of direct and indirect emissions. The GHG Protocol Corporate Standard classifies a company's direct and indirect emissions into three 'scopes'. By using these 3 types of scopes, we convert emissions of GHG from SunCon activities (such as using diesel for machinery and electricity bill) using the emissions accounting.

SCOPE	CATEGORY	INDICATOR MEASURED	EMISSIONS SOURCE
1	Direct	Company owned vehicles and machinery	Company owned controlled resources
2	Indirect GHG Emissions	Electricity	Purchased Energy
3	Other Indirect GHG Emissions	Air Travel	Transport not owned by company

- **SCOPE 1**

  Diesel is one of our main fuel used to power our machinery and vehicles such as backhoe, crane and excavator. Based on the calculation, our carbon emissions has increased. This is mainly due to the increasing number of on-going projects.

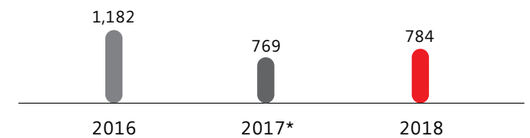
CO_2 Emissions from Company-Owned Vehicles and Machines, Tonnes



- **SCOPE 2**

  Purchased electricity that is consumed by SunCon are reported as Scope 2. The overall electrical energy consumption and the resulting carbon emission increased in 2018 compared to 2017.

CO_2 Emissions from Purchased Electricity

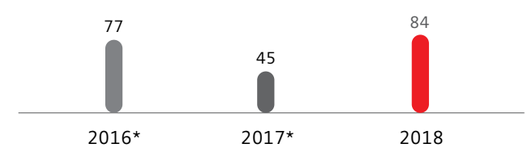


As part of Sunway Group's commitment towards reducing electricity consumption, motion sensors have been progressively installed at office areas, pantries and washrooms at Menara Sunway since October 2018. This initiative aims to reduce electricity wastages through unattended switches and constant lighting at common areas which are not occupied all the time. Savings on electricity consumption at floor levels occupied by SunCon at Menara Sunway will be covered in the next reporting cycle.

- **SCOPE 3**

  Scope 3 includes all other indirect emissions that occur in a company's value chain. For example, air travel for business-related activities which involve aircrafts that are not owned by SunCon. The emissions for 2018 increased as the travel frequency increases due to business demand.

CO_2 Emissions from Air Travel



*Restated

MANAGING OUR ENVIRONMENTAL IMPACTS (cont'd)

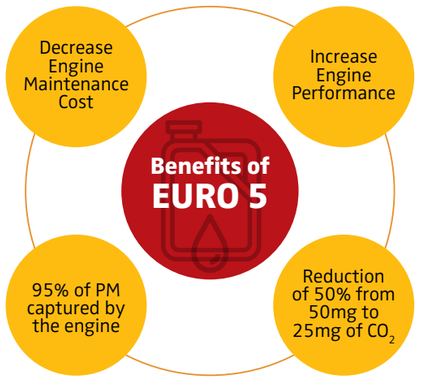
OUR STRATEGY TO ADDRESS CLIMATE CHANGE (cont'd)

CLEAN ENVIRONMENT
[302-1]

SunCon's business operations heavily revolves around machinery and equipment. Below are SunCon ongoing programmes that promote productivity and minimise our operation's impact on environment.

- **Fuel Consumption**
  Since January 2018, all Company owned machinery and vehicles switched from Euro 2 to Euro 5 diesel with lower carbon / CO_2 emission to the environment. This is in line with the Environmental Quality (Control of Petrol and Diesel Properties) (Amendment) Regulations 2015 which describes the Government's requirements towards controlling air quality.

  The Euro 5 standards further restrict emissions, including carbon monoxide (CO), hydrocarbons (HC), oxides of nitrogen (NOx) and particulate matters (PM), which are considered harmful to human health. Euro 5 diesel is an ultra-clean fuel with an extremely low sulphur content of only 10 ppm (parts per million), compared to 500 ppm for Euro 2.



- **Machine Renewal and Revitalising Programme**
  The main bulk of the CO_2 emissions amount produced over the lifecycle of construction equipment is during machine operation, which accounts for approximately 90% of the total. Acquiring fuel and energy efficient machinery is one of the solutions to help in our business operations and also helps the environment.

  SunCon Machine Renewal Programme is one of our key indicators for significant financial investment in our capital expenditure (CAPEX). This programme has been established to evaluate the repair and maintenance costs of our fleet of machines and decommission any that are not cost-effective. As a result, this programme helps in increasing our productivity, saving time on site and boosting safety and positive environmental impacts.

  New machineries purchased are environmental friendly, in that they are highly fuel efficient and equipped with the latest technology. Thus, they help in reducing CO_2 emissions considerably and help reduce SunCon's carbon foot print.

  Our Revitalisation Programme replaces machinery parts to prolong the life span of the machine while working in fit condition. This preventive action is taken each time the machine has worked for more than 10,000 hours to ensure that the machines are working optimally and avoid major breakdown. 10 plants and machineries underwent this programme in 2018.

2018

Total Newly Purchased Machinery: 29

5	Tipper Truck	4	Boring Machine
5	Skylift	3	Rough Terrain Crane
4	Water Truck	3	Crawler Crane
4	Lorry Crane	1	Tower Crane

- **Recycle and Reuse Hydraulic Oil**
  Fluid life extension and recycling is an important strategy that provides opportunities for significant cost savings while encouraging positive environmental stewardship. Used oils can pollute the environment if they are not recycled or disposed properly.

  In 2018, we embarked on an initiative to recycle and reuse hydraulic oil for all our machines. However, the remaining used oil that is not recycled is disposed by an appointed licensed scheduled waste collector registered with Department of Environment (DOE) in compliance with requirements as stipulated in the Environmental Quality (Scheduled Wastes) Regulations 2005.

BENEFITS OF RECYCLING AND REUSING USED OIL
Keeps it from polluting soil and water
Increases machine reliability
Recycling waste into usable products
Motor oil does not wear out and therefore recycling it saves valuable resources

HYDRAULIC OIL RECYCLING INITIATIVE 2018

TOTAL CONSUMPTION:	TOTAL RECYCLED:	PERCENTAGE RECYCLED:
12,098 LITRES	5,749 LITRES	47.5%

- **Lifespan Prolongation of Machine Engine Oil**
  Prolongation of machine engine oil benefit in reducing spent lubricating oil (SW305) and also filter rags, plastics, papers or filters contaminated with scheduled wastes (SW410) by reducing service downtime and increasing service interval. In a year, the general service needed for normal oil is 8 times but with 1000H engine oil, the general service is reduced to 3 times per year depending on site project working hours.

  Increasing the longevity of oil is one of our initiatives in reducing waste and conserving resources. Lubricant testing and oil condition monitoring was conducted to minimise costly down-time and repairs, enhance the equipment life and reliability and extend lubricant life. We managed to set a new benchmark of service schedule oil change interval up to 1,000 hours, instead of regular service hours of 350. The analysis for the machines to operate for 500 hours without oil change was a complete success.

OUR SUPPORT FOR GREEN TECHNOLOGY

Since 1981, SunCon has continually strived to keep in pace with technological advancement and innovation demands to remain at the cutting edge of the construction industry. Being the construction arm of Sunway Group, we endeavour to support Sunway Group's commitment to the 17 SDG Goals, specifically in the areas of providing means to affordable and clean energy and building sustainable cities and communities.

- **Moving into the Sun**
  Ecowalk project is the maiden solar power initiative within Sunway City as part of our new venture into renewable energy sources. Connecting key pedestrian areas such as Menara Sunway, Sunway Lagoon Club, Palm Ville Condominium and Sunway Medical centre, the Ecowalk roof is covered with solar panel installations which was completed in June 2018. Solar panels were also installed on the roofs of Sunway University and Monash University to harness solar power as alternative energy source for daily building operations, amplifying the Group's commitment to clean energy. SunCon prides itself as the appointed contractor with technical expertise for the installation and commissioning of solar system within the Group and will continue to expand our influence while venturing into various opportunities on renewable energy. Sunway Engineering Sdn. Bhd. tendered for the Large Solar Scale (LSS) 2 and will continue to pursue for LSS 3 in 2019 as we are committed to serve the renewable energy sector.

- **Green Construction**
  Green Building Index (GBI), Leadership in Energy and Environmental Design (LEED) and GreenRE certifications are no longer new to the construction industry. Hence, it is important for us to keep abreast with the latest technology and updates as sustainable and smart buildings are becoming our clients' must-have selling points.

  Green building certifications are assessed based on the following categories:
  - Energy efficiency
  - Indoor environmental quality
  - Sustainable site management
  - Materials and resources
  - Water efficiency
  - Innovation

MANAGING OUR ENVIRONMENTAL IMPACTS (cont'd)

OUR STRATEGY TO ADDRESS CLIMATE CHANGE (cont'd)

OUR SUPPORT FOR GREEN TECHNOLOGY (cont'd)

- **Green Construction (cont'd)**
  In SunCon, we have in-house experts to study on the assessment criteria, type of technology being considered, development of effective strategy in meeting the clients' requirements and diligent execution throughout the project duration. We have successfully trained 4 certified GBI Facilitators, 2 GBI Commissioning Specialists and 2 GreenRE Managers. With the pool of talents we have in the organisation, we are confident that we can provide top notch services and solutions to our clients in the area of Green Building construction.

  To date, we have completed 10 Green Building projects with 2 more ongoing.

Completed Projects	Details
PZ10, Everly Hotel & Office	GBI NRNC Certified
Sunway Pinnacle Tower	GBI NRNC Certified & Green Mark Gold
Sunway Pyramid Phase 3	GBI NRNC Certified & Green Mark Gold
Sunway Geo Tower	GreenRE Certified
International School Kuala Lumpur (ISKL)	GBI NRNC Platinum
KLCC Package 2	GBI NRNC Gold & LEED Platinum
Afiniti Johor - CIMB Leadership Academy	GBI NRNC Certified
Afiniti Johor - Somerset Medini	GBI NRNC Certified
Afiniti Johor - Wellness Centre	GBI NRNC Certified
Sunway Southern Region Office	GBI NRNC Certified

Ongoing Projects	Details
Parcel F	GBI NRNC Gold
LRT3 (GS07-08)	GBI NRNC Silver

Green building features reduce or eliminate potential negative impacts to the environment at the design and operations stage. To ensure that we commit to the green building requirements and implement the initiatives, we apply four targets to the projects we build – environmental impact and sustainable Return of Investment (ROI), direct financial ROI, creating a liveable facility and maintain a higher property value.

BIODIVERSITY AND CONSERVATION

A resilient natural environment is vital to the sustainable development of businesses. Biodiversity is vital to maintain a resilient natural environment.

- Analyse the potential impact and develop mitigation measures if risks to biodiversity is identified.
- Before developing site construction, biodiversity assessment is conducted to reduce our impact.
- Comply to all environmental regulatory and meet permit conditions regarding biodiversity management.
- Making sure to control all the clearing activities and implementing offset or relocation programme if unavoidable habitat disturbance occurs.

We are taking positive steps at our Sunway Southern Region projects in protecting the environment by preserving and avoiding development on river buffer zones plus:

- The natural mangrove areas within at least 50 metres of the boundary of the project areas; and
- The Straits of Johor and Pendas River.

CONSTRUCTION MATERIAL
[301-1]

Across the construction industry, there has been a push for sustainable building practices – from material sourcing to design – to ensure building longevity with respect to its impact on economic, social and environmental outcomes for the future generations. Practical and technical aspects of environmental sustainability, relate to resource efficiency and waste elimination, and draws together various aspects of minimising resource consumption.

Construction for commercial purposes, including transportation infrastructure involves the use of a considerable amount of sand, construction aggregate, cement and concrete. We measure the amount of core building materials used for each project to ensure that we maintain our building costs and sustainable sourcing. With every project we undertake, we seek to optimise resource use and maintain a good balance in adapting to modern construction practices without compromising on the quality and durability of the building materials.

Ready Mix Concrete (RMC)
We use RMC to reduce our dependence on conventional concrete and because of its proven durability in extreme environment with low sensitivity to impurities which enables the use of recyclable by-products to produce more RMC for future projects. A percentage of the RMC is made of waste materials and carbon dioxide sequestering materials, properties which conventional concrete material lack.

RMC consists of predetermined mixture of cement, aggregates, water and admixtures. Minerals admixture used are fly ash (FA), a form of by-product generated from coal-fired electricity power stations and ground granulated blast furnace (GGBS), a form of by-product generated from iron and steel making industry, therefore paving the way for waste recycling opportunities. To date, 40% of our RMC are using those mineral admixtures as a cement replacement for better quality, reducing the carbon monoxide and increasing concrete durability.

Timber
Timber is commonly used in construction because it is a high-performance material, light in weight, yet with excellent load bearing and thermal properties. To ensure the structural integrity of our projects, our internal team of design engineers focus on maximising the use of prefabricated wall formworks, which require the support of timber girders to reduce the risk of material damage or loss. Through proper storage methods in the warehouses, we ensure that the timber girders stay dry and is appropriately packaged for reuse.

In recent years, we have begun to introduce modular formwork, a building material that requires less timber girders. Moving forward, we aim to continually reuse our timber girders, effectively reducing the need for new timber supply, to ensure that efficient materials such as formworks are prioritised over non-renewable material.

GREEN CONSTRUCTION MATERIAL
[301-1]

Materials are essential components of buildings construction. The design of green buildings should thus begin with the selection and use of eco-friendly materials. Sustainable building material can contribute to lessen the impact of environmental degradation, and generate healthy buildings which can be sustainable to the occupant as well as our environment.

Increasing Building Quality with ALC Blocks
ALC Block is a unique and excellent type of building material due to its super heat, fire and sound resistance. ALC blocks are lightweight and offer ultimate workability, flexibility and durability. ALC Block can help reduce at least 30% of environmental waste, decrease 50% of greenhouse radiation and over 60% integrated energy on the surface of brick. They are environmentally friendly because they are easy to cut precisely, therefore reducing solid waste and related manufacturing carbon dioxide emissions.

Low Volatile Organic Compounds Paint as Eco Option
Volatile Organic Compounds (VOC) are emitted by different gases and solids such as paints and lacquers, paint strippers, cleaning supplies, pesticides, building materials and furnishings, and craft materials including adhesives and permanent markers. SunCon provides environmental-friendly products by using the low VOC paints as gases emitted by the paint is considered one of the top five hazards to human health.

Environmentally Friendly Lighting
SunCon chooses Light Emitting Diode (LED) Light as one of our elements in green building products to minimise the environmental impacts. LED lights use 80% less energy than incandescent lighting. Also, they do not contain hazardous materials such as toxic mercury and have longer lifespan, which can reduce frequency of disposal of lamps.

MANAGING OUR ENVIRONMENTAL IMPACTS (cont'd)

WASTE AND DISCHARGES

Our environmental impact is also defined by the waste that is generated at our project sites. SunCon recognises that:

- There is a direct connection between waste generation and consumption and business growth
- Waste going into landfill represents a substantial loss of materials

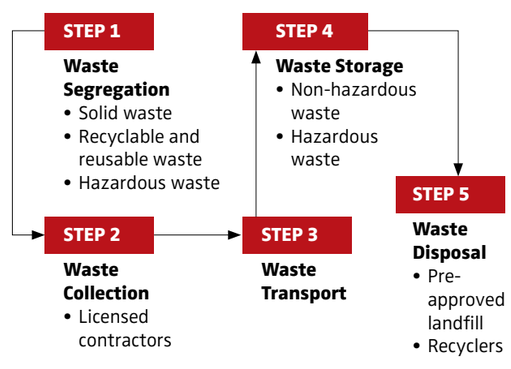
We minimise waste generation at all worksites by managing it on-site as effectively and efficiently as possible. It is also part of our management system to implement the Waste Management Plan at all worksites to drive the reduce, reuse and recycle culture through systematic waste segregation as we aspire to divert waste generated from landfill.

Our operation team on site is responsible to monitor, record and report our waste generations as part of our commitment in minimising our environmental impact of our operations.

WASTE MANAGEMENT PRACTICES

[306-2, 306-3, 306-4]

Our operations generate a variety of waste, including construction, municipal and scheduled waste. Our objective is to effectively manage the waste that is generated at the construction sites in a manner that is in line with DOE's regulatory requirements. This chart illustrates SunCon's overall waste management process.

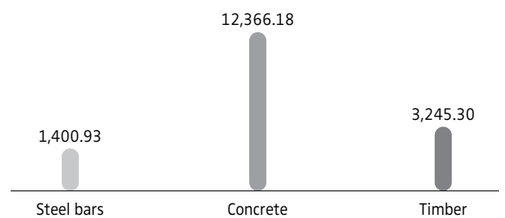


- **Construction Waste**
  [306-2]

  Waste generation is directly proportionate to the scale of a project and directly impacts our business operations if irresponsibly managed. We monitor the three main types of construction waste that are generated – steel bars, concrete, timber and domestic waste. The graph below displays the amount of waste (tonnes) that was generated from 14 of our ongoing projects for 2018.

  In 2018, our scope of measuring construction waste has been revised to refine our waste data collection methods and include Construction Material and Domestic waste categories at the project sites. Therefore, we will present the FY2018 construction waste quantitative data for SunCon as a baseline data to be compared in future reporting. The graph below represents the construction waste that was generated in 2018 at our project sites by type.

CONSTRUCTION WASTE GENERATED AT SITE, TONNES



Any waste material disposed directly into the landfill would lead to substantial loss of potentially reusable material contributing to a negative impact on the environment in the long term. To manage this, we diligently record the types of waste we generate, by weight, and apply added measures to segregate our waste for recycling purposes.

Using Technology that Minimises Construction Waste

Our investment in Virtual Design and Construction (VDC) since 2010 has benefited us as such that our construction wastage generations are within the allowable percentage. The use of Building Information Model (BIM) has allowed us to detect potential internal and external clashes before construction begins, thereby reducing the amount of rework which would contribute to considerable amount of construction waste going into the landfill.

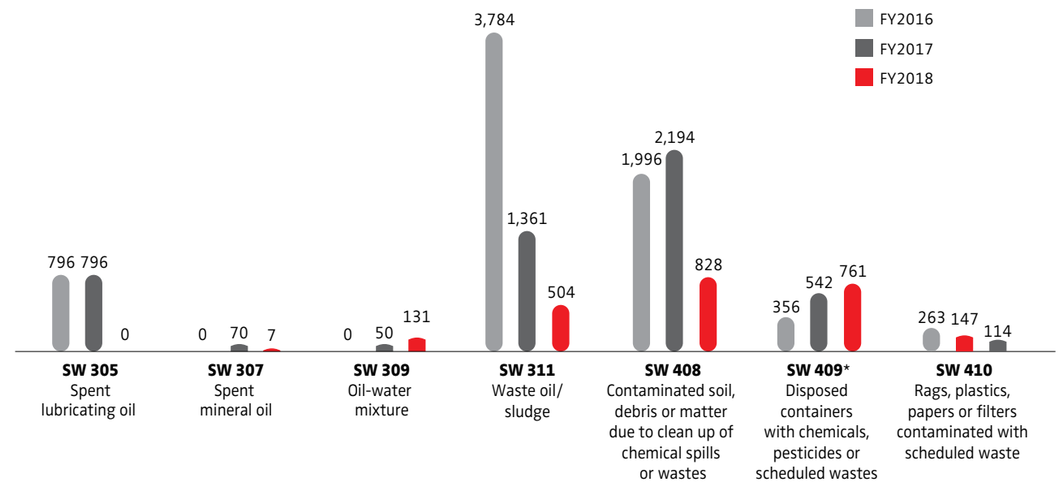
- **Scheduled Waste**

  Scheduled waste requires appropriate waste storage, recordkeeping and disposal methods as outlined by the Environmental Quality (Scheduled Wastes) Regulations 2005.

  The volume (m^3) of scheduled waste generated at 13 of our projects in 2016, 2017 and 2018 are presented in the graph below. Our records show that in 2018, a lower volume of scheduled waste was generated for SW305, SW307, SW311, SW408 and SW410.

  In compliance with the requirements outlined by DOE in the Environmental Quality (Scheduled Wastes) Regulations 2005, we manage our scheduled waste through sound recordkeeping, monitoring, storage and disposal by licensed contractors at designated landfills.

TYPES OF SCHEDULED WASTE RECORDED BY VOLUME , KG



*The increase in SW 409 is due to improved awareness of scheduled waste management and operational demands at project site

We continue to ensure that scheduled waste is responsibly disposed at pre-approved sites by the DOE to avoid contaminating the environment and appoint licensed contractors who are skilled in handling scheduled wastes material.

- **Chemical Spills and Leakages**

  Chemical spills that occur on our project sites would require reporting to relevant authorities in the event of a significant spill. For this financial year, we recorded zero significant chemical spills at all our project sites. Year on year, we maintain chemical control methods via appropriate labelling, handling and storage on site. We also ensure any oil leakages from our plant and machinery are contained and disposed as scheduled waste to avoid any potential spills from contaminating the surrounding environment.

MANAGING OUR ENVIRONMENTAL IMPACTS (cont'd)

REDUCE, REUSE AND RECYCLE (3R)
[301-2]

In recent years, the concept of 3R has been proposed for construction waste as well as office waste management, which relates to three main concepts namely reduce, reuse and recycle.

- **Office**
  We encourage the habit of recycling amongst employees and visitors to the HQ by strategically placing recycling bins in common areas that are heavily and regularly used such as the pantry. One aspect of our recycling activity that we actively monitor is the recycling of paper. We measure the weight of paper that is used against the weight of used paper that is sold to a third party for recycling. Apart from recycling our papers, we have also converted the usage of all 80gm papers to 70gm papers. Thinner paper is made of less wood per sheet, hence save trees and contributes to the reduction of negative biodiversity impact. Furthermore, paper used at our office and project worksites are Programme for the Endorsement of Forest Certification (PEFC) certified which is an organisation dedicated to promoting Sustainable Forest Management.

- **Project Site**
  We inculcate the culture of reuse via the following initiatives:
  - Steel plates/timber waste repurposed as cage stoppers, signage material and cement mixing containers;
  - Concrete reused as crusher run as a cost-effective measure to create alternative driveway at our construction sites

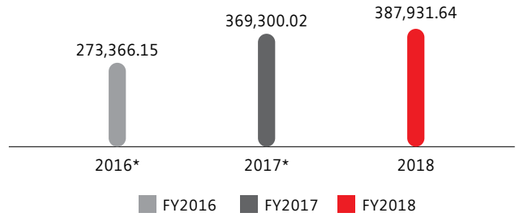
In the coming years, we continue to move towards responsible waste management by considering initiatives that would further reduce our waste output or improve our 3R efforts at the HQ building and our project sites.

WATER
[303-1, 303-2]

Water is a key aspect to any construction project. Although SunCon does not operate at any areas that experience water scarcity, we remain vigilant of our consumptions and strive to reduce our water footprint through the implementation of best practices. To ensure responsible consumption of potable water onsite, we concentrate our efforts on installing high-efficiency low-flow water fixtures to reduce wastage through minimising discharge and exploration of alternative water source for our construction activities. We are also engaging our employees, contractors and their workers continually to emphasise on the importance of water conservation and responsible consumption.

The graph below illustrates our water consumption between 2016 to 2018.

WATER CONSUMPTION, M³



(The data was collected through the monthly monitoring of water bills)

* Restated

Project	Water Saving Initiatives
KLCC	• Accumulated rainwater on ground level is channelled into collection tanks to be used for skim coating works • Water extracted from wells as measures to reduce height of water table is used for wheel washing facilities on site
Parcel F	• Water pumped from Putrajaya Lake for dust suppression on internal roadway to prevent air pollution reduces dependency on main water supply • Recycling and reusing of water at wheel washing facilities on site
MRT V201	• Water pumped from site sedimentation pond is use for road washing works, water browsing and wheel washing facilities which reduces dependency on main water supply. Total Suspended Solid (TSS) level of water used has been ensured to be within the limit

FLOOD PROTECTION AND MITIGATION
[201-2]

We acknowledged that our activities may have the potential to create unfavourable water diversions to the communities around us. Our infrastructure projects, MRT and LRT are most susceptible to these situations. As sections of the project may be located in flood prone areas, coupled with unpredictable weather conditions in Malaysia, one of our biggest risks is flooding events. SunCon is committed to ensure that any possibility of flooding events is reduced or prevented totally as we recognised that these events will cause great inconvenience and property damages to the communities around us. It is our practice to establish Flood Protection Plan where studies were conducted to identify flood prone areas along the alignment, rainfall data of these areas, flood prevention measures and contingency plans. Implementations of the prevention measures are followed up closely by project team members while our Environmental Officers will conduct inspections to ensure all areas are covered. The Flood Protection Plan is updated regularly or as when necessary to capture any changes of updates.

Maintenance of Silt Trap as Part of Erosion and Sediment Control Plan

ENSURING SAFE AND QUALITY CONSTRUCTION

To create a safe and healthy working environment for all employees and prioritise quality construction.

3 GOOD HEALTH AND WELL-BEING

- Award-winning firm for responsible practices in environmental, health and safety.
- Comprehensive health coverage and screening for employees.

11 SUSTAINABLE CITIES AND COMMUNITIES

- Top national provider for safe, affordable, accessible and sustainable transport systems and buildings in Malaysia.
- Contributes to increasing road safety through the expansion of public transport.
- Provides access to adequate, safe and affordable housing fabricated from local materials.

HIGHLIGHTS

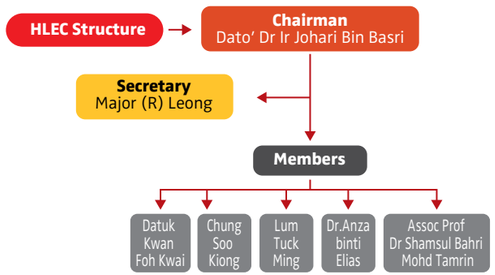
- SunCon's project sites are all certified under OHSAS 18001
- Zero life loss
- Average monthly OSH inspection scores of 81.91%
- Achieved Best QLASSIC and High QLASSIC awards with an average QLASSIC score of 73.6%
- Yearly increase in all internal quality rating like SQMS and Trade Rating

At SunCon, we promote a culture of safety where the safety of our colleagues, families and friends are a priority. SunCon's Quality, Environment, Safety and Health (QESH) Management System is an integrated management system that conforms to international standards such as ISO 9001, ISO 14001 and OHSAS 18001.

Our QESH policy reflects the Company's fundamental thrust towards inculcating total quality, environment, safety and health management principles, practices and values. As part of our continuous effort to develop, implement and maintain good occupational safety, health and environmentally-friendly practices in its construction activities, we inculcate a corporate culture that is aligned with its QESH objectives.

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

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



HIGH LEVEL ENVIRONMENTAL, SAFETY AND HEALTH COUNCIL (HLEC)

In 2018, the HLEC continues to spearhead the development and implementation of ESH strategies and policies which aim to improve SunCon's ESH performance. Led by Dato' Ir Johari Bin Basri, Senior Independent Non-Executive Director of SCG who is the Chairman of the Council; the Council visited our project worksites regularly and had 4 meetings in 2018. Issues discussed include emerging challenges in ESH implementation relating to construction industry and accident prevention measures arising from lesson learnt within our walls, or the industry as a whole.

ENVIRONMENTAL, SAFETY AND HEALTH (ESH) COMMITTEE

[403-1, 403-2]

We are in compliance with the requirements of Occupational Safety and Health Act 1994, which includes the setting up of an ESH committee when there are 40 or more persons employed at the place of work. There is an ESH committee at every SunCon project site. The Project Manager assumes the position of the Chairman of the Committee and the Safety and Health Officer assumes the position of the Secretary.

The committee is made up of employer and employee representatives. SunCon staff are nominated to be part of the committee as employer representatives and every subcontractor will be represented as employee representatives. It is our minimum requirement that the ESH Committee meets monthly to discuss issues in relation to ESH. The meeting will commence with inspection of workplace by all committee members, follow by discussion and development of short and long-term action plan to resolve ESH findings.

SunCon has **348** staff serving in the ESH Committee across all SunCon project sites and various subsidiaries, which accounts to approximately **24%** of total SunCon workforce.

AWARDS AND RECOGNITION

"Quality, Environment, Safety and Health, Our Culture, Our Shared Commitment"

The Malaysian Society for Occupational Safety and Health (MSOSH) gives due recognition to all organisations which have achieved commendable safety and health records and shown improvement in occupational safety and health processes.

At the MSOSH Awards 2017, a number of SunCon Projects received Gold Class I, Gold Class II and Silver Awards.

MSOSH AWARDS 2017

Gold Class I Award	**Parcel F**
Gold Class I Award	**GDC P1**
Gold Class II Award	**MRT V201**
Silver Award	**Sunway Velocity Medical Centre**
Silver Award	**The Big Box**

OUR COMMITMENT TO GOOD ESH GOVERNANCE

At SunCon, Environmental, Safety and Health is Our Passion, Our Pride. We strive to ensure that all our operations are conducted in an environmental friendly, safe and healthy manner not only for our workforce, but also for the communities around us. This message is resonated through functions below to all our business partners which requires their strict adherence at all times while working in our project worksites:

1. Compliance to ESH statutory requirements

- Occupational Safety and Health Act (OSHA) 1994
- Factories and Machinery Act (FMA) 1967
- Environmental Quality Act (EQA) 1974
- CIDB Act 520
- All related regulations and guidelines

2. Safe Work Method Statement for all activities

3. Implementation of Permit to Work System

- Hot work
- Scaffolding
- Working at Height
- Excavation
- Confined Space
- Lifting
- Night work

4. Provision of safe system of work

5. Continual learning through awareness and on-the-job training

6. Compulsory Personal Protective Equipment (PPE)

- Safety helmet and chin strap
- Full body harness
- Reflective vest
- Safety footwear
- Hearing protection and ear plugs
- Eye and face protection
- Hand protection
- Dust mask

ENSURING SAFE AND QUALITY CONSTRUCTION (cont'd)

ACCIDENT/INCIDENT MANAGEMENT

We investigate every accident and incident that occurs to identify its root cause before mapping future corrective and preventive actions. Report findings and lessons learnt in respective areas including Building, Civil, Geotechnical and Engineering are circulated to key personnel and reported to both senior management and HLEC.

In the handling and investigation of accidents and incidents at the corporate office, building and civil engineering projects, SunCon has a procedure which refers to guidelines such as:

- ISO 14001:2015 Clause 10.2
- OHSAS 18001:2007 Clause 4.5.3
- Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease (NADOPOD) Regulation 2004

SAFETY AND HEALTH STATISTICS

[403-2]

The safety and health statistics throughout our ongoing projects from 2016 to 2018, and our safety performance in 2018 against SunCon targets is shown in the Sustainability Performance table. Our statistics incorporates man-hours and accidents data compiled for staff, direct workers, and contractors' workforce working at all our project sites.

SunCon defined Lost Time Injury (LTI) accident where the injury sustained prevented any person from his normal occupation for 4 calendar days or more as guided by OSH (NADOPOD) Regulations 2004. In 2018, we recorded 2 LTI accidents. Thorough investigations were conducted for both accidents to identify the root causes for the incident and corrective measures have been implemented. The findings and preventive measures were shared across all SunCon project worksites through Safety Alerts which are available in e-copies or at ESH information board on site and accident sharing sessions to ensure such incidents do not recur.

SAFETY HAZARD IDENTIFICATION, PREVENTION AND MITIGATION

"To achieve ZERO life lost" is one of the Key Performance Indicators (KPIs) in the annual year-end appraisal for all SunConians.

To ensure that everyone contributes to achieve this goal, a structured management system which includes measures and practices especially in the engineering and administrative controls have been developed at all operational levels.

Safe Work Method Statement is communicated to all personnel who are involved prior to work commencement. This statement is also accessible through the Group's Knowledge Management portal.

What is in SunCon Safe Work Method Statement
Resource management
Relevant training required
Comprehensive hazard identification
Risk assessment and risk control
Environmental aspects and impacts evaluation

A formalised set of best practices are also in place to reduce construction risks at our workplace.

- **Addressing Public Safety**
  We acknowledged that risks created from our construction activities are not only affecting the internal workforce, but also members of public who are near or adjacent to our property boundary or to any public areas where our activities are being carried out.

  1. **Safe work procedures and safe work method statements**
     As our operations are regulated by Occupational Safety and Health Act (OSHA) 1994, safe work procedures and safe work method statements are established, serving as guiding principles for all our construction activities. These procedures and method statements are a double-edged sword where they not only aim to realise the philosophy of the Act: responsibility for safety and health at the workplace lies with those who create the risks and those who work with the risk; they are also developed as such that public safety is our utmost priority, specifically for our infrastructure projects which are normally located in the right-of-way of public roads.

Backhoe Operator Competency Training for Safe Work Procedures

  2. **Traffic Management Plan**
     Besides the Project Environmental, Safety and Health Plan, Traffic Management Plan is developed based on legal requirements and technical guidelines in relation to road safety to ensure hazards and risks arising from road diversions and road closures on public users have been identified, controlled and reduced to a level of as low as reasonably practicable. The implementation of Traffic Management Plan is monitored by a trained and competent Traffic Management Officer.

  3. **Ensuring machinery safety through risk assessment, machinery pre-delivery inspection (PDI), routine inspection and preventive maintenance**
     The Guidelines for Public Safety and Health at Construction Site, 2007 published by Department of Occupational Safety and Health (DOSH) serve as a cornerstone for all work practices in our effort to ensure the safety and health of people within our work sites and surrounding areas. Comprehensive risk assessment is compulsory to identify hazards and risks arising from the activity and control measures put in place to minimise the impact of consequences should hazards materialise. Pre-Delivery Inspection (PDI) is an inspection system designed to ensure all machinery are in safe and good working condition prior delivery to project site. This has allowed timely intervention for unfit machinery to be delivered to project site and obtain replacement of new unit. Routine inspections are conducted at site level whilst scheduled maintenance by competent inspector is conducted to ensure our plant and machinery is in good working condition. SunCon has established a system to monitor critical moving mechanism of a tower crane where meter hour box is installed to ensure targeted and timely replacement of major components to be carried out. With this precision maintenance system, our tower cranes are operating safely at all times, reducing the possibility of adverse effects or accidents.

  4. **Complaint Management System (CMS) and SunCon Hotline WhatsApp Service**
     In addition, the Complaint Management System (CMS) is established at MRT and LRT projects which serve as a platform for public road users to lodge feedbacks on issues encountered along the project alignment or inconveniences caused by our construction activities. All these feedbacks are managed effectively by the project team members, which include engaging stakeholders to find a practical and satisfactory solution for both parties. The CMS is monitored by our Project Delivery Partner (PDP) for both MRT and LRT projects, where the response time and time frame for complete rectification are KPIs set for all Work Package Contractor (WPC) by PDP. In 2018, SunCon received 48 and 126 feedbacks from MRT and LRT project respectively and all feedbacks were managed and rectified within the agreed timeframe. A similar system, the SunCon Hotline WhatsApp Service has also been established to serve as a platform for public members and communities around SunCon project worksites to provide feedback for improvement. This hotline was launched in year 2017 and is monitored and controlled at SunCon HQ where the details of the feedback received shall be disseminated to respective project worksite for follow up actions.

Traffic Management Plan along Jalan Kuala Selangor - MRT Line 2 Package V201, Sri Damansara West Station

ENSURING SAFE AND QUALITY CONSTRUCTION (cont'd)

HEALTH AND SAFETY AWARENESS

ESH AWARENESS PROGRAMMES		
NAME	**DATE**	**DESCRIPTION**
ESH Townhall at LRT3, Package GS07-08	31 July 2018	SunCon organised its first ESH Townhall for LRT3, Package GS07-08. The event was also the first townhall organised by a Work Package Contractor (WPC) of LRT3. It demonstrates SunCon's commitment and seriousness in addressing ESH issues in our business operations by sharing and inculcating a strong safety culture within our organisation.
ESH Campaign at Parcel F	26 - 27 April 2018	The campaign was held to reinforce ESH awareness, to appreciate workers for their continual support in upholding ESH in their daily task and to celebrate the successful partnership with our client at Parcel F.
Mega OSH Toolbox	2 May 2018	SunCon participated in a record-breaking feat of Mega OSH Toolbox 2018 which was held simultaneously worldwide. The event which was organised by the Malaysian Society for Occupational Safety and Health (MSOSH), was held in conjunction with the World Day for Safety and Health at Work 2018 marked by International Labour Organisation made it to the Malaysia Book of Records with the largest simultaneous safety toolbox talks. Approximately 2,060 staff and workers from 8 SunCon project sites, namely SVMC, MRT V201, LRT3, KLCC P1, KLCC P2, ISKL, GDC P1 and Big Box joined more than 52,000 participants across 800 premises in the country to raise awareness on the importance of good ESH governance and management.
ESH Week at MRT V201	2 May 2018	In conjunction with World OSH Day 2018, SunCon organised an ESH Week at the MRT V201 project. The event was participated by more than 300 SunCon staff and workers. With the theme of 'Driving Towards Zero Incidents' the goal of the event was to heighten the focus on work safety. During ESH week, SunCon raised awareness about safety and health, conducted quizzes related to safety, *gotong-royong* and rewarded staff and workers who achieved good safety performance.
ESH Campaign at GDC P1	19 September 2018	The campaign was held to create ESH awareness at GDC P1 and to appreciate the business partners and workers for their continual support towards ESH.
Health Screening	2018	Health screening was conducted at project LRT3, Sunway GEOLake Residences, TNB HQ by physician from Sunway Medical Center. Approximately 380 staff and workers were screened for blood pressure and glucose. Staff and workers tested for high blood pressure and / or glucose level were referred for follow up at local clinics.

- **Collaboration with Malaysia Productivity Corporation (MPC) - Safety**
  On 25 October 2018, Sunway Construction Group Berhad signed a Memorandum of Understanding (MoU) with Malaysia Productivity Corporation (MPC) to develop 5-S Manual and Assessment Criteria for Construction Industry. The MoU was signed by Dato Ir Johari bin Basri, Senior Independent Non-Executive Director, Sunway Construction Group Berhad and Datuk Mohd. Razali Hussain, Director General, Malaysia Productivity Corporation witnessed by Dr Ong Kian Ming, Deputy Minister of International Trade and Industry and Mr Chung Soo Kiong, Managing Director Sunway Construction Group Berhad.

  This collaboration aims to establish new standard for the construction industry in Malaysia. The assessment system developed will influence the enhancement and improvement of the efficiency and productivity of the construction industry as a whole while creating a systematic, safe and healthy workplace.

- **Launch Ceremony of Pilot Projects for Compliance to Occupational Safety and Health in Construction Management (OSHCIM) Guideline - Safety**
  Sunway Construction Sdn. Bhd. was selected as one of the six pilot projects in Malaysia to implement OSHCIM guideline. The OSHCIM Guideline was established to outline the responsibility of all stakeholders such as clients, designers and contractors to work together in ensuring the safety and health of a construction project site.

  The OSHCIM Guideline was officially launched on 12 November 2018 where the launch ceremony was held at Sunway Serene project site organised by the Department of Occupational Safety and Health (DOSH) with the cooperation from National Council for Occupational Safety and Health (NCOSH) and Sunway Construction Sdn. Bhd. With our client, Sunway Integrated Properties for Sunway Serene project, we believe that the implementation of OSHCIM throughout the project lifecycle will boast positive impact in ensuring sustainability of our business operations.

- **Zero Larvae, Zero Dengue**
  We continue to strive for "Zero Larvae, Zero Dengue" at all project worksites through the implementation of a structured Four-Pronged Anti-Dengue strategy. This anti-dengue strategy was materialised in year 2016 and has been extensively implemented at all project sites. Since the inception of this strategy, notices received from federal and local authorities on vector issues has reduced tremendously. Through the years, the exercises required in this strategy have been improved continually at site level to ensure total eradication of dengue cases.

  SunCon Four-Pronged Anti-Dengue Strategy:
  (i) Fogging
  (ii) Search and Destroy
  (iii) *Gotong-Royong*
  (iv) Anti-Dengue Awareness and Communication

We are also actively and voluntarily participating in the Communication for Behavioural Impact (COMBI) programme championed by State Health Department for our projects in Klang Valley region. Our anti-dengue strategy is in line with COMBI guidelines and have received commendable feedback from State Health Officers.

We are committed to achieve "Zero Larvae, Zero Dengue" at all project worksites not only to protect our workforce, but also the communities around us.

ESH Competent Personnel in SunCon

30 SHO registered with DOSH	**4** Malaysian Certified Inspector of Sediment and Erosion Control (MY-CISEC)	**3** Certified Professionals in Scheduled Waste management (CePSWaM)	**1** Certified Erosion, Sediment and Storm Water Inspector (CESSWI)

ESH standards and implementations related training conducted in 2018 for SunCon workforce over **5,551 hours**.

ENSURING SAFE AND QUALITY CONSTRUCTION (cont'd)

PROJECT QUALITY
[416-1]

The rise in urbanisation and growing infrastructural needs are leading to increasingly large-scale constructions, offering many interesting project opportunities for SunCon. With all our projects, we strive to create a balance between cost, time and quality. We have the necessary checks and measures to ensure good construction quality management.

In 2018, CIDB recognised our efforts in quality construction by conferring two SunCon projects with QLASSIC achievement awards.

CIDB AWARDS 2018 (for projects assessed in 2017)

High QLASSIC Achievement
Sunway Lenang Heights

Best QLASSIC Achievement Award - Residential for Category D (Public, Commercial or Industrial Building with Centralised Cooling System (Project Value > RM100 million))
Sunway Medical Centre - Tower C

The QLASSIC scores we received for other SunCon projects are listed in the table below.

QLASSIC Score Update in 2018

Project	Assessment Dates	Score
Sunway Citrine Apartment	February 2018	80%
Sunway Velocity Office	March 2018	67%
M3	July 2018	77%
ISKL	August 2018	74%
CP3 (Service Apartment)	August 2018	70%

QUALITY ASSURANCE AND STANDARDS

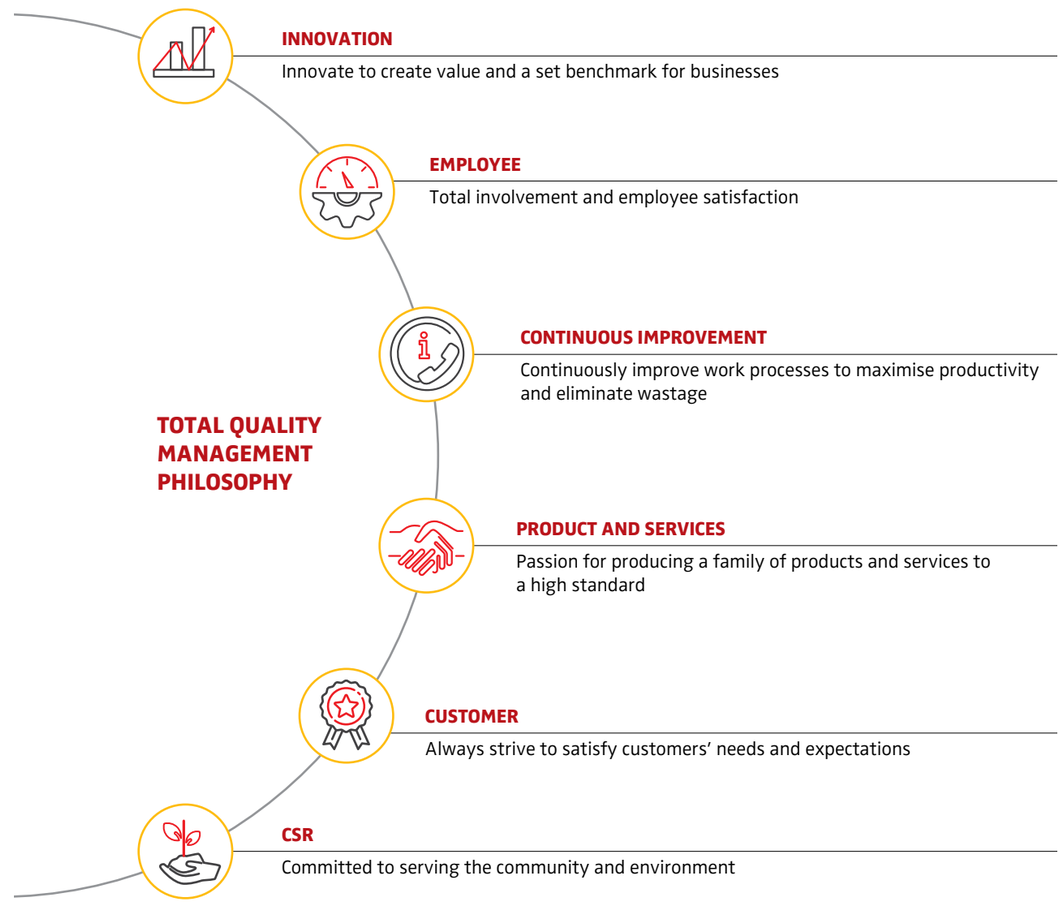
We consider standard setting and certifications as important benchmark towards meeting our aspirations for quality, safety and sustainability. SunCon Group is certified for Environmental Management System Requirements (ISO 14001:2015), Occupational Health and Safety Management Systems Requirements (OHSAS 18001:2007) and for Quality Management System (QMS) Requirements (ISO 9001:2015). By qualifying for these certifications, which involves a rigorous process of third-party audits and verifications, we have gained the trust of our key stakeholders to deliver safe and high-quality construction.

The table below lists the SunCon subsidiaries and the respective scope of operation for which they have been certified.

Subsidiary	Scope	Standards	Date awarded
Sunway Construction Sdn. Bhd.	Provision of design management and construction services for building and civil engineering works	ISO 9001:2015	19 July 2018
		OHSAS 18001:2007	4 July 2018
		ISO 14001:2015	4 July 2018
Sunway Geotechnics (M) Sdn. Bhd.	Provision of design management and construction services for geotechnical engineering works	ISO 9001:2015	1 March 2018
		ISO 14001:2015	1 March 2018
		OHSAS 18001:2007	5 March 2018
Sunway Engineering Sdn. Bhd.	Provision of design management and construction services for mechanical, electrical and plumbing works	ISO 9001:2015	27 December 2018
		ISO 14001:2015	27 December 2018
		OHSAS 18001:2007	26 October 2018
Sunway Concrete Products (S) Pte. Ltd.	Design, production and supply of precast components	ISO 9001:2015	8 November 2017
		OHSAS 18001:2007	30 October 2017
		ISO 14001:2015	2 January 2018
Sunway Precast Industries Sdn. Bhd.	Design, production and supply of precast components	ISO 9001:2015	1 November 2017

TOTAL QUALITY MANAGEMENT (TQM)

SunCon's TQM is a comprehensive and structured approach to organisational management that seeks to improve the quality of products and services through ongoing refinements in response to continuous feedback.



The three aspects of TQM are the Sunway Quality Merit System (SQMS), the Quality Assurance Support Team (QAST) and other sustainable improvements that are continuous and deemed successful.

ENSURING SAFE AND QUALITY CONSTRUCTION (cont'd)

SUNWAY QUALITY MERIT SYSTEM (SQMS)

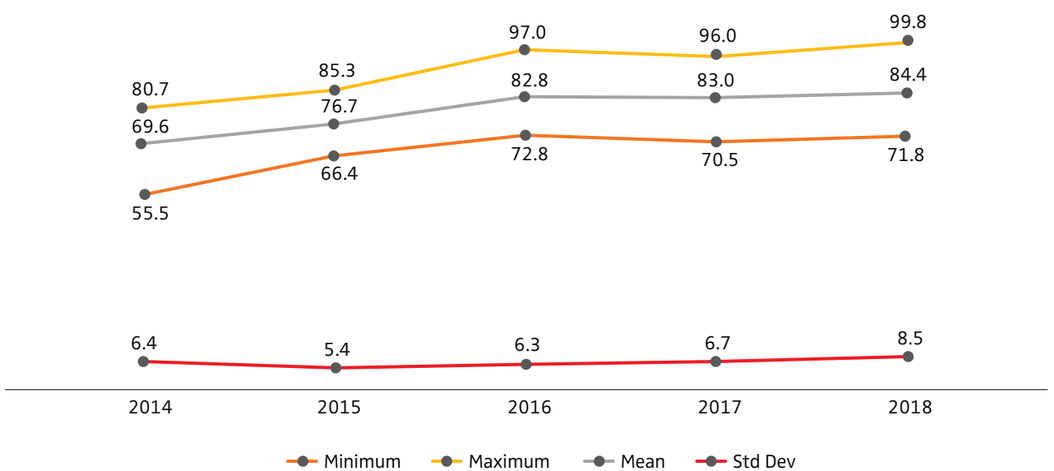
SQMS was introduced to enable the systematic measurement of project quality level. The SQMS assessment covers critical areas of a project from product workmanship to document management. It is based on QLASSIC requirements for the measurement of product workmanship and ISO 19001 standards to measure the effectiveness of inspections and document/record management. It helps standardise project practices for branding and image by establishing the quality infrastructure for all projects and creating awareness on product quality as per QLASSIC requirements.

Monthly SQMS assessments for all projects cover trades including piling, reinforced concreting, precast installations, steel structures, brickwork, plastering, painting and other architectural finishing works. The SQMS assessment categories are reviewed and updated from time to time.

In 2018, the following changes were implemented to the weightage of different assessment categories to focus more on physical workmanship and to strengthen the in-process inspection, thereby improving the quality standard.

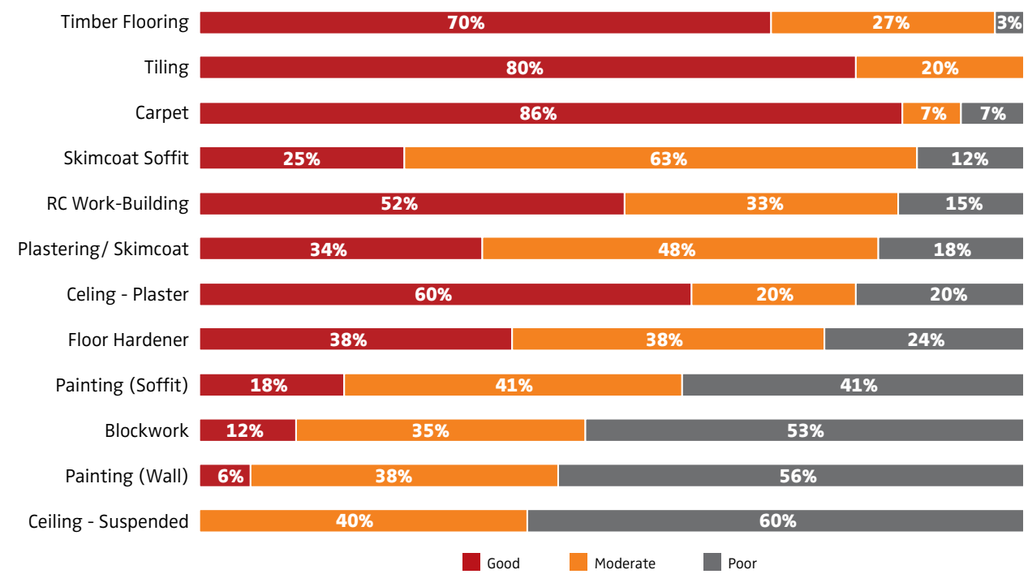
The graph below captures SunCon's SQMS scores from 2014 to 2018. Overall, SQMS scores shows improvement with an average score of 84.4 per cent in 2018 which is higher than that of 2017.

YEARLY COMPARISON OF SQMS SCORE



The graph below presents SunCon's workmanship ratings for 2018, and it is worth noting that as of June 2018, the trade rating for painting (wall), painting (soffit), RC work–building and floor hardener improved from that of last year.

WORKMANSHIP RATING 2018



Besides SQMS assessment, we also conduct pre-QLASSIC assessment towards the end of a project to identify weaknesses and to focus on areas for improvement prior to the actual QLASSIC assessment.

ENSURING SAFE AND QUALITY CONSTRUCTION (cont'd)

QAST Roles and Responsibilities

1. Maintain the standards of the ISO 9001:2015 Quality Management System (QMS) company-wide.
2. Assist and establish the QMS for new projects awarded.
3. Coordinate Internal Quality Audit (IQA) which is conducted every year for all departments and active/completed projects.
4. Compile and review the project's Risk and Opportunity Register and Project Quality Plan.
5. Compile and analyse the Client and Consultant Satisfaction Survey on a yearly basis.
6. Facilitate the External Quality Audit (EQA) conducted by Certification Bodies.
7. Upgrade the transition to new ISO 17025: 2017 General Requirement for the Competence of Testing and Calibration Laboratories which consolidate the Project Lab Accreditation based on the MRT Line 2 model.

KAIZEN

We continue to integrate the Kaizen philosophy and culture of continuous improvement throughout our operations. The Kaizen approach is described in the table below.

The Kaizen Approach	
Step 1: **Background & Current Situation**	Brief overview of the issue
Step 2: **Set Goals / Targets**	Desired outcome and specific target of what the team intends to achieve
Step 3: **Conduct Root Cause Analysis**	Analyse current method and find out the root causes with the facts and data to support the issue
Step 4: **Develop Action Plan**	Create an effective action plan for implementation in order to achieve the goals/targets
Step 5: **Implement Solution**	Implement the proposed solution
Step 6: **Measure, Compare Results & Follow up Action**	Evaluate the effectiveness of the Kaizen Activity by comparing the results achieved before and after solution implementation

Using this approach, in 2018 we implemented the following activities:

Reduce wastage for cementitious items
A Kaizen activity was implemented to improve storage and handling of cementitious items, which successfully resulted in reduced wastage of cementitious items at the project site.

Waste segregation
An improved system of managing construction waste was implemented at the project site resulting in better awareness of waste segregation among workers and improved project housekeeping scores in the Sunway Safety Merit System (SSMS).

HUMAN CAPITAL DEVELOPMENT

Our strategic organisational development interventions focused on growing, engaging and sustaining a workforce that enables SunCon to achieve its business aspirations and goals; and that empowers, facilitates and supports our employees to develop purposefully in their careers, to become leaders in their own right, and to reach their fullest potential.

- Increased the number of Malaysian professionals and workers with technical and soft skills which is important to foster entrepreneurship and leadership capabilities through Learning and Development programmes and having a provision for study leave.
- Established a Training Academy that delivers certified technical training for heavy construction machinery mechanics.

- Provides quality employment and emphasises on work-life balance through activities organised by the SunCon Social Club.
- Provides decent work to all employees regardless of gender, age or race and equal remuneration for work of equal value.
- Reduces the proportion of unemployed Malaysian youth and education or training through the SL1M programme.

- Women are represented in higher-level positions including the Board of Directors.
- Promotes respect, equal treatment and non-discrimination for all employees without regard to race, religion, gender, age, nationality or disability which is expounded in SunCon's Code of Conduct.

HIGHLIGHTS

- SunCon's ranking in the 100 Leading Graduate Employers' in Malaysia has leaped from 32nd in 2017 to 22nd in 2018
- Hired a total of 85 SL1M trainees on an 8-month programme
- A total of 36 SL1M trainees were employed as Permanent and Contract staff upon completion of their programme
- Number of man-days dedicated to formal classroom training in 2018 was 2,321 days for 820 participants

SunCon upholds its responsibility as a corporate citizen; aspiring to be an integrated, dynamic and reliable leader in the civil construction sector. We are constantly looking to attract and retain competent and dedicated employees who can contribute to the growth of the Company. Our employees are a source of pride – loyal, capable, empowered and most of all, united by a shared corporate vision and core values.

Integrity	Humility	Excellence
We believe in doing the right thing at all times	**We believe in being humble, polite and respectful**	**We take pride in all that we do**
We conduct ourselves in an honest and trustworthy manner.	We never stop learning.	We strive to deliver high quality products and services.
We act professionally, ethically and honourably.	We care for and respect people and the environment.	We continuously innovate and improve for greater progress.
We ensure our actions are consistent with our words.	We seek first to understand, then to be understood.	We seek to inspire others to excel.

To enable continuous growth, a key consideration is to examine human resources risks and opportunities on a regular basis. In 2018, the risk register for the social aspects of our business discussed the risks that were observed, the possible negative consequences if not addressed and the corresponding mitigation measures.

Risks	Expectations	Outcome	Mitigation Measures
Staff turnover	Minimal turnover of high-performing, high-potential staff	High staff turnover disrupts work progress and incurs more investment in recruitment Adverse impact in project time and cost, reducing business performance	More robust Operations Workforce Planning, including periodical meetings to review manpower gaps and map possible internal staff deployment plan or external recruitment plan Ensure more timely, effective and purposeful engagement sessions between managers and employees
Succession to key positions	Available successors and healthy pipeline of talents to ensure business and operational leadership sustainability	Loss of competent key drivers will disrupt work progress and lead to work delay Impact P&L and shareholder returns	Transform our succession management practice into a more robust and talent-centric process Senior Management to review talent pipeline intervention on a continuous rather than annual basis Timely identification and hire from external if key role successor is not available internally
Illegal foreign workers	Comply with legal and contractual implications and disruptions to business, operations and personal liability	Non-compliance to legislation will disrupt work progress when authorities impose stop work orders, put directors' corporate responsibility at stake and affect company reputation	Tighten internal controls by enforcing regular checks in CLQ. Enforce stringent subcontractor management governing their workers, educating and updating subcontractors of regulatory compliance through briefings and by imposing strict penalties for non-compliances

HUMAN CAPITAL DEVELOPMENT (cont'd)

Another key aspect of the risk analysis were the opportunities that were identified, which have been enumerated in the table below. We recognise the need for accreditation and the benefits an accreditation system can bring to good governance and compliance.

Risks	Expectations	Negative Outcome	Mitigation Measures
Competent workforce	More capable and productive workforce at all levels	Overall productivity will be affected Lead to rework and project delay Direct impact to client satisfaction and repeat business	Redeployment and expansion of roles - identified employees will be given exposure in different projects and stretch assignments in addition to their core roles Set up training centre to enhance employees' skills
Accreditation of site supervisors	Comply to legal requirement and promote a competent workforce	Skills are validated leading to enhanced work quality / productivity	Ensure respective site supervisors' current work assignments tally with trade to be accredited Schedule assessment /interview in accordance to the right trade for site supervisors
Accreditation of workers	Comply to legal requirement and promote competent workforce	Skills are validated leading to enhanced work quality / productivity	Ensure workers' competency tally with trade to be accredited Schedule workers for assessment in accordance to the right trade

HIRING OF LOCAL TALENTS

Our preference for hiring from the local talent pool spurs the local economy and increases job opportunities in the Malaysian job market. We also believe in providing opportunities to experienced and talented locals because they are best suited for the job, being more familiar with the market needs in Malaysia.

HIRING OF EXPERIENCED TALENTS

Having numerous large construction projects on the run, we seek to hire experienced local talents to join us in expanding our horizon. We have provided job opportunities to talents from various background and experience. From supporting departments to operations team, our hiring positions ranged from Clerk, Machine Operators to Engineers and Project Managers across different divisions. In total, we have provided 127 job opportunities to the local talents, 13 of which were Managerial position and above.

HIRING OF INTERNS

We have built strong collaborative partnerships with public/private universities and polytechnic schools such as Politeknik Ungku Omar to provide work-based learning and internship programmes at our project sites. The following table shows the number of internships which we have offered and converted some of them into our pool of permanent staff.

Year	Number of Interns Placed	Number of Interns Converted into Permanent Staff
2016	134	24
2017*	264	29
2018	205	5
Grand Total	**603**	**58**

* Restated

205 UNIVERSITY students completed their internships at SunCon in 2018

Connected with more than **22 PRIVATE AND LOCAL UNIVERSITIES** in Malaysia

3 to 6-MONTH placements

REHIRED 9.6% of the total interns that we have offered a placement in SunCon since 2016

HIRING FROM LOCAL PUBLIC AND PRIVATE UNIVERSITIES

Local Universities
Universiti Malaysia Pahang, Universiti Malaya, Universiti Malaysia Sarawak, Universiti Tun Hussein Onn Malaysia, Universiti Putra Malaysia, Universiti Malaysia Perlis, Politeknik Ungku Omar, Consist College, KLIA Professional College, Universiti Teknologi Malaysia, Universiti Sains Malaysia.

Private Universities
University of Nottingham, Australia National University, Monash University, Sunway University, Universiti Tunku Abdul Rahman, Curtin University College, Heriott Watt University College, Imperial College London, Infrastructure University Kuala Lumpur, UCSI University, Universiti Tenaga Nasional.

SKIM LATIHAN 1MALAYSIA

In growing our young Malaysian talents, we have worked with government agencies such as Talent Corp and the Malaysian Economic Planning Unit to deliver training initiatives that will enhance young graduates' employability in the job market.

One of such initiative is the Program Skim Latihan 1Malaysia (SL1M), which is under the purview of the Malaysian Economic Planning Unit. This programme aims to provide a platform for specific targeted groups of university degree graduates who are either unemployed or come from low-income families or rural areas. The trainee's development will cover critical areas such as Communication, Creative & Analytical Thinking, Organisational Adaptability, Value Driven Professional, and Grooming & Etiquette. This training is delivered through 2 days of classroom training and 8 months of on-the-job exposure. SunCon registered with SL1M in September 2017 and in 2018 we hired a total of 85 SL1M trainees.

On 8 and 9 August 2018, we conducted two training sessions for SL1M trainees at the Sunway Leadership Centre. These sessions covered topics such as soft skills development in communication and creative/analytical thinking ability. On 6 July 2018, we had graduated our very first batch of SL1M trainees who spent close to eight months of training with SunCon.

Graduation of First Batch of Trainees for SL1M Programme

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HUMAN CAPITAL DEVELOPMENT (cont'd)

GENDER
[401-3]

Worldwide, the construction industry is known to be male dominated. We recognise that it will be some time before we have a balanced proportion of men and women at the workplace most notably in the lower-level positions given the physical nature of the work. We do not discriminate between gender and we hire candidates who are best suited for the job on meritorious grounds which is clearly stated in our Code of Conduct.

In line with the recommendations of the Malaysian Code on Corporate Governance 2016, we are conscious of the importance to increase female representation in SunCon's Board of Directors ("Board"). We believe that diversity in Board composition is an important driver of a Board's effectiveness. We value credibility, talent and commitment that the Board can bring to the table. Our business and professional decisions are not influenced by unethical factors like one's ethnic and age background.

Throughout the organisation, the employee strength across the three years listed in the Sustainability Performance table is made up on average of about 85 percent men. Despite our practice of hiring on meritorious grounds, we have a gender gap. However, it is worth noting that the percentage of women in management has increased in 2018 from that of 2017 by 2 percent.

In order to encourage women at a workplace that has been conventionally male dominated, we recognise and implement practices of equal opportunity in terms of training, benefits, remuneration, recognition and career advancement.

Maternity leave is an area where we recognise as pertinent to ensuring women have the flexibility to return to work and to ensure smooth transition without many challenges when they return. We offer paternity leave of three days and maternity leave of 60 days.

In 2018, the total number of leave days that were taken under maternity were 1,538 days by 26 women. We allow maternity leave beyond the paid 2 months which was utilised by 6 women. Out of the 26 women that took maternity leave, 85 per cent returned to work.

Whereas for men, a total 214 days of Paternity leave were utilised by 73 men. Out of 73 men, only 2 employees resigned within a year after the paternity leave. However, the reasons of resignations were not due to family related reasons.

Maternity leave in 2018		Paternity leave in 2018	
Number of women who took maternity leave	26	Number of men who took paternity leave	73
Number of women who left (within a year) after maternity leave	4	Number of men who left (within a year) after paternity leave	2

FOREIGN WORKERS MANAGEMENT

The construction industry is labour intensive and in 2018, foreign workers made up approximately 40% of our total workforce. Ensuring good working and living conditions for workers at our project sites including the foreign workers are priority for us.

We provide well-equipped and safe workers' accommodation and amenities that have toilets, showers, a cafeteria, a futsal and table tennis court, cooking bays, washing bays, prayer rooms, 24-hour CCTV surveillance and an on-site clinic. In 2018, we had a total of 5 CLQs which are situated in the Central Region in the areas of Putrajaya, Sungai Buloh, Klang and Subang and Southern Region, in the area of Nusajaya.

Region	CLQ	Location
Central	CLQ Dengkil	Putrajaya
	CLQ MRT	Sungai Buloh
	CLQ LRT	Klang
	CLQ Subang	Subang
Southern	Cobra Camp	Nusajaya

SunCon has been collaborating with CIDB on a pioneer programme for the application of MS 2593:2015. The local authorities regularly inspect the CLQs throughout the year and have been satisfied with the cleanliness and functionality of the facilities.

SunCon embraces a culture of respect, diversity and equal opportunity, and safeguards the wellbeing and human rights of its entire workforce, which is described in our Code of Conduct.

With regard to wages and compensation, it is clearly stated in our Environmental and Social Requirements for SunCon's Direct Workers, Suppliers, Contractors and Subcontractors that compensation must comply with the Workers' Compensation (Foreign Workers Compensation Scheme) (Insurance) Order 1996 and/or the Social Security Insurance and/or employer's Liability Insurance and/or any other insurance with statutory limits as requested by Malaysian law. Our respect for human rights is consistent with relevant national laws and the United Nations Guiding Principles on Business and Human Rights in all places in which we operate.

SunCon's Commitment to Human Rights

- Pay at least the minimum wage.
- Do not use child labour.
- Provide associates with a safe and healthy workplace.
- Do not use forced, prison, indentured, bonded or involuntary labour.
- Suppliers and contractors must not allow their workers to work excessive hours.
- Prompt action required by our grievance procedure.
- Prohibit discrimination in hiring and employment practices including gender, race, religion, age, disabilities and nationalities.
- Prohibit physical abuse and harassment of associates and threats of either.

Our strict adherence to Malaysia's Employment Act 1955, which is aligned to the labour principles of the International Labour Organisation ensures the prohibition of child labour and forced or compulsory labour throughout our operations.

Effective 1 January 2018, Sunway Construction has been in compliance with the new policy on Foreign Workers' Levy by paying RM1,850 for every foreign worker that has been brought in under our employment.

ONBOARDING FOREIGN WORKERS

In 2018, we recruited an additional of 522 workers from Indonesia who possess basic construction skills. Before this recruitment, we had a total of 383 existing foreign workers who had been with us for more than 2 years.

Length of Tenure	Number of Workers
More than 10 years [4]	14
More than 5 years	147
More than 2 years	222

Upon arrival of the workers in Malaysia, they are given safety and legal briefings by our Safety & HR team. Subsequently, they will attend medical check-up by FOMEMA to be certified and ensured that they are fit to work. Also, they were enrolled to CIDB Safety Course to obtain CIDB Green Card. Workers are also given advance allowance of RM500 as daily meal allowances for the first month. Furthermore, in order to further their development in their technical skills, they are sent for accreditation by CIDB. This is to ensure efficiency and effectiveness of our manual labour workforce in our construction projects.

They are covered under 3 types of insurance (CIDB Insurance, Foreign Workers Hospital & Surgical Insurance, Foreign Workers Compensation Scheme). Foreign Workers outpatient medical expenses are claimable from the project site up to RM1,000 per year.

Workers are paid according to their skill categories and in addition to the following basic salary, they are paid hourly overtime rates that is calculated based on their basic salary.

Skill Categories	Basic Pay
General Workers	RM 1,300 per month/ RM 50 per day
Semi-Skilled Workers	RM 1,508 per month/ RM 58 per day
Skilled Workers	RM 1,690 per month/ RM 65 per day

4 Note: A group of workers had a renewal of their visa duration via a Governmental Programme that allowed for their stay above 10 years.

HUMAN CAPITAL DEVELOPMENT (cont'd)

TALENT ENGAGEMENT AND EMPLOYEE WELL BEING

[202-1, 401-1, 401-2]

EQUITABLE PAY

With regard to remuneration, we believe in giving 'equal pay for equal work done' regardless of gender, age, race or ethnicity. We comply to the National Minimum Wage required salary which is RM1,000 for year of 2018 and will comply to governmental regulatory changes in increasing the minimum wage to RM1,100 effective 1 January 2019. In terms of our highest to lowest wage ratio, it is 43:1. Our plan to increase employees' average pay is through a lean and productive workforce through assimilating technology into building construction and upskilling employees to be knowledgeable workers. With this strategy, organisation workforce can be optimised and employees' average pay can be increased in line with their knowledge and output.

EMPLOYEE TURNOVER

The issue of employee turnover has raised quite a number of concerns in the construction industry as a result of its effect on productivity. At SunCon, we gather feedback from our employees biennially on different aspects of their work experience including leadership, work-load and career development. Assessing their satisfaction levels through these Employee Engagement Surveys is an important indicator for identifying causes for dissatisfaction and areas needing improvement.

The turnover rate in 2018 in SunCon was 12 percent for male employees and 3 percent for female employees. The turnover rate is higher amongst male employees at 12 percent compared to women at 3 percent which reflects the higher proportion of men in the employee make-up of the Company.

On the other hand, the turnover rate by age shows that employees below 30 and between the ages of 30 and 50 have a higher propensity to leave.

Long service awards in recognition of employees' loyalty and contribution

EMPLOYEE BENEFITS

We believe in providing our employees with benefits that sufficiently support and facilitate greater employee well-being and work-life balance.

We provide our employees with different types of leave including examination/study leave, medical and hospitalisation leave, and maternity leave. The number of leave days and various leave types that SunCon employees enjoy are listed in the table below.

Types of Leave	Description	Number of Days Taken	Number of Employees
Annual Leave	Up to 25 days depending on the years of service	16,542	1,531
Emergency Leave	Leave taken on account of an emergency	7,194	1,427
Medical Leave	Upon the recommendation from SunCon's panel doctor, an employee may be granted paid medical leave	5,944	1,234
Hospitalisation Leave	In the case of hospitalisation, medical leave will be extended to a maximum of sixty days in any one calendar year	2,684	127
No Pay Leave	No pay leave may be granted at the discretion of the Management. It is granted to an employee only when there is no balance of annual leave and there is a valid urgent reason to apply for leave	2,416	337
Maternity Leave	The Company shall pay maternity leave up to sixty consecutive days for five surviving children.	1,538	26
Study/ Examination Leave	Up to a maximum of five days paid leave in any one calendar year to employees for examination and study purposes subject to prior approval.	119	35
Special Leave	All employees including fixed term contract employees with minimum one year service are entitled to the special leave. The total number of special leave allowed for an employee in any one calendar year is up to a maximum of ten days.		
	Childcare/Parent Care Leave	238	137
	Death of near relative	225	91
	Paternity	214	73
	First legal marriage	143	49
	Critical illness of near relative	34	26

We take an active interest in the health and wellbeing of our employees. Medical attention, including hospitalisation is extended to all employees. The medical benefits include medical treatment and insurance coverage, health screening programmes as well as dental and optical benefits. We also have a provision for prolonged illness leave. A confirmed employee with a minimum of one-year service who suffers from cancer, leukaemia, tuberculosis, paralysis or any illness of a prolonged nature which requires a long period of hospitalisation and renders him/her unable to perform his/her duty is eligible for this leave. However, the leave is granted upon recommendation by the company doctor and discretion of Management, and prolonged illness leave covers full pay for the first six months' period, half pay for the second six months.

HUMAN CAPITAL DEVELOPMENT (cont'd)

TALENT ENGAGEMENT AND EMPLOYEE WELL BEING (cont'd)

EMPLOYEE BENEFITS (cont'd)
Over and above the study/examination leave, we have other provisions to encourage employees to pursue studies relating to the scope of their work. This includes the tuition refund scheme and the tuition fee discount. With the former, a confirmed employee may apply for reimbursement of their tuition and examination fees subject to a maximum amount of RM10,000 and for the latter, employees may enjoy tuition fee discount up to a maximum value of RM 8,000 per academic year.

We also offer staff discounts on room rates at Sunway Group of hotels and properties developed by the Group as well as discount for the entrance fee to Sunway Lagoon. Depending on the employee grade, employees are eligible to allowances such as club membership subscription, a company car or a fixed car allowance and a mobile device or a mobile subsidy.

In supporting working mothers, we also provide facilities for nursing mothers and also special parking privileges for pregnant mothers. For mothers' who wish to take extended maternity leave, they are also given that option on the basis of unpaid leave. Working mothers are also given work hours flexibility of starting early and finishing early in their day to day work hours. To date, there are 13 working mothers who are using this Flexi Work Arrangement.

Company Name	Total Headcount - Flexi Work Arrangement in 2018
Sunway Construction Sdn. Bhd.	8
Sunway Geotechnics (M) Sdn. Bhd.	5
Grand Total	13

MD ENGAGEMENT SESSIONS
In January 2018, our Managing Director had conceived and started a string of focused sessions with employees namely the 'MD Engagement Sessions'. During the year, a total of 8 such sessions were conducted, with a total of 112 employees having had the opportunity to get 'up close and personal' with Mr Chung Soo Kiong. The underlying purpose for these sessions were to allow our MD to engage with our talents in a more relaxed and nurturing setting. This forum would purposefully enable more focused and open conversations aimed at motivating participants, helping them find their needed answers to better grow their careers, to address challenges holding them back, and to become more effective professionals, and individuals. In addition, the sessions indeed helped bridge senior management-employee understanding, and strengthened our organisational foundations for a more meaningful collaboration and sustainable growth.

SUNCON SOCIAL CLUB (SSC) ACTIVITIES
In order to encourage team building and facilitate cross-departmental communication, the SSC organises a range of events including the KSS Sport Carnival Appreciation Dinner, ATV team events, Star Cruise trips and rock-climbing events. Some of the other employee engagement programmes that took place in 2018 are listed in the table below.

Name of the Programme	Date	Description
Water Rafting and Paragliding	31 March 2018	SSC organised a trip to Kuala Kubu Bharu for water rafting and paragliding activity to foster team spirit and bonding among SunCon employees.
Durian Festival	25 July 2018	All SunCon employees who are durian lovers were treated to a delicious spread of durians at an event held at the Sunway Machinery workshop.
SunCon Senior Leadership Retreat	27 – 29 July 2018	The SunCon Senior Leadership team with a total of 25 participants went for a 3-day 2-night trip at Eight Acres, Raub. The objective of this retreat was to rejuvenate and drive stronger bonds amongst our senior leaders.

Such activities help build a greater sense of identification and pride in the Group thus enabling better rapport among employees and further improving work quality. Furthermore, the Sunway Social Clubhouse, located in Menara Sunway is fully equipped with all forms of recreational facilities such as gymnasium, sauna, squash court, snooker, karaoke, Astro, table tennis and carom for the exclusive use of our employees.

LONG SERVICE RECOGNITION
We recognise employees who have served SunCon for 10, 20 and 30 years by conferring service awards. The recipients will receive a certificate of appreciation and a souvenir of a designated value as determined by the Group. Employees are eligible to only one service award upon attaining the required length of service.

In 2018, we have awarded the following number of employees based on their total years of service in SunCon.

Years of Service	Number of Award Recipients
10 years of service	34 employees
20 years of service	Nil
30 years of service	1 employee

ONBOARDING NEW EMPLOYEES
In 2018, we hired a total of 702 employees (inclusive of Foreign Workers), of which 93 percent were men and the rest women. All new employees are informed of SunCon's policies, procedures and the Code of Conduct during orientation. The staff handbook entails details regarding benefits, allowances and platforms for employee feedback including the grievance mechanism and the sexual harassment policy, both of which the Company takes very seriously.

CAPABILITY BUILDING
[404-1, 404-2]

The construction industry is considered to be one of the most dynamic and complex industrial environments. Human resource development plays a critical role in enabling SunCon's operations, in increasing workers' adaptability and flexibility and imparting SunCon's safety culture to every employee. One of the challenges in this industry is the changing proficiency, skill and competency requirements and to overcome this, we provide skill-specific training programmes on a regular basis.

SunCon's long-term training and development plan aims to develop the skills of all professionals. This strategy allows SunCon to engage a more capable workforce while helping individuals grow their careers.

Our Human Resource Department performs learning needs analysis to ensure all employee development plans are designed purposefully. We also sponsor high-performing employees who wish to pursue their studies through our academic sponsorships that cover diplomas, tertiary, professional and postgraduate qualifications.

In 2018, the number of man-days dedicated to training was 2.83 days on average for the 820 employees who participated in these formal classroom training sessions.

The training programmes that we provide to our employees cover key aspects of leadership, worker training, ESH, quality, machinery, construction and contract management. In 2018 (January to December 2018), we spent a total of RM1,015,657 on training and the average amount spent for training per employee was RM1,239. The key programmes that were conducted in 2018 are listed in the table below.

KEY FORMAL CLASSROOM TRAINING PROGRAMMES (2018)

LEADERSHIP TRAINING
Managing Misconduct at Work and Diversity and Inclusiveness
Situational Leadership
Centre for Asia Leadership
Strategic Business Facilitation
Situational Leadership II
World Capital Markets Symposium Kuala Lumpur
ReThink Leadership: Tap into your Subconscious and Lead Inclusively
Sunway Leadership Conference

FINANCIAL TRAINING
Finance for Non-Finance
Corporate Treasury and CFO Summit

LEGAL TRAINING
CIPAA Refresher Course
Asia ADR Week 2018
Construction Law Conference

FOREIGN WORKER TRAINING
Mandatory CIDB Green Card Training

HUMAN CAPITAL DEVELOPMENT (cont'd)

CAPABILITY BUILDING (cont'd)

ESH TRAINING

- Lifting Supervisor Competency Training
- ISO 14001:2015 Internal Audit Training
- ISO 14001:2015 Risk Based Thinking (Risk and Opportunities ROR)
- External Seminars, Talks and Conferences
- Train the Trainer
- Authorised Entrant and Standby Person for Confine Space (AESP)
- Scheduled Waste Awareness Briefing
- ESH Awareness Training
- Slinging and Rigging Competency
- Occupational First Aid and CPR Training
- Scaffold Training (Basic / Intermediate / Advance)
- Seminar on Smoke Control and Management
- Seminar on Implementation of ISO 45001: 2018 (Occupational Safety & Health Management System)
- Safety and Health Assessment System in Construction (SHASSIC) Assessment

CONSTRUCTION MANAGEMENT, ENGINEERING AND BIM

- 1 Day Seminar Seismic Assessment and Retrofitting of Existing RC Structure
- Seminar: Managing in Construction Enhancing Performance Towards Excellence
- External: The Development of Sustainable and Efficient Buildings in the Modern City
- External: Programme BIM 2018 Digital Construction
- GreenRE Manager Course
- Half Day Seminar on "Choosing the Right Below Ground Waterproofing Technologies for your Project"
- 1 Day Course on FEM in Geotechnical Engineering
- 1 Day Seminar on "Digital Revolution Embracing Technology and Keeping the Power ON"
- Environmental Aspects & Impacts Evaluation (EAIE)
- OSHCIM Principle Designer and Design Competency Seminar
- Technical Talk on CIPR
- South East Asian Geotechnical Conference (SEAGC) 2018

QUALITY TRAINING

- ISO 9001: 2015 Awareness Training
- ISO 9001: 2015 Internal Audit training
- ISO 17025: Introduction

CONTRACT MANAGEMENT

- External: Seminar on 50 Common Contractual Problems
- Practical Construction Management, Contract Administration/Management

MACHINERY TRAINING

- Tower Crane Maintenance Checker Training
- Effective Operation and Safety Training
- Hydraulic Excavator Operator Competency Training
- Backhoe Operator Competency Training
- Truck Driver Safety Operation Townhall
- Safe Lifting Operations Training
- Passenger Hoist Training

ONLINE TRAINING

- Group Human Resources (GHR) Managing Leave and Absenteeism at Workplace
- How to Record Statement during an Investigation at Workplace?
- Industrial Relations Forum
- Information Security at Work
- My Performance Manager Evaluation User Guide (Video)
- My Performance Self Evaluation User Guide (Video)
- Sunway Code of Conduct and Business Ethics
- Sunway E-Policy
- Understanding Sunway Employee Engagement for Employees
- Understanding Sunway Employee Engagement for Line Managers

A total of 491 hours was expended by the SunCon senior management team (EG10 and above) in the various training programmes stated above to advance in their technical skills and strengthen leadership capability. The grand total for online training hours is 3,998 with the partaking of 2,672 employees.

SunCon actively contributes to the United Nations Sustainable Development Goals 2030 Agenda by inculcating sustainable approaches in our operations and working culture. This year, we provide sustainability-related forums and awareness sessions to our employees through a programme called SDG Employees Awareness Project. This programme educates our employees via an online platform on specific United Nations Sustainable Development Goals that SunCon commits to. The online training topics and number of participants are as listed below:

TOPICS	PARTICIPANTS
SDG Employees Awareness Survey	91
SDG Awareness (SDG1: No Poverty)	60
SDG Awareness (SDG 2: Zero Hunger)	279
SDG Awareness (SDG 3: Good Health and Well-Being)	39
SDG Awareness (SDG4: Quality Education)	33
SDG Awareness (SDG 5: Gender Equality)	24

EXCELLENCE IN CAREER AND LEADERSHIP @ SUNWAY

The SunCon Group aspires to grow and sustain an organisational capability to a level where we constantly deliver on our commitments to our stakeholders, and be truly recognised as a builder and contractor of international standards. To achieve this, we understand the criticality of a solid succession bench strength and hence places much focus on efforts to strengthen our leadership pipeline particularly from internally. Our aim is to groom leaders who will be truly ready to lead, inspire, drive, develop and build a more sustainable SunCon.

In the second half of 2018, the Management embraced a focused initiative to purposefully help ready and committed employees uncover their true leadership potential. Through this initiative entitled 'ExCeL@Sunway (or Excellence in Career & Leadership@Sunway)', we aim to create a more focused organisational effort to support one's career developmental journey towards leadership and management roles in the future. ExCeL@Sunway is focused on creating a nurturing environment, and a more personalised and integrated developmental experience where one will learn to take further charge of his/her career and personal development. We have implemented the pilot phase of this initiative where a number of identified employees have begun their developmental journey in ExCeL@Sunway's Leadership Development Centre (LDC) activities.

MOVING HR FORWARD INTO THE DIGITAL AGE

With the current trend and direction in which technology, automation and digitalisation plays a significant role as to how HR services will be delivered to our employees, Sunway Construction Group has embarked onto a major transformation journey. One part of the transformation journey involves implementing two best in class HR systems; SAP SuccessFactors and RAMCO, and integrating these two systems seamlessly together.

In January 2017, Sunway Construction Group had successfully launched SAP SuccessFactors in which our employees can access to the Learning, Performance Management and Employee Central modules anywhere and anytime securely at their convenience with the cloud-based system. In addition, the Recruitment module is also assisting our HR Personnel in managing recruitment matters effectively.

RAMCO, on the other hand, offers a fully integrated HR Services solution consisting of My Leave, My Payroll and My Claim and is presently in the progress of being implemented. The three modules are expected to Go Live before end of 2019 whereas My Time Management is expected to Go Live by mid of 2020. This transformation journey is expected to bring better employee experience, higher productivity, and increase effectiveness in HR management.

WHAT TO EXPECT FOR 2019

- We will continue to grow our succession bench strength and leadership pipeline. We will focus on our desired leadership culture and behaviours to further develop managers and employees who can inspire change and create synergies across our organisation.
- We will further focus on building core (functional and leadership) capabilities of our people to accelerate their readiness to take on expanded and more challenging roles.
- We will provide greater opportunities for growing our talents' potential particularly for those who proactively act to develop their careers and drive to better oneself.
- We will continue to challenge the status quo and ensure our organisation model and workforce is rationalised and optimised. We will achieve this through constant and more robust workforce and deployment planning of our people.
- Towards sustainability and greater organisational productivity, we will continue to expect from our people ethical and mindful actions, drive to achieve, open communication, teamwork and personal ownership. SunCon remains committed to our journey to creating an engaging, empowering and energising workplace for our people.

BUILDING COMMUNITY RESILIENCE

To support the vulnerable sections of the community and engaging the public to gather feedback to understand their concerns.

1 NO POVERTY

- Provides support towards vulnerable sections of the community, including the Orang Asli community in Semenyih.
- Sponsors and aids deserving causes to improve community wellbeing – including the upgrading of school facilities.
- Encourages employees to volunteer and contribute towards a social cause.

2 ZERO HUNGER

- Organises IFTAR programme to provide underprivileged families with one complete nutritious meal every day during the entire month of Ramadan.

HIGHLIGHTS

- Donated RM505,000 for various community outreach programmes
- Setting up a platform for the public to register grievances (SunCon Hotline)

SunCon is committed to giving back and enriching the lives of communities around us. We work closely with community initiatives, particularly those in the public and community sectors to carry out philanthropic efforts that could benefit the public.

COMMUNITY SUPPORT

We contributed to various charitable causes including Sekolah Sultan Alam Shah, EPIC Home, Putrajaya Floria, Master Builders Association Malaysia, Ibu Pejabat Polis Kontingen, Religious Institutions, Traders Associations and Public Schools.

More than
RM505,000
in charitable contributions to more than 11 organisations

COMMUNITY ENGAGEMENT PROGRAMMES

Our efforts towards building community resilience include community programmes that address various social issues/concerns by supporting the vulnerable sections of society, strengthening access to education, fund-raising, conducting environmental programmes as well as creating health and safety awareness. Details of our community engagement programmes are elaborated under the SunCon in Calendar section on pages 24-33.

CONCLUSION

As a contractor of choice in the region, we continuously seek to expand our business building on our commitment to the economic, environmental and social pillars of sustainability. An intrinsic part moving forward is delivering innovative technologies, solutions and services that add business value for our customers whilst minimising environmental impacts and we have taken efforts in this direction.

In setting a strong foundation for sustainability, we have established and will continue to implement robust governance, risk and compliance practices throughout our value chain.

FEEDBACK

[102-3,102-53]

For further information, please contact:
General Manager of Operations
T (603) 5639 9696
F (603) 5639 9601
E irsuncongroup@sunway.com.my

GRI Indicator Number	Definition
102-1	Name of the organisation
102-2	Activities, brands, products, and services
102-3	Location of headquarters
102-4	Location of operations
102-5	Ownership and legal form
102-6	Markets served
102-7	Scale of the organisation
102-8	Information on employees and other workers
102-13	Membership of associations
102-14	Statement from senior decision-maker
102-16	Values, principles, standards, and norms of behaviour
102-18	Governance structure
102-40	List of stakeholder groups
102-43	Approach to stakeholder engagement
102-44	Key topics and concerns raised
102-46	Defining report content and topic boundaries
102-47	List of material topics
102-50	Reporting period
102-51	Date of most recent report
102-52	Reporting cycle
102-53	Contact point for questions regarding the report
102-54	Claims of reporting in accordance with the GRI Standards
102-55	GRI Content Index
201-1	Direct economic value generated and distributed
201-2	Financial implications and other risks and opportunities due to climate change
201-4	Financial assistance received from government
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
203-1	Infrastructure investments and services supported

GRI Indicator Number	Definition
204-1	Proportion of spending on local suppliers
205-3	Confirmed incidents of corruption and actions taken
301-1	Materials used by weight or volume
301-2	Recycled input materials used
302-1	Energy consumption within the organisation
303-1	Interactions with water as a shared resources
303-2	Management of water discharge related impacts
305-1	Direct (Scope 1) GHG Emissions
305-2	Energy indirect (Scope 2) GHG Emissions
305-3	Other indirect (Scope 3) GHG Emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-2	Waste by type and disposal method
306-3	Significant spills
306-4	Transport of hazardous waste
306-5	Water bodies affected by water discharges and/or runoff
307-1	Non-compliance with environmental laws and regulations
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
401-3	Parental leave
403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment, and incident investigation
404-1	Average hours of training per year per employee
404-2	Programmes for upgrading employee skills and transition assistance programmes
405-1	Diversity of governance bodies and employees
405-2	Ratio of basic salary and remuneration of women to men
416-1	Assessment of the health and safety impacts of product and service categories

GOVERNANCE WITH INTEGRITY

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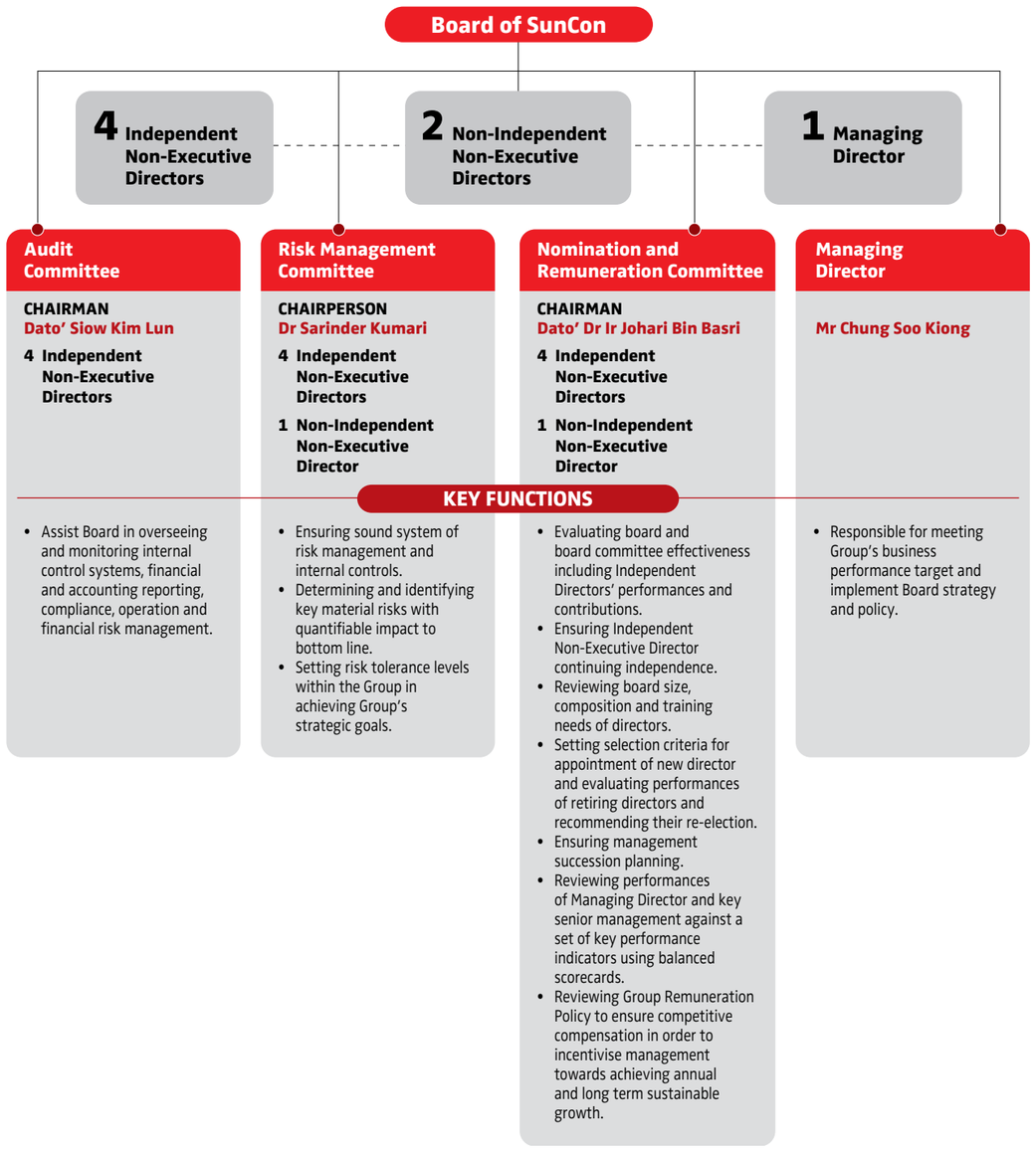
THE COURAGE
TO GUARANTEE THE BEST

By operating with the utmost integrity in every facet of our organisation, we are confident to say we offer only the best to our stakeholders, staff, and the communities we serve.

THE GOVERNANCE FRAMEWORK OF SUNWAY CONSTRUCTION GROUP BERHAD ("SUNCON")

The Board operates within the following governance framework in order to systematically fulfil its roles and responsibilities under the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all relevant laws and regulations. Relevant Board Committees are empowered by the Board to assist the Board in providing oversight over specific aspects of the governance process.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**Board**") of Sunway Construction Group Berhad ("**Company**") aspires to uphold good corporate governance principles in all that it does. The Company will continue to place emphasis on ensuring responsible and sustainable business practices as well as adhering to the highest levels of corporate integrity throughout the Company and its group of subsidiaries ("**Group**") in line with our core values of integrity, humility and excellence.

The Group is committed to the United Nations 17 Sustainable Development Goals ("**SDG**"), and continues to align its business strategies to meet the needs of its communities in line with the SDG agenda. The Group's commitment to strong Economic, Environment and Social practices is embedded throughout the Group – from its policies and social impact initiatives to day-to-day operations so that it delivers enduring growth for thriving communities. The ultimate objective is to achieve good financial performance in order to fuel long term sustainable growth and thereby, enhancing shareholders' value.

This Corporate Governance Overview Statement provides an overview on how the Company has applied the relevant Principles and the extent of compliance with the recommendations of good corporate governance as set out in the 2017 edition of the Malaysian Code on Corporate Governance ("**CG Code**") throughout the financial year ended 31 December 2018 and up to the date of this annual report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board aspires to create value for the shareholders and ensure long term success of the Group by focusing on formulation of appropriate strategy, business model, risk tolerance, management succession planning and development of competitive compensation plan. It also seeks to align the interests of the Board and Management with that of shareholders and balance the interests of all stakeholders. In addition, the Board sets the principles of business ethics and core values for the entire Group.

The Board oversees the entire business affairs of the Group. It is responsible for formulating and reviewing the Group's strategic plan and direction, performance objectives, business plans of each operating units, budgets, capital expenditures, investment proposals, compliance and accountability systems, core values and corporate governance practices of the Group to ensure that the Group operates with integrity and in compliance with relevant laws, rules and regulations. The Board also appoints the Managing Director, approves policies and guidelines on remuneration as well as approves the remuneration for the Board and key senior management, and approves the appointment of Directors. In ensuring management continuity, the Board, through the Nomination and Remuneration Committee, also oversees the long term succession planning for senior management.

In discharging its roles and responsibilities, the Board is guided by its Board Charter which outlines the duties and responsibilities of the Board and the delegated day-to-day management of the Group to the Managing Director. This formal structure of delegation is further cascaded by the Managing Director to the management team. The Managing Director and management team remain accountable to the Board for the authority that is delegated and for the performance of the Group. The Board Charter has been reviewed by the Board on 16 August 2018 to be in line with the CG Code.

There is a clear segregation of roles and responsibilities between the Chairman and the Managing Director in order to ensure a balance of power and authority as defined in the Board Charter.

The Chairman provides leadership to the Board and guidance to the Group. He chairs the board meetings, sets the agenda items, promotes active engagement among Directors as well as between the Board and the Managing Director. He ensures the smooth functioning of the Board including the effectiveness of the overall governance systems and processes. The Managing Director is subject to the control of the Board and focuses on the Group's businesses and manages the day-to-day operations of the Group as well as implements the Board's decisions. The positions of the Chairman and Managing Director are held by different individuals.

In respect of potential conflicts of interest, the Board is satisfied that there is no undue influence involved in all related party transactions. All such transactions were independently scrutinised by the Audit Committee to ensure that they complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and the shareholders' mandate on recurrent related party transactions. All potential conflicts of interest were disclosed to the Board and recorded in the minutes with interested Directors abstaining from all deliberations and decision making.

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

Sunway Construction Annual Report 2018

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

I. BOARD RESPONSIBILITIES (cont'd)

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

The Board has a formalised code of conduct and business ethics policy ("**Code**") which provides an ethical framework to guide actions and behaviours of all Directors and its employees while at work.

The Senior Independent Director is appointed to co-ordinate the activities of the Independent Non-Executive Directors in circumstances where it would be inappropriate for the Chairman to serve in such capacity. He also assists the Chairman and the Board to assure effective corporate governance in managing affairs of the Board and the Company. He will also be available to shareholders if they have concerns relating to matters where contacts through the Chairman, Managing Director or Chief Financial Officer has failed to resolve them, or where such contact is inappropriate.

The Company also has in place a Whistleblowing Policy and Procedures. The objective of this policy and procedure is to provide a mechanism for all level of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action.

Any employee or member of the public who has knowledge or is aware of any improper conduct within the Group is encouraged to disclose through the following reporting channels:

Whistleblowing hotlines
T (603) 5639 8025
F (603) 5639 8027
E whistleblowing@sunway.com.my

Further details of the Code and Whistleblowing Policy and Procedures are set out in the Corporate Governance Report (**"CG Report"**). The Code, Whistleblowing Policy and Procedures, as well as the CG Report are available at the Company's website at **www.sunwayconstruction.com.my**.

In addition, all Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries attends all Board meetings and are accountable directly to the Board, through the Chairman of the Board, on all matters to do with the proper functioning of the Board, including compliance with the Company's Constitution, Companies Act 2016, Main Market Listing Requirements of Bursa Securities, the Securities Commission Guidelines, etc. The Company Secretaries are associate members of the Malaysian Institute of Chartered Secretaries and Administrators. The appointment and removal of the Company Secretaries are subject to approval of the Board. All Directors, whether as a full Board or in their individual capacity, have the authority to obtain independent professional advice, when necessary, at the Company's expense.

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

Board Committees

The Board has set up the following committees to assist in discharging its duties and responsibilities:

(i) Audit Committee ("**AC**")
(ii) Nomination and Remuneration Committee ("**NRC**")
(iii) Risk Management Committee ("**RMC**")

The Committees shall operate within clearly defined written terms of reference ("**TOR**") as approved by the Board. The TORs are continuously reviewed and updated to ensure their relevance to the Company's operations as well as for compliance with legislation and governance standards.

The Board Committees deliberate issues on a broad and in-depth basis before putting up any recommendation to the Board for decision. Notwithstanding the existence of the Board Committees and the relevant authorities granted to a Committee under its TOR, ultimate responsibility for the affairs of the Company and decision-making lies with the Board. The Board keeps itself abreast of the significant matters and resolutions deliberated by each Board Committee through the reports by the Chairman of the relevant Board Committees and the tabling of the Minutes of the Board Committee meetings at the subsequent Board meeting.

a) AC

The details are disclosed under **Principle B: Effective Audit and Risk Management**.

b) NRC

The Board had on 10 January 2018 combined the Nomination Committee and Remuneration Committee into a single committee namely, NRC. The NRC comprises majority of Independent Non-Executive Directors. The Chairman of the NRC is Dato' Dr Ir Johari Bin Basri. The other members of the Committee are Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dr Sarinder Kumari A/P Oam Parkash (**"Dr Sarinder Kumari"**) and Dato' Chew Chee Kin. The terms of reference of the NRC is available at the Company's website at **www.sunwayconstruction.com.my**.

The main role of the NRC is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance of Executive Directors, Non-Independent Non-Executive Directors and Independent Non-Executive Directors. The NRC is also responsible for advising the Board on matters relating to the remuneration of the Board and senior management in order to attract the best talents in the market.

In discharging its responsibilities, the NRC has developed a set of criteria used for recruitment of new Board members as well as for annual Board assessment. In evaluating the suitability of the Board members, the NRC considers, inter alia, the competency, experience, commitment, contribution and integrity of the candidates. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the NRC would also assess the candidate's independence in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of Bursa Securities.

The NRC carried out the following activities through its four (4) meetings held in the financial year 2018:-

(i) At the meeting held on 26 February 2018, the NRC deliberated on the following matters:

- Interviewed Dr Sarinder Kumari who was nominated for appointment as an Independent Non-Executive Director of the Company. Having satisfied with Dr Sarinder Kumari's qualification, experience, competencies and time commitment as well as confirmation of her independence, the NRC had recommended her appointment to the Board for approval. Dr Sarindar Kumari was subsequently appointed by the Board and her appointment took effect on 1 March 2018. At the same meeting, the NRC also noted the resignation of Tan Sri Datuk Dr Rebecca Fatima Sta Maria as director of the Company with effect from 1 March 2018.

- Assessed the performance of the Managing Director, Deputy Managing Director and Chief Financial Officer for financial year 2017 as well as reviewed their proposed total bonus and salary increment.

- Reviewed the results of the Board effectiveness assessment, Board Committees assessment, Audit Committee assessment, assessment of Independent Non-Executive Directors and Director's peers review for the financial year 2017. Based on the aforesaid assessments, the NRC was satisfied with the effectiveness and performances of the Board, Board Committees and the individual Directors.

- Reviewed and was satisfied with the existing size, structure and composition of the Board and Board Committees.

- Evaluated and was satisfied with the competencies and time commitment of the Board members as well as the independence of the Independent Directors. The Independent Directors had individually confirmed their continued independence in accordance with the criteria set out in the Main Market Listing Requirements of Bursa Securities.

- Having discussed the training requirements of the Directors, the NRC encouraged the Board members to attend specific training programmes in order to keep themselves abreast with the rapidly changing regulatory environment and financial reporting standards.

- Reviewed and endorsed the retirement and re-election of Mr Chung Soo Kiong and Mr Evan Cheah Yean Shin, who were both subject to retirement by rotation at the 4th Annual General Meeting (**"AGM"**) of the Company pursuant to the then Article 107(1) of the Company's Articles of Association.

  Both of them offered themselves for re-election. Based on the peer review assessment of the performance of the retiring Directors, the NRC recommended them to the Board and shareholders for re-election at the 4th AGM of the Company held on 20 June 2018. The resolutions to re-elect the said Directors were subsequently approved by the shareholders at the said AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

Board Committees (cont'd)

(ii) At the meeting held on 20 March 2018, the NRC deliberated on the following matters:

- Reviewed and endorsed the NRC report to be included in the Company's Annual Report 2017.
- Reviewed and endorsed the re-election of Dr Sarinder Kumari, who was due for retirement at the 4th AGM of the Company pursuant to the then Article 90 of the Company's Articles of Association.

  Dr Sarinder Kumari had offered herself for re-election. The resolution to re-elect Dr Sarinder Kumari was subsequently approved by the shareholders at the said AGM.
- Reviewed and noted the KPMG Report on Non-Executive Directors' Remuneration 2017. Having reviewed the report, the NRC was of the view that the Company's director's fee was in line with its peers in the construction sector.
- Reviewed and recommended to the Board for approval, the Board and Senior Management Remuneration Policy.

(iii) At the meeting held on 16 August 2018, the NRC deliberated on the following matters:

- Reviewed its TOR to be in line with the CG Code.
- Reviewed and approved the Board and Board Committees' evaluation methodology for 2018 and the relevant board assessment questionnaires.
- Assessed the mid-year performance of the Managing Director, Deputy Managing Director and Chief Financial Officer.

(iv) At the meeting held on 19 November 2018, the NRC deliberated on the following matters:

- Discussed with Managing Director, the management succession plan. The potential successors to each key management position in the organisation was tabled for consideration. The NRC received assurances that all candidates identified for the senior management positions were of sufficient calibre and there was a plan in place to track their readiness in order to provide orderly succession.

  The Group Human Resources has a systematic program to identify, train/mentor the next echelon of future leaders. The NRC conducts an annual talent review with the HR General Manager as well as reviewing succession planning for key management positions across all business units. The identified successors for top management will be presented to the NRC for review and endorsement on an annual basis. Currently, all senior management have one or more potential successors in one or more of these stages i.e. ready now, ready soon or ready later.
- Deliberated on the performance appraisal and recommending to the Board, the proposed interim bonus for the Managing Director, Deputy Managing Director and Chief Financial Officer of the Company.
- Approved the meeting schedule for 2019.

The attendance of the NRC Members during financial year 2018 are as follows:-

Name of NRC Members	Number of Meetings Attended
Dato' Ir Goh Chye Koon	4/4
Dato' Siow Kim Lun	4/4
Dato' Dr Ir Johari Bin Basri	4/4
Dato' Chew Chee Kin	4/4
Dr Sarinder Kumari#	3/3*
Tan Sri Datuk Dr Rebecca Fatima Sta Maria^	1/1*

Notes:
* Reflects the number of meetings held during the time the Director held office.
\# Appointed with effect from 1 March 2018.
^ Resigned with effect from 1 March 2018.

c) RMC

The RMC has oversight on the Company's risk management framework and policies. The RMC comprises exclusively Non-Executive Directors. The RMC was previously headed by Tan Sri Datuk Dr Rebecca Fatima Sta Maria as Chairperson until her resignation on 1 March 2018. Subsequently, Dr Sarinder Kumari was appointed as the Chairperson. The other members of the RMC are Dato' Ir Goh Chye Koon, Dato' Siow Kim Lun, Dato' Dr Ir Johari Bin Basri and Mr Evan Cheah Yean Shin.

During the financial year 2018, five (5) meetings were held to deliberate on the following matters:

(i) Discussed and approved the Group's risk appetite.
(ii) Deliberated on the quarterly risk review report and discussed on the top key risks identified by the risk management working team.
(iii) Reviewed and endorsed the Statement on Risk Management and Internal Control to be included in the Company's Annual Report 2017.
(iv) Approved the meeting schedule for 2019.

II. BOARD COMPOSITION

The Board of Directors of the Company comprised majority Independent Directors led by an Independent Non-Executive Chairman. It comprises seven (7) members, four (4) of whom are Independent Non-Executive Directors, two (2) are Non-Independent Non-Executive Directors, and a Managing Director.

The Board recognised the benefits of having a diverse Board for a well-functioning leadership team to strengthen its strategy formulation and risk management by adding varying perspectives and insights.

The Board composition reflects a mix of suitably qualified and experienced professionals in the fields of finance, construction and building materials industry, and human capital development. This combination of different professions, experiences and skills working together enables the Board to effectively lead and control the Company. A brief profile of each Director is presented on pages 50 to 56 of this Annual Report.

The Board through the NRC conducts an annual review of the size, structure and composition of the Board, directors' competency and time commitment as well as the independence of the Independent Directors. It also undertakes an annual assessment of the Board effectiveness, the Board Committees and the individual Directors via peer assessment. Based on the results of the assessments made, the Board was generally satisfied with the Board effectiveness, the performance of the Board committees and individual directors.

The Board has a policy whereby an Independent Non-Executive Director who has reached the threshold of 9 years' tenure will be re-designated as Non-Independent Non-Executive Director, unless he or she has obtained shareholders' approval to be retained in the Board as Independent Non-Executive Director. If the Board continues to retain the Independent Director after the twelfth year, annual shareholders' approval must be sought through a two-tier voting process. This is to facilitate the Board renewal and hence, enhancing the effectiveness of the Board.

As at the date of this report, the Board has yet to fulfil the requirement of 30% gender diversity. The Board is cognisant of this requirement and will endeavour to search for suitable and qualified women director to join the Board.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board Meetings by attending all the Board meetings held during 2018. Their meeting attendance at Board and Board committees' meetings is evidenced by the attendance record set out in the table below.

Directors	Board Meeting	AC Meeting	NRC Meeting	RMC Meeting
Independent Non-Executive Directors				
Dato' Ir Goh Chye Koon	7/7	5/5	4/4	5/5
Dato' Siow Kim Lun	7/7	5/5	4/4	5/5
Dato' Dr Ir Johari Bin Basri	7/7	5/5	4/4	5/5
Dr Sarinder Kumari (a)	5/5*	4/4*	3/3*	4/4*
Tan Sri Datuk Dr Rebecca Fatima Sta Maria (b)	2/2*	1/1*	1/1*	1/1*
Non-Independent Non-Executive Directors				
Dato' Chew Chee Kin	7/7	N/A	4/4	N/A
Evan Cheah Yean Shin	7/7	1/1*	N/A	5/5
Managing Director				
Chung Soo Kiong	7/7	N/A	N/A	N/A

Notes:
(a) Appointed on 1 March 2018.
(b) Resigned on 1 March 2018.
(c) N/A means not applicable.
* Reflects the number of meetings held during the time the Director held office.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (cont'd)

II. BOARD COMPOSITION (cont'd)

In order to ensure the Directors have sufficient time to fulfil their roles and responsibilities effectively, the Board has agreed that one of the criteria for potential new directors is that they must not hold more than five (5) directorships in public listed companies. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused. It is incorporated in the Company's Board Charter that a Director is required to seek prior consent from the Chairman of the Board before he or she accepts any new directorship outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director and report to the Board during the Board meetings.

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

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

Training Programmes, Seminars and Workshops attended by Directors

Name of Directors	Course Title / Organiser	Date
Dato' Ir Goh Chye Koon	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
Dato' Siow Kim Lun	World Capital Market Symposium (Securities Commission Malaysia)	6 & 7 February 2018
	MIA Audit Committee Conference 2018 (Malaysian Institute of Accountants)	27 March 2018
	Environmental Conference 2018: Igniting Action For Better Tomorrow (Kumpulan Wang Persaraan)	17 & 18 July 2018
	MCCG Compliance Expectations: Better Reporting Integrity, Transparency & Accountability (Eco World In-House/ Terus Mesra)	19 July 2018
	IFRS/MFRS 15 –Revenue From Contracts With Customers (EcoWorld/KPMG)	19 September 2018
	General Data Protection Regulations (EcoWorld/ DLA Piper)	20 September 2018
	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
	Independent Directors' Programme - The Essence of Independence (Bursa Malaysia Berhad)	29 October 2018
Dato' Dr Ir Johari Bin Basri	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
	Asian Confederation of Institutes of Internal Auditors Conference 2018 (The Institute of Internal Auditors Malaysia)	29 & 30 October 2018
Dr Sarinder Kumari A/P Oam Parkash	Mandatory Accreditation Programme (MAP) (The Iclif Leadership Governance Centre)	9 & 10 April 2018
	Corporate Liability Provision - Offences by employees & Others and the implications on Directors, Partners and Management (Malaysian Institute of Accountants)	19 July 2018
	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
Dato' Chew Chee Kin	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
Evan Cheah Yean Shin	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
Chung Soo Kiong	Sunway Leaders Conference 2018 (Sunway Group)	5 October 2018
	Business Transformation Challenges (Malaysian Institute of Corporate Governance)	23 October 2018
	44th IFAWPCA Convention 2018 - Strategic Alliance with Innovation & Human Capital (International Federation of Asian and Western Pacific Contractors' Associations)	12 to 15 November 2018

III. REMUNERATION

The Group recognises that in order to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurate with their experience, skills and responsibilities as well as benchmarking against industry's standards. In view of this, the remuneration package for Managing Director and directors' fees for Non-Executive Directors were determined by benchmarking against remuneration packages of relevant position with similar industry and business size. It is structured on the basis of linking rewards to corporate and individual performance. The performance and remuneration package of the Managing Director is subject to evaluation of the NRC.

For Independent Non-Executive Directors, the level of remuneration reflects their experience, level of responsibilities and industry's benchmark as well as complexity of the Group's businesses. The remuneration of Independent Non-Executive Directors consists of fixed directors' fees per annum and meeting allowances for every Board or Board Committee meeting attended.

The Board as a whole resolves 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 of the Company.

The details of the Directors' remuneration for the financial year 2018 are disclosed in the CG Report, which is available in the Company's website at **www.sunwayconstruction.com.my**.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AC

The AC comprises four (4) members who are all Independent Non-Executive Directors. The members of the AC are Dato' Siow Kim Lun as Chairman, Dato' Ir Goh Chye Koon, Dato' Dr Ir Johari Bin Basri and Dr Sarinder Kumari. The Chairman of the AC is not the Chairman of the Board.

The Company has a policy requiring a former key audit partner to observe a cooling-off period of at least 2 years before being appointed as a member of the AC.

In the assessment and selection of the External Auditors, the AC is guided by the Policy on Selection of External Auditors. It also monitors the provision of non-audit services by the External Auditors to ensure that the non-audit services fees do not exceed 50% of the total audit fees payable to them.

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CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (cont'd)

I. AC (cont'd)

During the year, the AC assessed the audit quality, suitability, effectiveness and independence of the External Auditors and ensures 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. The outcome of the assessment was tabled to the AC on 20 March 2018. There were no major concerns highlighted in the External Auditors Assessment Report. The AC was generally satisfied with the performance of the External Auditors for financial year ended 31 December 2017. Therefore, the AC had recommended for shareholders' approval at the 4th AGM of the Company held on 20 June 2018, the proposed re-appointment of BDO as External Auditors for the financial year 2018.

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 position for only four (4) years. However, the Board also has an option of rotating an audit firm once every five (5) years pursuant to the Group's policy.

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

The AC has also considered the non-audit services provided by the External Auditors during the financial year. Details of the audit and non-audit fees paid and/or payable to the External Auditors for the financial year ended 31 December 2018 are shown in the table below.

Fees paid and/or payable to External Auditors or its affiliates	FYE 2018	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	19	637
Non-audit fees	-	18
Total	19	655

The AC's performance is reviewed annually by the NRC. The evaluation covered key aspects such as the members' financial literacy levels, ability to pose probing questions, competencies in grasping complex issues and skills and knowledge to discharge their duties under its terms of reference. Based on the assessment for 2018, the Board was satisfied with the performance of the AC. The AC members had also attended various training programmes and seminars to broaden their knowledge and to keep abreast with the relevant progress and changes in law, regulations, internal control systems and the risk environment in which the Company operates.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is assisted by Risk Management team in identifying, mitigating and monitoring the critical risks highlighted by the Business Divisions. The IAD which is incharge of the internal audit function, assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

Based on the annual evaluation conducted, the AC was satisfied with the performance of IAD for the financial year 2018.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public in its effort to strengthen its relationship with the shareholders.

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

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

The communication channels used in the Company's engagement with its stakeholders include:-

a) The Company's website;
b) Establishment of an investor relations division;
c) Announcements via Bursa LINK;
d) Annual report;
e) General meetings;
f) Investors, analysts and media briefings;
g) Domestic and overseas roadshows and investors conference; and
h) Investor Relations Mobile Application

II. CONDUCT OF GENERAL MEETINGS

The Board recognises the importance of shareholders' participation in general meetings and encourages such participation. The AGM 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.

In 2018, the Company served notice of its 4th AGM more than 28 days before the meeting, well in advance of the 21-day requirements under the Companies Act 2016 and the Main Market Listing Requirements 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 Company also distributed together with the notice of Annual General Meeting, 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.

The Chairman provided ample time for the Questions and Answers sessions in the said general meetings. All the Directors together with the Managing Director, Chief Financial Officer, management and External Auditors were present to respond to all queries raised. All suggestions and comments given by the shareholders were also noted by management for consideration.

In addition, any written queries raised by the Minority Shareholder Watchdog Group will be presented to the shareholders at the general meetings together with the Group's response.

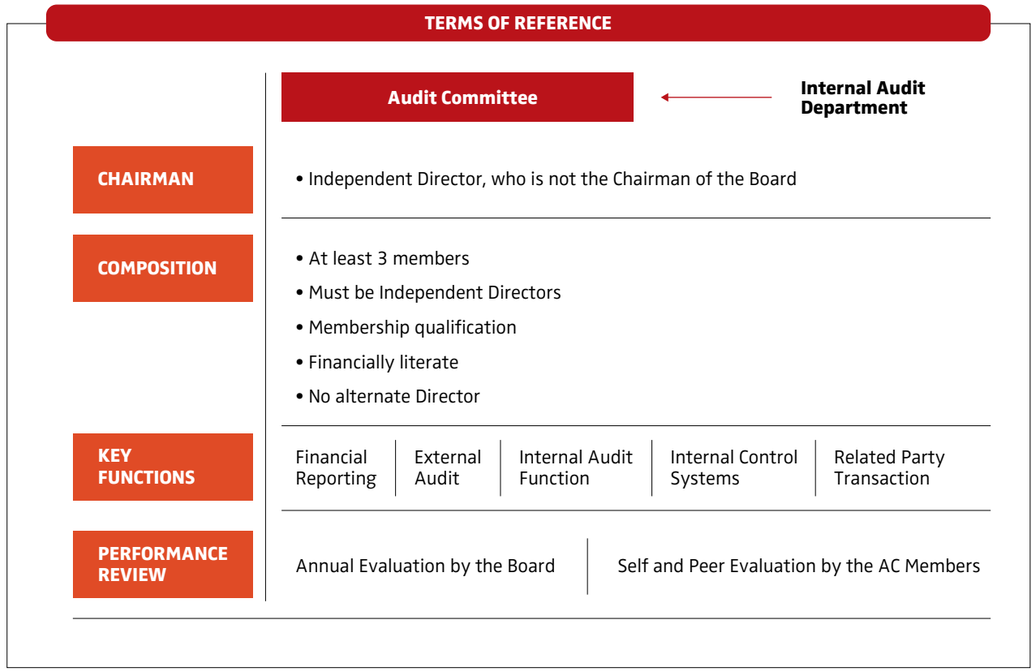
In line with the Main Market Listing Requirements of Bursa Securities, the Company had implemented poll voting for all the resolutions set out in the notice of the general meetings. The poll voting was conducted via electronic means and the results of the voting were instantly displayed on the screen. The Company has appointed an independent external scrutineer to validate all the votes at the said general meetings. The detailed results of each resolutions tabled at the general meeting were immediately announced to Bursa Securities.

This Corporate Governance Overview Statement was approved by the Board of Directors on 20 March 2019.

Dato' Ir Goh Chye Koon
Independent Non-Executive Chairman

AUDIT COMMITTEE REPORT

The Board of Sunway Construction Group Berhad (**"Company"**) is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee (**"AC"**) has discharged its oversight functions during the financial year ended 31 December 2018.



TERMS OF REFERENCE

The scope of responsibilities of the AC is outlined in its terms of reference which are set out in the Company's website: **www.sunwayconstruction.com.my**.

COMPOSITION

The AC currently comprises four (4) members, all of them are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements (**"MMLR"**) of Bursa Malaysia Securities (**"Bursa Securities"**). Members of the AC comprised the following Directors:-

1. Dato' Siow Kim Lun – Chairman
   (Independent Non-Executive Director)
2. Dato' Ir Goh Chye Koon
   (Chairman of the Board / Independent Non-Executive Director)
3. Dato' Dr Ir Johari Bin Basri
   (Senior Independent Non-Executive Director)
4. Dr Sarinder Kumari A/P Oam Parkash ("**Dr Sarinder Kumari**")
   (Independent Non-Executive Director)

The composition of the AC complied with the MMLR of Malaysia Securities and the principles and practices set out in the Malaysian Code on Corporate Governance 2017 (**"MCCG 2017"**):

Requirements	Commentary
Paragraphs 15.09(1) (a) & (b) of MMLR	• The AC comprised 4 members, all of whom are Independent Non-Executive Directors. This has satisfied the test of independence under the MMLR.
Paragraph 15.09(1) (c) of MMLR	• 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 MMLR.
Practice 8.1 of MCCG 2017	• Dato' Siow Kim Lun, the Chairman of the AC, is not the Chairman of the Board.
Practice 8.2 of MCCG 2017	• Since the incorporation of the Company on 10 September 2014, none of the members of the Board were former key audit partners.
Practice 8.3 of MCCG 2017	• The AC has policies and procedures to assess the suitability, objectivity and independence of the external auditor.
Practice 8.5 of MCCG 2017	• All members are financially literate and are able to understand matters under the purview of the AC including the financial reporting process. • They have attended various training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies on areas relevant to the Company's business, Directors' roles, responsibilities, effectiveness and/or corporate governance issues.

The Board, through its Nomination and Remuneration Committee (**"NRC"**), has reviewed the terms of office of the AC members. The NRC also assessed the performance of the AC as well as the members' skills set, experiences and competencies through an annual internal AC Evaluation and AC Members' Self and Peer Evaluation surveys facilitated by the Company Secretary. The results of the assessment for 2018 was tabled to the NRC and the Board on 25 February 2019. The Board was satisfied with the performance of the AC and its members in which, they have discharged their functions and carried out their duties and responsibilities in accordance with the Terms of Reference of the AC.

MEETINGS AND ATTENDANCE

A total of 5 AC meetings were held during the financial year under review. The members of the AC and their attendance record are as follows:-

Name of Committee Members	Membership	Number of Meeting Attended	Percentage of Attendance
Dato' Siow Kim Lun	Chairman	5/5	100%
Dato' Ir Goh Chye Koon	Member	5/5	100%
Dato' Dr Ir Johari Bin Basri	Member	5/5	100%
Dr Sarinder Kumari [(a)]	Member	4/4*	100%
Tan Sri Datuk Dr Rebecca Fatima Sta Maria [(b)]	Member	1/1*	100%
Evan Cheah Yean Shin [(c)]	Member	1/1*	100%

Notes:
(a) Dr Sarinder Kumari was appointed as member of the AC on 1 March 2018.
(b) Tan Sri Datuk Dr Rebecca Fatima Sta Maria has resigned from the Board and as a member of the AC on 1 March 2018.
(c) Evan Cheah Yean Shin has stepped down as a member of the AC on 1 March 2018.
* Reflects the number of meetings held during the time the Director held office.

AUDIT COMMITTEE REPORT (cont'd)

COMPOSITION (cont'd)

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Purpose
Managing Director ("**MD**") and Chief Finance Officer ("**CFO**")	All meetings	To provide clarification on risks, internal controls and audit issues relating to the Company and its subsidiaries' ("**Group**") finance and business operations.
Head of Internal Audit Department ("**IAD**") and team members	All meetings	To present the internal audit reports, annual audit plan and investigation reports, if any.
External Auditors	3 meetings	To present to the AC the audit plan, the audit findings, the independent auditors' report as well as any other matters in respect of the Group as they considered were important for the AC's attention.
Senior Management Officers	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibility arising from the internal audit reports or any matters of interest.

The minutes of each AC meeting were recorded and tabled to the AC for adoption at subsequent AC meetings and thereafter all minutes of AC meetings were presented to the Board for discussion and notation. The Chairman of the AC reported the AC's recommendations to the Board for its consideration and implementation as well as highlighted the significant matters and resolutions deliberated by the AC to the Board at its immediate subsequent meeting.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2018, the AC carried out the following activities in the discharge of its functions and duties as per its terms of reference:-

1. Overseeing Financial Reporting

(a) Quarterly Financial Results

At the AC meetings held on 26 February 2018, 17 May 2018, 16 August 2018 and 19 November 2018, the AC reviewed and discussed with Management the respective quarterly management accounts and quarterly financial results, taking into consideration that the necessary process and controls were in place in the preparation of the financial reports.

At each of the AC meeting, the CFO presented the financial reports and confirmed to the AC, the following matters:

(i) The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of new or amended accounting standards that were effective for the financial year 2018;
(ii) There were no significant and unusual issues other than those reported in the financial statements;
(iii) The Company and the Group continued to operate as going concern; and
(iv) The accounting standards, regulatory and other legal requirements had been complied with in preparation of the financial statements.

The AC reviewed the financial results and focused its attention on the accuracy of the reported financial figures and explanations to material variances or movements during the relevant quarters. The AC was satisfied that the unaudited quarterly financial results had been prepared in accordance with MMLR and the relevant approved accounting standards so as to give a true and fair view of the financial position of the Group and of its financial performance and cash flows for each quarter. The AC's recommendations were presented to the Board for approval at each subsequent Board meetings for release to Bursa Securities.

(b) Audited Financial Statements

On 20 March 2018, the AC together with the External Auditors and Management, reviewed and deliberated on the annual audited financial statements for the financial year ended 31 December 2017 prior to submission to the Board for consideration and approval.

The AC discussed the significant audit findings, key audit matters raised by the External Auditors and the adoption of new accounting standards as well as the disclosure required in the Independent Auditors' Report of the Company's audited financial statements for financial year ended 31 December 2017.

At the aforesaid meeting, the Management and External Auditors confirmed that the draft audited financial statements was prepared in accordance with the relevant accounting standards and statutory requirements. Thereafter, the AC recommended the same for the Board's approval and subsequent tabling at the Fourth Annual General Meeting of the Company held on 20 June 2018.

(c) Accounting Standards and Other Relevant Regulatory Requirements

The AC also reviewed and took note of the changes and amendments to the regulations, accounting standards and other regulatory requirements tabled by the External Auditors and the CFO that could have a significant financial impact on the Group.

On 16 August 2018, the CFO briefed the AC on the new accounting standard, MFRS 16 *Leases* and its implication to the Group's financial reporting, of which the new accounting standard would take effect on 1 January 2019.

On 19 November 2018, the AC also reviewed and took note of the implementation of the new accounting standards i.e. MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* tabled by External Auditors and the CFO.

2. Assessing Risk and Control Development

(a) The AC reviewed the Company's internal controls system and practices for identification and management of risks established by the Management. The AC was reasonably assured that the same were operating adequately and effectively.

(b) On 26 February 2018, the AC also reviewed and deliberated on matters relating to internal control system as highlighted by the External Auditors in the course of their statutory audit of the financial statements for the financial year ended 31 December 2017. At the meeting, the External Auditors reported that there was no significant weakness in the Group's internal control systems.

(c) On 16 August 2018, in response to the corporate liability provision under the Malaysian Anti-Corruption Commission (Amendment) Act 2018 ("**MACCA 2018**"), IAD presented to the AC the Comprehensive Framework and Procedures to prevent corruption for the Company and its group. On 19 November 2018, the AC reviewed and deliberated on the Anti-Bribery Programme and approve the formation of an Anti-Bribery Task Force to facilitate the implementation of the Anti-Bribery Programme.

(d) The AC received assurance from the MD and the CFO that the Company's risk management and internal controls system were operating adequately and effectively, in all material aspects.

3. Evaluating External Audit Process

(a) The AC met with the External Auditors, Messrs BDO on the following dates:

- The AC on 26 February 2018, reviewed and deliberated with the Management and the External Auditors, the Audit Report by the External Auditors in respect of their audit for the financial year ended 31 December 2017.

  In the meeting, the External Auditors confirmed their professional independence in relation to the audit engagement for the financial year ended 31 December 2017. The External Auditors also reported their audit status versus the audit plan. The AC was briefed on the key audit matters and accounting issues which they had identified during the course of their audit and the justifications provided by the Management.

  The External Auditors had subsequently confirmed that they were not aware of any non-compliance of laws and regulations, as well as any material litigations and claims against the Group other than those brought forward from prior financial years.

  The External Auditors also tabled the financial reporting standards which had been issued and would be applied to the Group in future financial years.

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES (cont'd)

3. Evaluating External Audit Process (cont'd)

- The AC on 20 March 2018, discussed with the External Auditors, the final draft of the Audited Financial Statements for the financial year ended 31 December 2017.

  The External Auditors was of the opinion that the Company's Annual Financial Statements gave a true and fair view of the financial position, financial performance and cash flows of the Group and of the Company for the financial year ended 31 December 2017 in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

  Based on its annual audit, the External Auditors reported the following key audit matters and its audit response in its auditors' report for the financial year 2017:

  - Revenue and profit recognition for construction contracts

    The revenue and profit recognition on construction contracts involve significant judgements in estimating the stage of completion and assessing the estimated total costs to complete.

    In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies. The total costs to complete including subcontractor costs, varies with market conditions and may also be inaccurately forecasted due to unforeseen events during construction.

  - Assessment of liquidated and ascertained damages (**"LAD"**) on construction contracts

    Based on the assessment of LAD on construction contracts, the Group was of the opinion that no LAD recognition required.

- On 19 November 2018, the AC reviewed and discussed with the External Auditors and Management, the Audit Planning for financial year ended 31 December 2018 which outlined the External Auditors' engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant audit attention, engagement team as well as audit reporting and deliverables.

(b) The AC had private sessions with the External Auditors to discuss any issues as well as reservations arising from their audit without the presence of management staff and the executive board members on 26 February 2018 and 20 March 2018. No major concerns were highlighted and the External Auditors had also confirmed that they had received full cooperation from the Management and had unrestricted access to all the Company's records.

(c) The AC had, at its meeting held on 20 March 2018, reviewed the audit and non-audit fees for the financial year ended 31 December 2017.

The AC having considered the nature, scope and amount of non-audit fees, was satisfied that there was no conflict of interest and it would not impair the independence of the present External Auditors.

(d) The AC undertook an annual assessment on the quality of audit of the External Auditors. The External Auditors were assessed based on the following criteria:

- Audit performance;
- Quality of communication;
- Independence;
- Objectivity;
- Professionalism; and
- Adequacy of resources.

The External Auditors had provided to the AC, their firm's policies and written confirmation on their independence.

The results of the evaluation were tabled to the AC at its meeting held on 20 March 2018. Based on the results of the performance assessment, the AC and Management was satisfied with the External Auditors' independence, performance and their audit quality for the financial year ended 31 December 2017.

As such, the AC had subsequently recommended to the Board that the External Auditors be re-appointed for the next financial year subject to the shareholders' approval at the 4th Annual General Meeting of the Company.

4. Evaluating Internal Audit Process

(a) The AC approved IAD's 2018 Audit Plan at the meeting held on 26 February 2018. The 2018 Audit Plan was developed using a risk based audit methodology where business units and processes were selected for audit based on risk assessments carried out periodically by IAD. The AC reviewed the adequacy and relevance of the scope and resources allocated for the plan and subsequently approved the plan and its proposed audit timetable and the budgeted man-hours.

The 2018 Audit Plan was also reviewed on a quarterly basis taking into account any developments which had an impact on the audit coverage.

IAD's audit engagements for 2018 were mainly carried out in the following key business components:-

- On-going building projects:
  - Light Rail Transit 3 project;
  - MRT Package V201;
  - Parcel F, Putrajaya project;
  - RCI, South Quay;
  - Kelana Jaya Plot 1; and
  - Projects at southern region.
- Major subsidiaries, i.e. Sunway Geotechnics (M) Sdn. Bhd. and Sunway Precast Industries Sdn. Bhd.;
- Corporate governance compliance within the Group;
- Occupational health and safety review; and
- Heavy equipment and machineries review.

(b) The AC reviewed the results of audit engagements carried out by IAD at the quarterly meeting of the AC and discussed the major findings and audit recommendations. The AC also reviewed the status of implementation of corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all areas of risk and internal control issues. In addition, IAD updated the AC on the progress of the 2018 Audit Plan and results of ad-hoc assignments including audit investigations.

(c) At the meeting held on 26 February 2018, the AC reviewed the Internal Audit Charter. There were no material changes to the Internal Audit Charter since it was first adopted by the AC in 2015.

(d) At the meeting held on 20 March 2018, the Internal Audit Function Evaluation Report was tabled for the AC to assess the performance of IAD. The AC assessed the effectiveness of the internal audit function in terms of scope and compliance with relevant regulatory standards as well as their collaboration with the External Auditors. The Committee also assessed the adequacy of resources and core skills and competencies of staff within the IAD.

The AC was satisfied with the performance of IAD in 2017 and was of the opinion that the internal audit function was appropriate to its size and the nature and scope of its activities.

At the same meeting, the Head of IAD confirmed to the AC that 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 in carrying out their duties as internal auditors.

(e) At the meeting held on 19 November 2018, the AC has met with the Internal Audit Department without the presence of the management staff to facilitate discussions on additional matters in relation to audit issues and internal control weaknesses noted in the course of their audit.

5. Reviewing Related Party Transaction & Conflict of Interest Situations

(a) The AC had at its meetings held on 26 February 2018, 17 May 2018, 16 August 2018 and 19 November 2018, deliberated on any potential Management's conflict of interest, related party transactions and recurring related party transactions.

All related party transactions and recurring related party transactions were found to have complied with the following criteria:-

i) Carried out in compliance with the MMLR of Bursa Securities and relevant rules and regulations;
ii) Transactions/arrangements were carried out on an arms' length basis and under normal commercial terms;
iii) Transactions/arrangements were in the best interest of the Company;
iv) Interested parties abstained from deliberation and voting;
v) Adequate disclosure via Bursa Announcements, Quarterly Reports and Annual Report; and
vi) Prior approval by the shareholders, where applicable.

Sunway Construction Annual Report 2018

AUDIT COMMITTEE REPORT (cont'd)

SUMMARY OF ACTIVITIES (cont'd)

5. Reviewing Related Party Transaction & Conflict of Interest Situations (cont'd)

With the assistance of the IAD, the AC had satisfied itself the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.

The AC took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the MD at the quarterly meetings.

(b) On 26 February 2018, the AC reviewed and approved the Circular to Shareholders in respect of the proposed renewal of shareholders' mandate for recurrent related party transactions as well as the statements by the AC in respect of the proposed shareholders' mandate for recurrent related party transactions.

6. Other Matters

(a) On 26 February 2018 and 20 March 2018, the AC was briefed by the Company Secretary of the following pronouncements:

i) Issuer Communication No. 3/2017 issued by Bursa Securities in relation to the Guidance on Disclosure relating to Material Contracts and Prevention of Selective Disclosure on Material Information;
ii) Amendments to the MMLR arising from the Companies Act 2016;
iii) Enforcement of the Corporate Rescue Mechanism under Division 8, Part III of the Companies Act 2016; and
iv) Corporate liability provision under the MACCA 2018.

(b) On 20 March 2018, the AC reviewed and recommended for the Board's approval, the Corporate Governance Statement, AC Report and Statement on Risk Management and Internal Control for inclusion into the Annual Report 2017 of the Company.

The AC also had reviewed and recommended for the Board's approval, the Annual Report 2017 of the Company.

(c) On 16 August 2018, the AC reviewed and approved its revised terms of reference to reflect the current best practice in the composition of the AC and arising from the amendments to the MMLR.

(d) The AC was satisfied that there were no breaches of the MMLR of Bursa Securities as reported by the Company Secretary at the quarterly meetings during the financial year.

(e) Minutes of the previous AC's meetings were tabled at the subsequent Board meetings by the AC Chairman. Significant issues and concerns discussed during the AC meetings together with the recommendations were highlighted and reported to the Board.

PERFORMANCE EVALUATION

The assessment on the performance and effectiveness of the AC are undertaken by the Board annually. The AC Members also undertook a Self and Peer Evaluation to assess whether the AC members had carried out their duties and responsibilities in accordance with its terms of reference.

Based on the assessment, the Board was satisfied that the AC was effective in discharging its duties and responsibilities as required under the terms of reference of the AC.

CONTINUING EDUCATION

The details of training programmes and seminars attended by each AC Member during the financial year ended 31 December 2018 are set out in the Corporate Governance Overview Statement under "Training Programmes, Seminars and Workshops attended by Directors".

OTHERS

The AC and the Head of IAD have been given the responsibility by the Board to monitor the implementation of the Whistleblowing Policy and Procedures, whilst duties relating to the day-to-day administration of the policy are performed by the Head of IAD. During the financial year under review, there were no cases reported through the channel.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

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 Company and its 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, internal control and governance processes. IAD reports functionally to the AC and administratively to the Managing Director.

IAD is headed by Ms Celia Lee Kat Li who is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). IAD has 5 auditors and most of the IAD staff have professional qualifications and are members of the Malaysian Institute of Accountants (MIA). The Head of IAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors (IIA) and adopts the IIA Standards laid down in the International Professional Practices Framework issued by the IIA. IAD successfully completed its external Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. IAD carried out its activities based on a risk-based annual audit plan approved by the AC. 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 internal audit reports arising from assignments were issued to the Management for their response, corrective actions and update on status of implementation of audit recommendations. The internal audit reports were subsequently tabled to the AC for their deliberation and approval. The Head of the IAD has unrestricted access to the AC and reports directly to the AC.

During the financial year ended 31 December 2018 and as at the date of this report, the IAD carried out the following activities:-

(a) Prepared and presented the risk-based annual internal audit plan encompassing key business segments within the Group for the approval of the AC.

(b) Performed audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices.

(c) Issued internal audit reports to the AC and Management highlighting results of the assessments of internal controls identifying key areas of concerns as well as providing recommendations for improvements and follow-up audits.

(d) Acted on suggestions made by the AC and/or senior management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.

(e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels.

(f) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.

(g) Performed independent evaluation on the operation of risk management framework focusing primarily on the adequacy and effectiveness of the said framework.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2018 including staff payroll costs and overheads amounted to RM1.02 million. The cost incurred in the previous year was RM963,000.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("**the Board**") is pleased to present the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysian Code on Corporate Governance 2017, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board affirms its commitment and responsibility towards effective risk management and internal control so as to safeguard shareholders' interests and Group's assets. In doing so, the Board embeds risk management in all aspects of the activities, initiatives and processes of Sunway Construction Group Berhad ("**SunCon**") and its subsidiaries ("**the Group**"). The framework has been set in place by the Board to identify, evaluate, mitigate and monitor the key risks faced by the Group.

The Board recognises that the framework is designed to mitigate rather than eliminate the risks or events with significant adverse impact on the achievement of the Group's objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.

In pursuit of improving and integrating effective governance structures and processes into the framework, the Board has set up a Risk Management Committee ("**RMC**") which comprises of Independent Directors in majority including its Chairman to oversee the Group's risk management and internal control system. The RMC is accountable to the Board and meets quarterly to:

- Identify, assess and monitor key business risks and review risk mitigation strategies;
- Review and recommend risk management strategies, policies and levels of risk tolerance;
- Ensure infrastructure, resources and systems are in place to manage risks.

During the financial year, the RMC has reviewed, appraised and assessed the controls and progress of action plans taken to mitigate and manage the Group's risk exposure. The RMC has subsequently provided assurance to the Board that the Group's risk management and internal control are operating adequately and effectively in all material aspects. This statement however, does not cover associate companies and joint ventures where risk management and internal control are managed by the respective management teams.

INTERNAL CONTROL SYSTEM

Planning, monitoring and review of the Group's performance and conduct are done via scheduled periodic meetings of the Board, Board Committees and management. The annual Business Plan ensures that all operating subsidiaries prepare and present its outlook, expectations, budgets, performance and targets for the forthcoming year.

The Risk Working Committee ("**RWC**") led by Mr Richard Wong, who is also the Senior Executive Director for Building Central was setup to ensure that the Group's risk coverage is more conclusive on exposures specifically to operational matters.

The RWC communicates the Board's expectations to management teams and employees during management meetings, managers' conferences and forums while the heads of the operating subsidiaries and departments are empowered with the responsibility of planning, monitoring, reporting and managing their respective operations.

Components of the Internal Control System

1. **Policies & Procedures**
   The Group's internal control system encompasses formalised and documented internal policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group's intranet for employees' reference.

2. **Audits**
   The Group Internal Audit Department ("**GIAD**") carries out internal audits on divisions and business units of the Group based on a risk-based audit plan approved annually by the Audit Committee ("**AC**"). Based on these audits, GIAD provides the AC with periodic reports highlighting observations, recommendations and action plans to improve the Group's internal control system. The AC reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

   Additionally, subsidiaries accredited with certifications such as International Organisation for Standardisation ("**ISO**") and Occupational Health and Safety Advisory Services ("**OHSAS**") are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

3. **Employee Engagement and Performance**
   Key performance indicators, based on balanced scorecards are used to track and measure employee's performance while employee engagement surveys are conducted to gain feedback on effectiveness and efficiency of the Group to aid continuous improvement of employee competency, in line with the Group's goals and objectives.

4. **Employee Conduct**
   Available for staff access in the Group Governance and Integrity portal, this is governed by a series of policies which define the core values of the Group – Integrity, Humility and Excellence.

   a) The Whistle Blowing Policy serves as a guideline for stakeholders and staff to report in a safe and confidential manner, any concerns regarding possible illegal, unethical conduct or malpractice to the management for action. Whistle blowing avenues include a direct line, e-mail or written mail to the Head of Internal Audit Department and Chairman of the AC.

   b) The Fraud Response Procedures guides management teams of respective business units to respond to allegations or suspicions of fraud and ensure that all cases of suspected or alleged frauds are reported promptly, and investigations are conducted effectively.

   c) The Integrity Pact serves to ensure transparency and fairness in the procurement process of the Group with an aim to promote efficiency in procuring products or services in accordance with approved specifications and prices while avoiding distortionary factors and corrupt practices.

   d) The Group's Code of Conduct and Business Ethics provides an ethical framework to guide actions and behaviors of directors and employees of the Group. It reflects the increasing need for effective corporate governance and compliance measures in the Group's businesses, domestically and internationally.

   e) The Staff Handbook provides information on employment terms and conditions in addition to compensation, leaves, health benefits, education assistance, discounts, expectations and career path to name a few. Also included in the policy is the Group's Personal Data Protection Notice on the collection and handling of personal information in accordance with the Malaysian Personal Data Protection Act 2010.

5. **Risk Management**
   The Group's risk management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management ("**ERM**") into key activities, initiatives and processes of the Group. This enables the Group to identify, assess and mitigate risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.

   The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:

   - Establish clear functional responsibilities and accountabilities within committee structures for management of risks;
   - Enhance and improve corporate governance with a clear, concise and robust structure for the Group;
   - Determine risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;
   - Set risk policies and limits consistent with the risk appetite and tolerance of the Group;
   - Ensure appropriate skills and resources are applied to risk management.

   Continuous risk assessment is fundamental to the Group's risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks.

   In providing assurance to the RMC and the Board, RWC continues to review the quarterly risk templates in identifying and mitigating all major risks of the operating subsidiaries under the Group. The quarterly risks from all operating subsidiaries are consolidated and updated to the Chairman, Managing Director and RMC, highlighting major risks and mitigating controls carried out.

   The Group has four (4) core response strategies for risk management. These include:

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL CONTROL SYSTEM (cont'd)

5. Risk Management (cont'd)

a) Risk Termination
In this instance, management chooses to terminate risks by eliminating the business or by significantly altering it. The Group may choose this route for risks that could have major or catastrophic impact on its businesses.

b) Risk Reduction
Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group's businesses.

c) Risk Acceptance
Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence and/or impact. Factors to consider for risks of such nature would be:
- Adequacy of current controls;
- Quality and quantity of information on the controls;
- Likelihood and consequences of the risk occurring; and
- The cost of additional controls

d) Risk Transfer
Management may choose to transfer all or part of a certain risk to other parties via:
- Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
- Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
- Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury/ financial products.

Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM program for the Group.

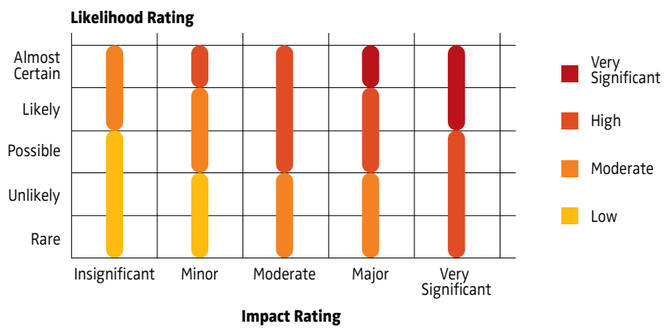
Reporting Structure

The RMC will meet and deliberate on the top risks identified on a quarterly basis while its Chairman will subsequently update the Board on proceedings and updates from the RMC. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. The Group positions its business units towards a profitable objective while incorporating risk management principles into our functions and processes.

RWC is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

Consequently, RWC undertakes the role of assisting Business Units by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by the Business Units.

RWC continues to support the Group's efforts in embracing change and evolution into a resilient conglomerate, allowing it to refine its focus and strategies to achieve goals and objectives while sustaining an ecological balance between employees, communities and the environment. Thus, as the Group commits to provide Environmental, Safety & Health ("**ESH**") standards and practices to enhance stakeholders' value, RWC's quarterly risk reporting exercise with operating subsidiaries goes beyond risk mitigation to ensure that operational processes are consistent and remain compliant with the relevant standards such as OHSAS 18001 and ISO 14001 to name a few.



Risk Map: SunCon monitors its risk via the above risk assessment

Apart from the above, RWC participates in other value-adding exercises such as:

1. Review SunCon's existing Standard Operating Principles ("**SSOP**").

   The review of the Group's SSOPs is conducted by key relevant personnel from respective divisions or operating subsidiaries, covering credit control, procurement, products and services and operative guidelines.

2. Assist in day-to-day operations for operating subsidiaries.

   Upon instruction from management, key relevant personnel assists in fulfilling daily operative requirements to ensure minimal business interruption or delays that could hamper the achievement of goals and objectives.

3. Assist in conducting regulatory research.

   Such research is conducted to ensure that the Group's projects and businesses (existing or new) remain compliant to laws and regulations.

4. Assist in conducting tender for divisions and operating subsidiaries.

   RWC participates in tender processes to form an independent party to ensure fairness in observance of due process, decision making and tender awards.

Key Risk Factors

For the financial year under review, RWC has identified the following risks for the Group. These were presented to the Board where controls, mitigating plans and monitoring mechanisms were highlighted.

1. Project Completion

As the Group strives to maintain its position as Malaysia's largest listed pure play construction group by revenue, this risk is perennial and holds a significant weight in risk analysis.

Mitigation:
The Group has successfully negated such risks for the financial period with effective and efficient procurement of necessary resources to mitigate any potential delays and claims including active negotiation with client to accelerate works due to unforeseen delays, deploying more resources and improving supervision for the purpose of increasing productivity.

2. Cost overrun

This risk concerns the Group as the fluctuations for raw material prices especially steel bar prices and preliminary cost due to prolongation of project. It could result in overrun of project operation costs from the tender costs.

Mitigation:
In response to this, some contracts have pass through clauses in relation to steel price fluctuation. Where there are no pass through clauses, the Group negotiates with suppliers to hedge our steel bar purchases for 6 months interval. To control our preliminary cost like overhead and plant and machinery, we monitor the progress of our project actively to ensure timely delivery.

3. Cyber & IT Risk

With the advent of cyber threats and other potential hazards such as fire, floods and other major equipment failures, among others, the continuity of business operations is of a major concern to the Group. This risk, if left unattended, could result in major disruption of critical business processes and possible unauthorised disclosure of sensitive business information, resulting in financial or reputational loss.

Mitigation:
To mitigate this risk, the Group has outsourced the IT services to ITSSC since 2004 in which various policies, resources, processes, and systems have been developed and deployed. The Group-wide Information Security policy, called the Sunway Information Security Policies ("**SISP**"), was developed in accordance with ISO/IEC 27002 (2005) standards. ITSSC is also certified in Disaster Recovery ("**DR**") through ISO27001:2013 Information Security Management System ("**ISMS**") standard in order to minimise the risk of business financial lost, business interruptions and unavailability of IT service through timely backup of data, migration to Cloud and having off-site storage for backup tapes. In addition, continuous initiatives are in place to enhance the cyber defense capabilities and IT resiliency of the Group.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

INTERNAL CONTROL SYSTEM (cont'd)

Key Risk Factors (cont'd)

4. Human Capital

Risks arising from issues such as high staff turnover, loss of key and technical staff, competition from other industry players, succession planning and staff retention.

Mitigation:
Human Resources Department, together with respective divisions and operating subsidiaries continuously improve and enhance mitigation plans which include employee engagement surveys, team building exercises, training and development – internal and external and constant reviews of the Group's remuneration and compensation benefits for staff.

5. Workplace Safety and Health

Risks arising from the intrinsic nature of construction activities, which often involved complex activities being carried out by teams of workers, we remain exposed to occurrence of accidents and incidents caused by human error or other factors. In addition, all construction activities generate dust, waste and noise pollution.

Mitigation:
Appropriate and effective policies and procedures are implemented and thoroughly monitored jointly by Environmental, Safety and Health Department and RWC to mitigate these risks. There is also strict compliance to various environmental laws and regulations.

6. Dependence on the Property Market and Government Infrastructure Spending

Risks relating to decline in demand in the property sector and government infrastructure spending under the construction sector. In Singapore, the manufacturing and sale of precast concrete products business segment is also dependent on the number and timing of launches by the Housing Development Board ("**HDB**").

Mitigation:
In response to this, the Group continuously improve our productivity and technical capabilities to enable us to take on more complex construction projects especially in the areas of mechanical, electrical and plumbing services, foundation and earthwork and industrialised building system ("**IBS**"). As part our expansion plans, the Group has begun exploratory works on Renewable Energy in effort to escalate our technical expertise in this field. In addition, the Group will also target to undertake projects within the ASEAN region.

THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the Group's risk management and internal control framework is able to meet the Group's objective to ensure good corporate governance. There was no potential or present failure or weakness that would have material adverse effect on the results of the Group for the year under review.

The Board has also received assurance from the MD and CFO that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholders value and business sustainability will remain a core practice for the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 20 March 2019.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Bursa Securities"**):-

1. STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL
There were no corporate proposals during the financial year. Therefore, there were no proceeds raised from corporate proposals during the financial year.

2. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS
There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2018.

3. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE
The details of the recurrent related party transactions are disclosed in Note 38 to the Financial Statements.

Treasure Crest, Singapore, supply of prefabricated bathroom units (PBU) by Sunway Concrete Products (S) Pte. Ltd.

INVESTOR RELATIONS ("IR")

SunCon places great emphasis on timely and effective communication related to the Company's financial performance, business strategies and future prospects as these are essential in maintaining good relationship with our stakeholders. Our approach to investor relations (IR) premised on the philosophy that all investors and research analysts should have equal access to information in a transparent and non-discriminative environment.

SunCon's IR team has been actively promoting fair valuation for SunCon and attracting new investors who believe in our operational model and business strategies. Fundamentally, SunCon remains the same despite the negative market sentiment post Malaysia's 14th General Election (GE14). Our share price has been very volatile and fallen towards the end of the year as depicted on the Review of Share Performance section.

IR ACTIVITIES

SunCon participated in 10 investor conference events as compared to 7 events in 2017 as depicted below. Interest in our counter post GE14 still remained encouraging. We continued to have one to one sessions with our analyst and also fund managers as and when requested. We believe that it is more productive to have one on one session as it tends to be more personalised. During the year, we have hosted 25 small group meetings with analyst and investors.

	Organiser	Event	Date	Venue
1.	Alliance DBS	Pulse of Asia Conference	11 Jan 2018	Singapore
2.	Alliance Investment Bank	Corporate Day	16 Jan 2018	Malaysia
3.	Maybank IB & Bursa Malaysia	Invest Malaysia	23-24 Jan 2018	Malaysia
4.	CLSA	Asean Forum	7 – 9 Mar 2018	Bangkok
5.	Maybank Kim Eng	Invest ASEAN	27-28 March 2018	Singapore
6.	Affin Hwang	Corporate Event	23 April 2018	Malaysia
7.	Nomura	Investment Forum Asia 2018	6-8 June 2018	Singapore
8.	Nomura	Invest Malaysia Tokyo	24-25 July 2018	Tokyo
9.	Citibank	ASEAN C-Suite Investor Corporate Day 2018	26 July 2018	Malaysia
10	Macquarie	ASEAN Conference 2018	27 August 2018	Singapore

SunCon is also very honoured to be invited for exclusive interviews with local printing house. During the year, SunCon has been interviewed by The Edge Malaysia and Focus Malaysia and these interviews have been published by the printing houses respectively.

RESEARCH COVERAGE

The number of research coverage has remained at 14 research institutions from 2017 to 2018. The research institutions include:

1. Affin Hwang Investment Bank
2. AllianceDBS Group Research
3. AmInvestment Bank
4. BIMB Securities Research
5. CLSA Securities
6. Hong Leong Investment Bank
7. Kenanga Research
8. UOB KayHian
9. Macquarie Research
10. Maybank Kim Eng
11. MIDF Research
12. Nomura Securities
13. RHB Research Institute
14. TA Securities

AWARDS AND RECOGNITION

In 2018, SunCon's IR team effort were recognised in the 8th Malaysia Investor Relations Association (''MIRA'') Awards where the team was shortlisted in a total of 5 categories which including Best Company for Investor Relations (Mid Cap), Quality of One-on-One Meeting (Mid Cap), Best Chief Financial Officer for Investor Relations (Mid Cap), Business Knowledge & Insights of Investor Relations Team (Mid Cap) and Quality of Annual Reports / Formal Disclosure.

FINANCIAL ANNOUNCEMENT

Suncon continues to engage with its stakeholders through a series investor relations activity throughout the year. All major announcements such as the release of the quarterly results, new construction orders or new ventures are published on Bursa Malaysia. The information will then be disseminated in the form of flashnotes to all interested parties. We also ensure that these documents are immediately made available on the Group's Investor Relations website.

SunCon Group held its 4th Annual General Meeting on the 20 June 2018 at Sunway Resort Hotel and Spa where our Managing Director presented the financial performance and review for 2017. The Board of Directors and management also duly responded all the queries, opinions and feedback from the shareholders. The SunCon's Board of Director and management team have also shared the company's most recent updates and future prospects.

During the year, we have a total of 55 reports from various research houses and we have tabulated the analysis of the recommendations as per below.

Report Date	Institution	Share Price at report date	Target Price	Recommen-dation
16-01-18	Maybank IB	2.62	2.63	Hold
17-01-18	Alliance DBS	2.46	2.60	Hold
27-02-18	Affin Hwang	2.46	2.45	Hold
27-02-18	Macquarie Research	2.46	2.80	Outperform
27-02-18	Maybank IB	2.46	2.63	Hold
27-02-18	RHB Investment Bank	2.46	2.70	Buy
27-02-18	Kenanga	2.46	2.30	Perform
27-02-18	TA Securities	2.46	2.65	Hold
03-04-18	RHB Investment Bank	2.06	2.50	Buy
09-04-18	Alliance DBS	2.02	2.60	Buy
19-04-18	Macquarie Research	2.18	2.60	Outperform
03-05-18	Affin Hwang	2.22	2.45	Buy
14-05-18	Alliance DBS	2.18	2.60	Hold
15-05-18	RHB Investment Bank	2.16	2.50	Buy
15-05-18	TA Securities	2.16	2.29	Hold
17-05-18	RHB Investment Bank	2.15	2.42	Buy
18-05-18	Kenanga	2.15	2.40	Outperform
18-05-18	Maybank IB	2.15	2.30	Hold
18-05-18	CLSA Securities	2.15	2.55	Buy
18-05-18	Macquarie Research	2.15	2.60	Outperform
13-07-18	RHB Investment Bank	1.80	2.42	Buy
18-07-18	Hong Leong IB	1.85	2.37	Buy
19-07-18	Macquarie Research	1.95	2.00	Neutral
31-07-18	Kenanga	1.91	1.95	Perform
09-08-18	AmInvestment Bank	1.98	2.00	Hold
17-08-18	RHB Investment Bank	2.02	2.30	Buy
17-08-18	TA Securities	2.02	1.99	Sell
17-08-18	Kenanga	2.02	1.80	Underperform
17-08-18	Affin Hwang	2.02	2.45	Buy
17-08-18	Hong Leong IB	2.02	2.25	Buy
17-08-18	UOB KayHian	2.02	2.17	Hold
17-08-18	Alliance DBS	2.02	2.04	Hold
17-08-18	Macquarie Research	2.02	2.00	Neutral
17-08-18	Maybank IB	2.02	2.30	Hold
17-08-18	CLSA Securities	2.02	1.60	Sell
27-08-18	Macquarie Research	1.90	2.00	Neutral
07-09-18	RHB Investment Bank	1.81	2.30	Neutral
18-09-18	AmInvestment Bank	1.79	1.53	Underweight
03-10-18	Affin Hwang	1.81	2.45	Buy
18-10-18	Hong Leong IB	1.48	1.86	Buy
02-11-18	RHB Investment Bank	1.49	2.00	Buy
14-11-18	Kenanga	1.57	1.65	Perform
14-11-18	AmInvestment Bank	1.57	1.27	Underweight
21-11-18	Alliance DBS	1.60	1.66	Hold
21-11-18	Affin Hwang	1.61	2.00	Buy
21-11-18	CLSA Securities	1.61	1.53	Sell
21-11-18	Hong Leong IB	1.61	1.86	Buy
21-11-18	Kenanga	1.61	1.30	Underperform
21-11-18	Maybank IB	1.61	1.70	Hold
21-11-18	Nomura	1.61	2.00	Buy
21-11-18	RHB Investment Bank	1.61	2.12	Buy
21-11-18	TA Securities	1.61	1.32	Sell
21-11-18	UOB KayHian	1.61	1.54	Hold
21-11-18	AmInvestment Bank	1.61	1.27	Underweight
12-12-18	Affin Hwang	1.46	2.00	Buy

THRIVING
IN CHALLENGING LANDSCAPES

Not many have the aptitude, patience, and determination to make it in the cold financial climate - however, we not only survived but thrived, boosted by spot on financial management.

FINANCIALS

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DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("**Act**") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

(i) Adopted appropriate accounting policies and applied them consistently;
(ii) Made judgements and estimates that are reasonable and prudent;
(iii) Ensure that all applicable accounting standards have been followed; and
(iv) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

Sunway Serene, Kelana Jaya

DIRECTORS' REPORT

SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

Principal activities

The principal activity of the Company is investment holding. The principal activities of subsidiaries are set out in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the financial year	145,020	100,786
Profit attributable to:		
Owners of the parent	144,681	100,786
Non-controlling interests	339	-
	145,020	100,786

Dividends

The dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 31 December 2017:	
Second interim single-tier dividend of 4.0 sen per ordinary share paid on 19 April 2018	51,690
In respect of financial year ended 31 December 2018:	
First interim single-tier dividend of 3.5 sen per ordinary share paid on 27 September 2018	45,228
	96,918

On 25 February 2019, the Board of Directors declared a second interim single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2018. The total estimated dividend payable amounted to approximately RM45,228,610. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2018.

DIRECTORS' REPORT (cont'd)

Reserves and provisions
There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures
The Company did not issue any new shares or debentures during the financial year.

Options granted over unissued shares
No options were granted to any person to take up unissued shares of the Company during the financial year.

Directors
The Directors who have held office during the financial year until the date of this report are as follows:

Dato' Ir Goh Chye Koon
Dato' Siow Kim Lun @ Siow Kim Lin
Dato' Dr Ir Johari Bin Basri
Dato' Chew Chee Kin
Chung Soo Kiong
Evan Cheah Yean Shin
Dr Sarinder Kumari A/P Oam Parkash (Appointed on 1 March 2018)
Tan Sri Datuk Dr Rebecca Fatima Sta Maria (Resigned with effect from 1 March 2018)

Directors' benefits
Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted under the Employees' Share Option Scheme and warrants issued by its intermediate holding company, Sunway Berhad.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 38 to the financial statements.

Directors' interests
According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in ordinary shares, non-cumulative redeemable preference shares, warrants and options over ordinary shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
The Company				
Direct interests:				
Dato' Ir Goh Chye Koon	5,000	-	-	5,000
Dato' Chew Chee Kin	334,355	-	(334,355)	-
Chung Soo Kiong	200,046	-	-	200,046
Evan Cheah Yean Shin	13,435	-	-	13,435
Deemed interests:				
Dato' Chew Chee Kin[1]	34,695	-	(34,695)	-
Evan Cheah Yean Shin[2]	841,282,318	-	-	841,282,318

[1] Deemed interest by virtue of Section 8 of the Companies Act 2016 ("**CA 2016**") held through spouse.
[2] Deemed interest by virtue of Section 8 of the CA 2016 held through Active Equity Sdn. Bhd. ("**AE**"), Sungei Way Corporation Sdn. Bhd. ("**SWC**"), Sunway Berhad, Sunway Holdings Sdn. Bhd. and parent.

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Intermediate holding company Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	117,833	-	-	117,833
Chung Soo Kiong	1,000,000	-	(50,000)	950,000
Dato' Chew Chee Kin	20,623,927	-	-	20,623,927
Evan Cheah Yean Shin	4,112,535	-	-	4,112,535
Deemed interests:				
Dato' Chew Chee Kin[1]	1,534,029	-	-	1,534,029
Evan Cheah Yean Shin[2]	2,944,300,693	32,474,800	-	2,976,775,493

[1] Deemed interest by virtue of Section 8 of the CA 2016 held through spouse.
[2] Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC and parent.

DIRECTORS' REPORT (cont'd)

Directors' interests (cont'd)

	Number of warrants 2017/2024			
	As at 1.1.2018	Acquired	Sold/ Converted	As at 31.12.2018
Intermediate holding company Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	15,150	-	-	15,150
Chung Soo Kiong	135,000	-	-	135,000
Dato' Chew Chee Kin	2,651,647	-	-	2,651,647
Evan Cheah Yean Shin	528,754	-	-	528,754
Deemed interests:				
Dato' Chew Chee Kin[1]	197,232	-	-	197,232
Evan Cheah Yean Shin[2]	420,910,145	13,024,696	-	433,934,841

[1] Deemed interest by virtue of Section 8 of the CA 2016 held through spouse.
[2] Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC and parent.

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Penultimate holding company Sungei Way Corporation Sdn. Bhd.				
Deemed interest:				
Evan Cheah Yean Shin^	10,000,000	-	-	10,000,000

^ Deemed interest by virtue of Section 8 of the CA 2016 held through AE and parent.

	Number of non-cumulative redeemable preference shares			
	As at 1.1.2018	Allotment	Redeemed	As at 31.12.2018
Penultimate holding company Sungei Way Corporation Sdn. Bhd.				
Deemed interest:				
Evan Cheah Yean Shin^	122,000,000	-	-	122,000,000

^ Deemed interest by virtue of Section 8 of the CA 2016 held through parent.

Directors' interests (cont'd)

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Ultimate holding company Active Equity Sdn. Bhd.				
Direct interest:				
Evan Cheah Yean Shin	25,500	-	-	25,500
Deemed interest:				
Evan Cheah Yean Shin^	102,000	-	-	102,000

^ Deemed interest by virtue of Section 8 of the CA 2016 held through parent.

	Number of ordinary shares			
	As at 1.1.2018	Acquired	Sold	As at 31.12.2018
Related company Sunway Global Limited				
Direct interest:				
Dato' Chew Chee Kin	689,183	-	-	689,183

	Third grant of options over ordinary shares (Exercise price of RM1.40 per share) Number of options over ordinary shares			
	As at 1.1.2018	Exercised	Expired	As at 31.12.2018
Intermediate holding company Sunway Berhad				
Direct interest:				
Chung Soo Kiong	350,000	-	(175,000)	175,000

The options over ordinary shares are pursuant to the Employees' Share Option Scheme 2013/2019 of Sunway Berhad.

DIRECTORS' REPORT (cont'd)

Directors' interests (cont'd)
By virtue of Evan Cheah Yean Shin's substantial interests in the Company and Active Equity Sdn. Bhd., he is deemed to have interest in the shares of all the subsidiaries of the Company and Active Equity Sdn. Bhd. to the extent the Company and Active Equity Sdn. Bhd. have an interest.

The other Directors in office at the end of the financial year did not have any interests in ordinary shares, warrants or options over ordinary shares in the Company or its related corporations during the financial year.

Directors' Remuneration
The details of Directors' remuneration are disclosed in Note 11 to the financial statements.

Indemnity and Insurance for Officers and Auditors
During the financial year, the intermediate holding company of the Company, Sunway Berhad effected Directors' liability insurance to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. None of the Directors nor the Group paid for the insurance premium directly as the Group is under the effective cover of Sunway Berhad being its subsidiary company.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

Other statutory information regarding the Group and the Company

(I) As at the end of the financial year

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
   (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

(b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

(c) The Directors are not aware of any circumstances:
   (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
   (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) In the opinion of the Directors:
   (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
   (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

Other statutory information regarding the Group and the Company (cont'd)

(III) As at the date of this report

(e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.

(f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.

(g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

Holding companies
The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use.

List of Directors of Subsidiaries
Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to date of this report is as follows:

Chang Kim Long
Chong Kok Keong #
Chung Soo Kiong
Datuk Kwan Foh Kwai
Eric Tan Chee Hin
Evan Cheah Yean Shin
Khor Seng Yan
Kok Shin Lin
Kong Heong Fook
Kumaresan Varadu Rasu
Kwong Tzyy En
Liew Kok Wing
Ng Bee Lien
Ng Chong Beng
Tan Sri Dato' (DR) R.V. Navaratnam
Thomas Samuel A/L CT Samuel
Tan Kim Yoke ^
U Than Oo ^
Wong Kwan Song
Lim Chee Siang ^^
Ng Chee Hwa ^^

Ceased as director during the financial year
^ Appointed during the financial year
^^ Appointed after the financial year but before the date of this report

DIRECTORS' REPORT (cont'd)

Auditors
The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2018 are disclosed in Note 9 to the financial statements.

BDO PLT (LLP0018825-LCA & AF 0206) was registered on 2 January 2019 and with effect from that date, BDO (AF 0206), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 March 2019.

Dato' Chew Chee Kin
Director

Chung Soo Kiong
Director

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Dato' Chew Chee Kin and Chung Soo Kiong, being two of the Directors of Sunway Construction Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 210 to 293 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 20 March 2019.

Dato' Chew Chee Kin
Director

Chung Soo Kiong
Director

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Ng Bee Lien (CA13890), being the officer primarily responsible for the financial management of Sunway Construction Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 210 to 293 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ng Bee Lien
at Petaling Jaya in the State of
Selangor Darul Ehsan on 20 March 2019

Ng Bee Lien
Chief Financial Officer

Before me,

PESURUHJAYA SUMPAH
No : B185
Nama: NG SAY HUNG
1/1/2019 - 31/12/2021
MALAYSIA
No. 69A, Jalan SS21/37
Damansara Utama (Up Town)
47400 Petaling Jaya, Selangor D.E

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunway Construction Group Berhad, which comprise the statements of financial position as at 31 December 2018 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 210 to 293.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2018, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("**MFRSs**"), International Financial Reporting Standards ("**IFRSs**") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("**ISAs**"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("**By-Laws**") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("**IESBA Code**") and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue recognition for construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 5 to the financial statements is RM2,123,162,000.

We determined this to be a key audit matter because it requires management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to liquidated ascertained damages ("**LAD**"). The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the estimated contract work completed to date over the estimated total contract sum.

In estimating the progress towards complete satisfaction of performance obligations, the Group considers the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

Key Audit Matters (cont'd)

(a) Revenue recognition for construction contracts (cont'd)

Audit response

Our audit procedures included the following:

i. inspected documentation to support the estimated total contract sum and correspondences from contract customers in relation to variations and claims to corroborate key judgements applied by management;
ii. inspected documentation certified by professional consultants to support the contract work performed by the Group to-date;
iii. inquired in-house operational and financial personnel of the Group to assess the merits of the extension of time submitted to the contract customers for assessing the exposure to LAD; and
iv. inspected relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works.

We have determined that there are no key audit matters to be communicated in our auditors' report of the audit of the separate financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company, or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD (INCORPORATED IN MALAYSIA) (cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)
As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements
In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Other Matters
As stated in Note 2 to the financial statements, the Group and the Company adopted MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* on 1 January 2018. These standards were applied retrospectively by the Directors to the comparative information in these financial statements, including the statements of financial position of the Group and of the Company as at 31 December 2017 and 1 January 2017, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year ended 31 December 2017 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Group and of the Company for the year ended 31 December 2018 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2018 do not contain misstatements that materially affect the financial position as at 31 December 2018 and the financial performance and cash flows for the financial year then ended.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2020 J
Chartered Accountant

Kuala Lumpur
20 March 2019

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Group 2018 RM'000	Group 2017 RM'000 (RESTATED)	Company 2018 RM'000	Company 2017 RM'000
Revenue	5	2,256,835	2,076,290	98,000	166,300
Cost of sales	6	(1,812,167)	(1,647,661)	-	-
Gross profit		444,668	428,629	98,000	166,300
Other income	7	20,667	17,221	-	-
Administrative expenses		(266,586)	(274,477)	(2,817)	(1,717)
Other expenses		(24,158)	(12,259)	-	-
Operating profit		174,591	159,114	95,183	164,583
Finance and other distribution income	8	16,040	13,477	5,608	3,462
Finance costs	8	(8,296)	(6,084)	(3)	-
Share of results of a joint venture		731	2,153	-	-
Profit before tax	9	183,066	168,660	100,788	168,045
Income tax expense	12	(38,046)	(36,227)	(2)	(2)
Profit for the financial year		145,020	132,433	100,786	168,043
Profit attributable to:					
Owners of the parent		144,681	132,296	100,786	168,043
Non-controlling interests		339	137	-	-
		145,020	132,433	100,786	168,043
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Foreign currency translations		(214)	(1,312)	-	-
Share of other comprehensive income of a joint venture		629	-	-	-
Reclassification of foreign currency translation reserve to profit and loss on deregistration of foreign branches and subsidiaries		-	(3,508)	-	-
Total comprehensive income for the financial year, net of tax		145,435	127,613	100,786	168,043
Total comprehensive income attributable to:					
Owners of the parent		145,096	127,546	100,786	168,043
Non-controlling interests		339	67	-	-
		145,435	127,613	100,786	168,043
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	11.20	10.24		
Diluted	13	11.20	10.24		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31.12.2018 RM'000	Group 31.12.2017 RM'000 (RESTATED)	Group 1.1.2017 RM'000 (RESTATED)
Assets				
Non-current assets				
Property, plant and equipment	15	163,200	149,844	138,381
Intangible assets	16	488	2,217	2,307
Investments in associates	18	-	-	-
Other investments	19	273	273	273
Investments in joint ventures	20	44,739	-	-
Goodwill	21	3,647	3,647	3,647
Deferred tax assets	30	5,000	2,341	10,502
		217,347	158,322	155,110
Current assets				
Inventories	22	29,981	24,429	23,950
Trade receivables	23	884,359	1,005,106	652,984
Other receivables	24	32,296	39,537	31,676
Amount due from intermediate holding company	25	1,711	309	3
Amounts due from related companies	25	60,640	47,131	105,600
Amount due from an associate	26	21,073	26,025	26,351
Amount due from a joint venture	25	92	185	233
Tax recoverable		22,100	21,922	12,737
Derivative assets		-	-	1,341
Cash and bank balances	28	484,869	487,240	465,768
		1,537,121	1,651,884	1,320,643
Total assets		1,754,468	1,810,206	1,475,753

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018 (cont'd)

	Note	Group 31.12.2018 RM'000	31.12.2017 RM'000 (RESTATED)	1.1.2017 RM'000 (RESTATED)
Equity and liabilities				
Current liabilities				
Borrowings	29	113,631	134,659	136,515
Trade payables	31	656,182	728,039	577,029
Other payables	32	217,331	241,772	178,736
Amount due to intermediate holding company	25	503	17,628	26,049
Amounts due to related companies	25	61,930	131,459	56,911
Amount due to a joint venture	25	27	-	-
Tax payable		9,496	5,156	11,418
Derivative liabilities	27	-	469	-
		1,059,100	1,259,182	986,658
Non-current liabilities				
Amount due to a related company	25	96,314	-	-
Deferred tax liabilities	30	6,536	7,009	608
		102,850	7,009	608
Total liabilities		1,161,950	1,266,191	987,266
Equity attributable to owners of the parent				
Share capital	33	258,580	258,580	258,580
Treasury shares	33	(1,295)	(1,295)	-
Foreign currency translation reserve	34	10,316	9,901	14,651
Merger reserve	34	(37,894)	(37,894)	(37,894)
Capital contribution by intermediate holding company	34	656	670	670
Retained earnings	34	360,713	312,950	251,744
		591,076	542,912	487,751
Non-controlling interests		1,442	1,103	736
Total equity		592,518	544,015	488,487
Total equity and liabilities		1,754,468	1,810,206	1,475,753

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

	Note	Company 2018 RM'000	2017 RM'000 (RESTATED)
Assets			
Non-current assets			
Investments in subsidiaries	17	258,580	258,580
Current assets			
Tax recoverable		3	5
Cash and bank balances	28	145,491	141,720
		145,494	141,725
Total assets		404,074	400,305
Equity and liabilities			
Current liabilities			
Other payables	32	1,025	1,099
Amount due to intermediate holding company	25	2	-
Amounts due to related companies	25	81	108
		1,108	1,207
Total liabilities		1,108	1,207
Equity attributable to owners of the parent			
Share capital	33	258,580	258,580
Treasury shares	33	(1,295)	(1,295)
Retained earnings	34	145,681	141,813
Total equity		402,966	399,098
Total equity and liabilities		404,074	400,305

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the parent								
		Non-distributable								
Group	Note	Share capital capital (Note 33) RM'000	Treasury shares (Note 33) RM'000	Merger reserve (Note 34) RM'000	Foreign currency translation reserve (Note 34) RM'000	Capital contribution by intermediate holding company (Note 34) RM'000	Distributable Retained earnings (Note 34) RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, total RM'000
At 1 January 2018, as restated		258,580	(1,295)	(37,894)	9,901	670	312,950	542,912	1,103	544,015
Profit for the financial year		-	-	-	-	-	144,681	144,681	339	145,020
Other comprehensive loss, net of tax		-	-	-	(214)	-	-	(214)	-	(214)
Share of other comprehensive income of a joint venture		-	-	-	629	-	-	629	-	629
Total comprehensive income		-	-	-	415	-	144,681	145,096	339	145,435
Transactions with owners										
Disposal of a subsidiary		-	-	-	-	(14)	-	(14)	-	(14)
Dividends paid	14	-	-	-	-	-	(96,918)	(96,918)	-	(96,918)
Total transactions with owners		-	-	-	-	(14)	(96,918)	(96,932)	-	(96,932)
At 31 December 2018		258,580	(1,295)	(37,894)	10,316	656	360,713	591,076	1,442	592,518

		Attributable to owners of the parent								
		Non-distributable								
Group	Note	Share capital capital (Note 33) RM'000	Treasury shares (Note 33) RM'000	Merger reserve (Note 34) RM'000	Foreign currency translation reserve (Note 34) RM'000	Capital contribution by intermediate holding company (Note 34) RM'000	Distributable Retained earnings (Note 34) RM'000	Equity attributable to owners of the parent, total RM'000	Non-controlling interests RM'000	Equity, total RM'000
At 1 January 2017, as previously reported		258,580	-	(37,894)	14,651	670	257,022	493,029	753	493,782
Effects of adoption of MFRS 9	39	-	-	-	-	-	(5,278)	(5,278)	(17)	(5,295)
At 1 January 2017, as restated		258,580	-	(37,894)	14,651	670	251,744	487,751	736	488,487
Profit for the financial year, as restated		-	-	-	-	-	132,296	132,296	137	132,433
Other comprehensive loss, net of tax		-	-	-	(4,750)	-	-	(4,750)	(70)	(4,820)
Total comprehensive income, as restated		-	-	-	(4,750)	-	132,296	127,546	67	127,613
Transactions with owners										
Additional shares acquired by non-controlling interests		-	-	-	-	-	-	-	300	300
Purchase of treasury shares	33	-	(1,295)	-	-	-	-	(1,295)	-	(1,295)
Dividends paid	14	-	-	-	-	-	(71,090)	(71,090)	-	(71,090)
Total transactions with owners		-	(1,295)	-	-	-	(71,090)	(72,385)	300	(72,085)
At 31 December 2017, as restated		258,580	(1,295)	(37,894)	9,901	670	312,950	542,912	1,103	544,015

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

Company	Note	Share capital capital (Note 33) RM'000	Treasury shares (Note 33) RM'000	Distributable Retained earnings (Note 34) RM'000	Equity, total RM'000
At 1 January 2018		258,580	(1,295)	141,813	399,098
Profit for the financial year		-	-	100,786	100,786
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	100,786	100,786
Transaction with owners					
Dividends paid	14	-	-	(96,918)	(96,918)
At 31 December 2018		258,580	(1,295)	145,681	402,966
At 1 January 2017		258,580	-	44,860	303,440
Profit for the financial year		-	-	168,043	168,043
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	168,043	168,043
Transactions with owners					
Dividends paid	14	-	-	(71,090)	(71,090)
Purchase of treasury shares	33	-	(1,295)	-	(1,295)
Total transactions with owners		-	(1,295)	(71,090)	(72,385)
At 31 December 2017		258,580	(1,295)	141,813	399,098

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Group		Company	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Cash flows from operating activities				
Profit before tax	183,066	168,660	100,788	168,045
Adjustments for:				
Accretion of financial assets and financial liabilities	4,622	2,940	-	-
Allowance for impairment losses on:				
- trade receivables	10,493	5,868	-	-
- other receivables	76	69	-	-
- amounts due from related companies	-	21	-	-
- amount due from an associate	1	140	-	-
Bad debts written off	1,048	1,610	-	-
Depreciation and amortisation of property, plant and equipment, and software	39,964	37,771	-	-
Dividend income	-	-	(98,000)	(166,300)
Employees' share option scheme	14	(2,978)	-	-
Fair value (gain)/loss on derivative liabilities	(469)	1,810	-	-
Finance and other distribution income	(16,040)	(13,477)	(5,608)	(3,462)
Finance costs	8,296	6,084	3	-
Gain on disposal of property, plant and equipment, and software	(1,169)	(935)	-	-
Gain on liquidation of subsidiaries	-	(18)	-	-
Gain on disposal of a subsidiary	(4)	-	-	-
Property, plant and equipment written off	4,350	232	-	-
Inventories written off	6	-	-	-
Reversal of allowance for impairment losses on:				
- trade receivables	(4,129)	(3,052)	-	-
- other receivables	(56)	(8)	-	-
- amount due from an associate	(158)	-	-	-
- amounts due from related companies	(1)	(90)	-	-
Share of results of a joint venture	(731)	(2,153)	-	-
Unrealised foreign exchange gain	(631)	(62)	-	-
Operating cash flows before working capital changes carried forward	228,548	202,432	(2,817)	(1,717)

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Cash flows from operating activities (cont'd)				
Operating cash flows before working capital changes brought forward	228,548	202,432	(2,817)	(1,717)
Changes in working capital:				
Inventories	(5,558)	(479)	-	-
Trade receivables	113,902	(356,403)	-	-
Other receivables	6,743	(7,922)	-	-
Trade payables	(77,356)	147,927	-	-
Other payables	(24,206)	63,116	(74)	110
Amount due from/(to) intermediate holding company	(18,542)	(5,749)	2	(7)
Amounts due to subsidiaries	-	-	-	(13)
Amount due from an associate	5,602	(2,342)	-	-
Amounts due from/(to) related companies	(11,119)	49,772	(26)	(204)
Amount due from/(to) a joint venture	99	48	-	-
Cash generated from/(used in) operations	218,113	90,400	(2,915)	(1,831)
Interest received	16,040	13,477	5,608	3,462
Interest paid	(8,296)	(6,084)	(3)	-
Dividend received from a joint venture	731	2,153	-	-
Tax refunded	284	145	-	-
Tax paid	(37,678)	(37,257)	(1)	(7)
Net cash from operating activities	189,194	62,834	2,689	1,624

	Group		Company	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment, and software	1,393	6,246	-	-
Proceeds from disposal of a subsidiary, net of cash disposed of	(3)	-	-	-
Acquisitions of property, plant and equipment, and software	(56,169)	(54,688)	-	-
Advances from related companies	24,413	83,314	-	-
Withdrawal/(Deposits) of deposits with licensed banks with maturity of more than 3 months	240	(7)	-	-
Dividends received	-	-	98,000	166,300
Addition of interests in a joint venture	(44,110)	-	-	-
Net cash (used in)/from investing activities	(74,236)	34,865	98,000	166,300
Cash flows from financing activities				
Drawdowns of bills discounting	107,544	134,659	-	-
Repayments of bills discounting	(134,659)	(136,515)	-	-
Drawdowns of revolving credit	6,001	-	-	-
Proceeds from issuance of ordinary shares to non-controlling interests of a subsidiary	-	300	-	-
Dividends paid	(96,918)	(71,090)	(96,918)	(71,090)
Shares buyback	-	(1,295)	-	(1,295)
Net cash used in financing activities	(118,032)	(73,941)	(96,918)	(72,385)
Net (decrease)/increase in cash and cash equivalents	(3,074)	23,758	3,771	95,539
Effects of exchange rate changes on cash and cash equivalents	943	(2,293)	-	-
Cash and cash equivalents at beginning of financial year	486,798	465,333	141,720	46,181
Cash and cash equivalents at end of financial year (Note 28)	484,667	486,798	145,491	141,720

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

1. CORPORATE INFORMATION

Sunway Construction Group Berhad ("**the Company**") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use. Related companies refer to companies within the Sunway Berhad group of companies.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

The financial statements for the financial year ended 31 December 2018 were authorised for issue in accordance with a resolution of the Directors on 20 March 2019.

2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("**MFRSs**"), International Financial Reporting Standards ("**IFRSs**") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("**RM**"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("**RM'000**"), unless otherwise stated.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 39(a) to the financial statements. The Group and the Company adopted MFRS 9 *Financial Instruments* and MFRS 15 *Revenue from Contracts with Customers* on 1 January 2018 which resulted in changes in accounting policies. The Group and the Company have adopted MFRS 9 and 15 retrospectively and the Group has restated the financial year ended 31 December 2017 comparatives, including the statement of financial position of the Group as at 1 January 2017.

3. SEGMENT INFORMATION

For management purpose, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

(i) Construction - turnkey, construction related design and build, civil engineering, building works, geotechnical services and related products, hire of heavy machineries, mechanical and engineering works, facade engineering and consultancy services and transportation agent.

(ii) Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.

Operating segments that have been aggregated to form the above reporting segments are as indicated as above. These operating segments are aggregated due to the similar nature and economic characteristics of the businesses.

3. SEGMENT INFORMATION (cont'd)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise tax assets and liabilities, corporate assets, liabilities and expenses, if any.

Segment revenue, expenses and results include transfers between business segments. The inter-segment transactions have been entered into, on negotiated basis and are eliminated on consolidation. These policies have been applied consistently throughout the current and previous financial years.

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2018					
Revenue					
Sales to external customers	2,123,162	133,673	-		2,256,835
Inter-segment sales	692,300	99,900	(792,200)	A	-
Total revenue	2,815,462	233,573	(792,200)		2,256,835
Results					
Operating profit	173,506	1,085	-	A	174,591
Finance and other distribution income	16,022	18	-		16,040
Finance costs	(8,212)	(84)	-		(8,296)
Share of results of a joint venture	731	-	-		731
Profit before tax	182,047	1,019	-		183,066
Income tax expense	(38,196)	150	-		(38,046)
Net profit for the year	143,851	1,169	-		145,020
Non-controlling interests	(339)	-	-		(339)
Attributable to owners of the parent	143,512	1,169	-		144,681

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

3. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd)

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2018 (cont'd)					
Assets					
Segment assets	1,541,300	141,329	-		1,682,629
Investments in joint ventures	-	44,739	-		44,739
Unallocated assets					27,100
Total assets					1,754,468
Liabilities					
Segment liabilities	1,069,144	76,774	-		1,145,918
Unallocated liabilities					16,032
Total liabilities					1,161,950
Other segment information					
Capital expenditure	55,110	1,059	-	B	56,169
Depreciation and amortisation	36,900	3,064	-		39,964

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3. SEGMENT INFORMATION (cont'd)

Business segments (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (cont'd)

	Construction RM'000 (RESTATED)	Precast concrete RM'000 (RESTATED)	Elimination RM'000	Note	Total RM'000 (RESTATED)
At 31 December 2017					
Revenue					
Sales to external customers	1,931,392	144,898	-		2,076,290
Inter-segment sales	521,894	92,129	(614,023)	A	-
Total revenue	2,453,286	237,027	(614,023)		2,076,290
Results					
Operating profit	131,690	27,424	-	A	159,114
Finance and other distribution income	13,414	63	-		13,477
Finance costs	(6,084)	-	-		(6,084)
Share of results of a joint venture	2,153	-	-		2,153
Profit before tax	141,173	27,487	-		168,660
Income tax expense	(33,026)	(3,201)	-		(36,227)
Net profit for the year	108,147	24,286	-		132,433
Non-controlling interests	(137)	-	-		(137)
Attributable to owners of the parent	108,010	24,286	-		132,296
Assets					
Segment assets	1,625,009	160,934	-		1,785,943
Unallocated assets					24,263
Total assets					1,810,206
Liabilities					
Segment liabilities	1,201,150	52,876	-		1,254,026
Unallocated liabilities					12,165
Total liabilities					1,266,191
Other segment information					
Capital expenditure	44,728	9,960	-	B	54,688
Depreciation and amortisation	34,824	2,947	-		37,771

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

3. SEGMENT INFORMATION (cont'd)

Geographical segments

The following table provides an analysis of the Group's revenue, profit before tax, net profit, profit attributable to owners of the parent and assets by geographical segment:

	Revenue from contracts with customers RM'000	Profit/ (loss) before tax RM'000	Net profit/ (loss) RM'000	Profit/ (loss) attributable to owners of the parent RM'000	Segment assets RM'000
At 31 December 2018					
Malaysia	2,123,162	173,213	135,167	134,828	1,585,747
Singapore	133,673	5,270	5,270	5,270	74,763
India	-	3,198	3,198	3,198	265
Trinidad & Tobago	-	242	242	242	24
United Arab Emirates	-	1,166	1,166	1,166	21,623
Myanmar	-	(23)	(23)	(23)	207
	2,256,835	183,066	145,020	144,681	1,682,629
At 31 December 2017 (RESTATED)					
Malaysia	1,927,831	134,615	101,948	101,811	1,626,619
Singapore	144,898	24,217	20,657	20,657	96,088
India	3,561	5,059	5,059	5,059	22,700
United Arab Emirates	-	4,769	4,769	4,769	40,536
	2,076,290	168,660	132,433	132,296	1,785,943

Note	Nature of eliminations to arrive at amounts reported in the consolidated financial statements
A	Inter-segment revenues and profit are eliminated on consolidation.
B	Capital expenditures consist of:

	2018 RM'000	2017 RM'000
Property, plant and equipment	55,723	52,880
Software	446	1,808
	56,169	54,688

3. SEGMENT INFORMATION (cont'd)

Major customers

Revenue from two (2) customers (2017: two (2) customers) from the construction segment represent approximately RM832,212,000 (2017: RM835,346,000) of the Group's revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group's revenue:

	Revenue	
	2018 RM'000	2017 RM'000
Customer A	295,864	344,124
Customer B	536,348	491,222
	832,212	835,346

4. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the Group's and of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's and the Company's businesses and maximising shareholders' value.

The Group and the Company manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's and of the Company's non-core assets which provide low returns are also made to optimise the capital structure of the Group and of the Company.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's and of the Company's debt level, hence its capital structure. The ratio is calculated as total loans and borrowings divided by total equity. Total equity is the equity attributable to owners of the parent.

	Group		Company	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Loans and borrowings (Note 29)	113,631	134,659	-	-
Equity attributable to owners of the parent	591,076	542,912	402,966	399,098
Gearing ratio	19%	25%	N/A	N/A

The Group is in a net cash position as it holds RM484,869,000 (2017: RM487,240,000) in cash.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest bearing amounts due from/(to) related companies, amount due from an associate, deposits with licensed banks and other financial institutions and borrowings.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 25, 26, 28 and 29 to the financial statements respectively.

Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia ("**RM**") except for foreign currency risk arising from a country in which certain foreign subsidiaries operate. The currency giving rise to this risk is primarily Singapore Dollar ("**SGD**").

Approximately 6% (2017: 7%) of the Group's sales are denominated in foreign currencies whilst almost 7% (2017: 7%) of costs are denominated in the respective functional currencies of the Group entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM4,050,000 (2017: RM26,543,000).

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

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

Group	SGD RM'000	Others RM'000
At 31 December 2018		
Financial assets in foreign currencies		
Cash and bank balances	3,555	495
Trade and other receivables	70,452	21,275
Financial liabilities in foreign currencies		
Trade and other payables	(24,993)	(18,848)
Borrowing	(6,087)	-
Net exposure	42,927	2,922
At 31 December 2017 (RESTATED)		
Financial assets in foreign currencies		
Cash and bank balances	26,165	378
Trade and other receivables	67,166	34,769
Financial liabilities in foreign currencies		
Trade and other payables	(13,882)	(20,169)
Net exposure	79,449	14,978

Company

At 31 December 2018/2017

The currency risk exposure profile of the Company is not presented as there is no exposure to foreign currency at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

4. CAPITAL AND FINANCIAL RISK MANAGEMENT (cont'd)

(b) Financial risk management objectives and policies (cont'd)

Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	Group Profit net of tax	
	2018 RM'000	2017 RM'000 (RESTATED)
SGD/RM		
- strengthened 1% (2017: 2%)	356	1,319
- weakened 1% (2017: 2%)	(356)	(1,319)

The exposure to the other currencies are not significant, hence the effects of the changes in the exchange rates are not presented.

Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 25, 27, 29, 31 and 32 to the financial statements respectively.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Note 23 to the financial statements.

5. REVENUE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers				
- Construction contracts	2,123,162	1,931,392	-	-
- Sale of goods	133,673	144,898	-	-
Dividend income	-	-	98,000	166,300
	2,256,835	2,076,290	98,000	166,300

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

Group	Malaysia RM'000	Singapore RM'000	Total RM'000
31 December 2018			
Major products and service lines			
Revenue from construction contracts	2,123,162	-	2,123,162
Sales of goods	-	133,673	133,673
Revenue from external customers	2,123,162	133,673	2,256,835
Timing of revenue recognition			
Services transferred over time	2,123,162	-	2,123,162
Products transferred at a point in time	-	58,159	58,159
Products transferred over time	-	75,514	75,514
Revenue from external customers	2,123,162	133,673	2,256,835

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

5. REVENUE (cont'd)

Group	Malaysia RM'000	Singapore RM'000	India RM'000	Total RM'000
31 December 2017				
Major products and service lines				
Revenue from construction contracts	1,927,831	-	3,561	1,931,392
Sales of goods	-	144,898	-	144,898
Revenue from external customers	1,927,831	144,898	3,561	2,076,290
Timing of revenue recognition				
Services transferred over time	1,927,831	-	3,561	1,931,392
Products transferred at a point in time	-	52,879	-	52,879
Products transferred over time	-	92,019	-	92,019
Revenue from external customers	1,927,831	144,898	3,561	2,076,290

(a) Revenue from construction contracts

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customers of the construction work performed to date relative to the remaining construction work promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

5. REVENUE (cont'd)

(a) Revenue from construction contracts (cont'd)

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and in assessing the exposures to liquidated ascertained damages based on the facts and circumstances of the relevant construction projects, including projects that had been served with certificates of non-achievement for project delays. In making these judgements, the Group evaluates based on experience and by relying on the work of specialists. The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the estimated contract work completed to date over the estimated total contract sum.

Based on the assessment of the exposures to LAD for the relevant construction contracts, the Directors are of the opinion that no provision for LAD is necessary at this juncture.

(b) Sale of goods

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue on the basis of direct measurements of value to the customers of goods transferred to date relative to the remaining goods promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

(c) Dividend income

Dividend income is recognised when the right of the Company to receive payment is established.

6. COST OF SALES

	Group	
	2018 RM'000	2017 RM'000
Construction costs	1,684,864	1,537,532
Cost of goods sold	127,303	110,129
	1,812,167	1,647,661

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

7. OTHER INCOME

Included in other income are the following:

	Group	
	2018 RM'000	2017 RM'000
Rental income from plant and machinery	1,892	929
Gain on disposal of property, plant and equipment, and software	1,169	935
Accretion of financial assets	1,004	142
Reclassification of foreign currency translation reserve to profit and loss on deregistration of foreign branches and subsidiaries	-	4,818
Arbitration gain	4,112	-
Foreign exchange gain:		
- realised	1,429	612
- unrealised	707	62

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

8. FINANCE AND OTHER DISTRIBUTION INCOME AND FINANCE COSTS

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Finance and other distribution income				
Finance and other distribution income from:				
Arbitration	-	2,408	-	-
Advances to a related company (Note 38)	-	68	-	-
Deposits with licensed banks	18	272	-	-
Deposits with other financial institutions	16,013	10,700	5,599	3,456
Others	9	29	9	6
	16,040	13,477	5,608	3,462
Finance costs				
Interest expense on:				
Advances from related companies (Note 38)	(4,119)	(2,625)	(3)	-
Bank borrowings	(4,177)	(3,459)	-	-
	(8,296)	(6,084)	(3)	-

Interest income from short term deposits and advances is recognised on an accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

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9. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Auditors' remuneration:				
- statutory audits	637	565	19	17
- under provision in prior year	-	8	-	-
- other services	-	3	-	-
Foreign exchange losses:				
- realised	1,563	603	-	-
- unrealised	76	-	-	-
Fair value (gain)/loss on derivative assets and liabilities	(469)	1,810	-	-
Accretion of financial assets and liabilities	4,622	2,940	-	-
Reclassification of foreign currency translation reserve to profit and loss on deregistration of foreign branches and subsidiaries	-	(3,508)	-	-
Bad debts written off	1,048	1,610	-	-
Written off of property, plant and equipment and intangible assets	4,350	232	-	-
Rental of land and buildings	5,227	6,474	-	-
Hire of plant and machinery	622	650	-	-
Management fees paid to intermediate holding company (Note 38)	18,921	18,348	-	-
Management fees paid to a subsidiary (Note 38)	-	-	1,208	-
Gain on liquidation of subsidiaries	-	(18)	-	-
Service level agreement fee paid to related companies (Note 38)	4,545	4,307	6	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

10. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Wages, salaries, allowances and bonuses	158,701	162,456	-	-
Social security contributions	1,259	1,080	-	-
Contributions to defined contribution plan	13,651	12,526	-	-
Employees' share option scheme	14	(2,978)	-	-
Other benefits	4,648	4,949	65	65
	178,273	178,033	65	65

Included in employee benefits expense of the Group are Executive Director's remuneration amounting to RM2,941,000 (2017: RM2,916,000) as further disclosed in Note 11 to the financial statements.

11. DIRECTORS' REMUNERATION

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive Director's remuneration:				
Salaries and bonuses	2,615	2,428	-	-
Contribution to defined contribution plan	315	292	-	-
Other benefits	11	196	-	-
Total Executive Director's remuneration excluding benefits-in-kind (Note 10)	2,941	2,916	-	-
Estimated money value of benefits-in-kind	19	39	-	-
Total Executive Director's remuneration including benefits-in-kind (Note 38)	2,960	2,955	-	-
Non-Executive Directors' remuneration:				
Fees	698	718	698	718
Other emoluments	62	539	58	59
	760	1,257	756	777
Total Directors' remuneration including benefits-in-kind	3,720	4,212	756	777

11. DIRECTORS' REMUNERATION (cont'd)

The number of Directors of the Group whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2018	2017
Executive Director:		
RM2,950,000 - RM3,000,000	1	1
Non-Executive Directors:		
RM100,000 - RM150,000	6	6
RM150,001 - RM200,000	1	-
RM550,001 - RM600,000 *	-	1

* The remuneration included fee payable to the Director appointed as an advisor of the Company.

12. INCOME TAX EXPENSE

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Current income tax:				
Malaysian income tax	41,351	19,818	2	2
Foreign tax	-	3,355	-	-
	41,351	23,173	2	2
Over provision in prior years:				
Malaysian income tax	(173)	253	-	-
Foreign tax	-	(1,772)	-	-
	(173)	(1,519)	-	-
	41,178	21,654	2	2
Deferred tax (Note 30):				
Relating to origination and reversal of temporary differences	(1,358)	10,706	-	-
(Over)/Under provision in prior years	(1,774)	3,867	-	-
	(3,132)	14,573	-	-
Total income tax expense	38,046	36,227	2	2

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

12. INCOME TAX EXPENSE (cont'd)

(a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2017: 24%) of the estimated assessable profit for the year.

(b) Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

(c) A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2018 RM'000	2017 RM'000 (RESTATED)
Profit before tax	183,066	168,660
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	43,936	40,478
Different tax rates in other countries	(557)	(1,657)
Effect of reduction in tax rates arising from incremental taxable income	(4,296)	(1,036)
Income not subject to tax	(4,123)	(6,511)
Expenses not deductible for tax purposes	5,685	3,194
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	70	-
Utilisation of deferred tax assets previously not recognised	(547)	(72)
Effect of share of results of a joint venture	(175)	(517)
Over provision of income tax in prior years	(173)	(1,519)
(Over)/Under provision of deferred tax in prior years	(1,774)	3,867
Income tax expense for the year	38,046	36,227

	Company	
	2018 RM'000	2017 RM'000
Profit before tax	100,788	168,045
Taxation at Malaysian statutory tax rate of 24% (2017: 24%)	24,189	40,331
Income not subject to tax	(24,864)	(40,741)
Expenses not deductible for tax purposes	677	412
Income tax expense for the year	2	2

13. EARNINGS PER SHARE

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2018 RM'000	2017 RM'000 (RESTATED)
Profit attributable to owners of the parent	144,681	132,296
Weighted average number of ordinary shares in issue ('000)	1,292,246	1,292,553
Basic earnings per ordinary share (sen)	11.20	10.24

(b) Diluted

Diluted earnings per share equals basic earnings per ordinary share.

14. DIVIDENDS

	Group			
	Dividends in respect of year		Dividends recognised in year	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Interim dividend for 2016:				
Single-tier dividend of 2.5 sen per ordinary share	-	-	-	32,323
Interim dividend for 2017:				
Single-tier dividend of 3.0 sen per ordinary share	-	38,767	-	38,767
Single-tier dividend of 4.0 sen per ordinary share	-	51,690	51,690	-
Interim dividend for 2018:				
Single-tier dividend of 3.5 sen per ordinary share	45,228	-	45,228	-
Single-tier dividend of 3.5 sen per ordinary share	45,229	-	-	-
	90,457	90,457	96,918	71,090

On 25 February 2019, the Board of Directors declared a second interim single-tier dividend of 3.5 sen per ordinary share for the financial year ended 31 December 2018. The total estimated dividend payable amounted to approximately RM45,228,610. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2019.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

15. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2018							
Cost							
At beginning of financial year	8,538	18,126	302,988	22,211	9,569	478	361,910
Additions	-	961	46,101	7,363	553	745	55,723
Written-off	-	(94)	(8,509)	(425)	(294)	-	(9,322)
Disposals	-	-	(5,588)	(369)	(49)	-	(6,006)
Reclassifications	-	46	(566)	545	(25)	-	-
Exchange differences	-	-	(48)	-	(2)	-	(50)
At end of financial year	8,538	19,039	334,378	29,325	9,752	1,223	402,255
Accumulated depreciation							
At beginning of financial year	-	5,028	180,727	15,213	7,555	-	208,523
Depreciation charge for the year	-	1,024	32,465	3,271	1,029	-	37,789
Written-off	-	(19)	(4,236)	(424)	(293)	-	(4,972)
Disposals	-	-	(5,367)	(369)	(46)	-	(5,782)
Reclassifications	-	(23)	(71)	135	(41)	-	-
Exchange differences	-	-	(48)	-	2	-	(46)
At end of financial year	-	6,010	203,470	17,826	8,206	-	235,512
Accumulated impairment losses							
At beginning/end of financial year	-	-	3,543	-	-	-	3,543
Net carrying amount	8,538	13,029	127,365	11,499	1,546	1,223	163,200

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Group (cont'd)	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2017							
Cost							
At beginning of financial year	8,538	13,332	282,334	24,328	13,867	4,719	347,118
Additions	-	2,296	47,343	2,145	1,096	-	52,880
Written-off	-	(42)	(8,067)	(195)	(907)	(101)	(9,312)
Disposals	-	-	(20,218)	(4,118)	(184)	-	(24,520)
Reclassifications (Note 16)	-	2,540	1,554	46	(4,229)	(4,140)	(4,229)
Exchange differences	-	-	42	5	(74)	-	(27)
At end of financial year	8,538	18,126	302,988	22,211	9,569	478	361,910
Accumulated depreciation							
At beginning of financial year	-	4,162	174,102	15,639	11,291	-	205,194
Depreciation charge for the year	-	908	30,326	3,033	1,008	-	35,275
Written-off	-	(42)	(7,966)	(192)	(880)	-	(9,080)
Disposals	-	-	(15,763)	(3,270)	(176)	-	(19,209)
Reclassifications (Note 16)	-	-	-	-	(3,631)	-	(3,631)
Exchange differences	-	-	28	3	(57)	-	(26)
At end of financial year	-	5,028	180,727	15,213	7,555	-	208,523
Accumulated impairment losses							
At beginning/end of financial year	-	-	3,543	-	-	-	3,543
Net carrying amount	8,538	13,098	118,718	6,998	2,014	478	149,844

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

15. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(a) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2 - 15
Plant and machinery	10 - 20
Motor vehicles	20
Office equipment, furniture and fittings	10 - 33

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of other components of property, plant and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

16. INTANGIBLE ASSETS

	Group	
	2018 RM'000	2017 RM'000
Software		
Cost		
At beginning of financial year	18,060	12,031
Transfer from property, plant and equipment (Note 15)	-	4,229
Additions	446	1,808
Written-off	(368)	(8)
At end of financial year	18,138	18,060
Accumulated amortisation		
At beginning of financial year	15,843	9,724
Transfer from property, plant and equipment (Note 15)	-	3,631
Amortisation charge for the year	2,175	2,496
Written-off	(368)	(8)
At end of financial year	17,650	15,843
Net carrying amount	488	2,217

16. INTANGIBLE ASSETS (cont'd)

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives. The amortisation expense on intangible assets with finite life is included within the other expenses line item.

Software

Software that does not form an integral part of the related hardware is treated as intangible asset with finite life and is amortised over its estimated useful life of three (3) years.

17. INVESTMENTS IN SUBSIDIARIES

	Company	
	2018 RM'000	2017 RM'000
At cost		
Unquoted ordinary shares	258,580	258,580

(a) Investments in subsidiaries are stated in the separate financial statements at cost.

(b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Disposal of Sunway GD Piling Sdn. Bhd.

On 8 March 2018, Sunway Construction Sdn. Bhd. ("**SunCon**"), a wholly-owned subsidiary of the Company, had disposed of its entire equity interest comprising 1,000,000 ordinary shares in Sunway GD Piling Sdn. Bhd. in the following manner:

Name of transferee	Number of shares '000	Consideration RM'000
Sunway City Sdn. Bhd.	700	795
Chang Kim Long	300	341
	1,000	1,136

The gain on disposal of the subsidiary during the financial year is as follows:

	2018 RM'000
Total disposal proceeds	1,136
Net assets disposed	(1,132)
Gain on disposal to the Group	4

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

(c) Disposal of Sunway GD Piling Sdn. Bhd. (cont'd)

The carrying amounts of net assets of Sunway GD Piling Sdn. Bhd. as at date of disposal was as follows:

	2018 RM'000
Cash and bank balances	1,139
Other payables	(2)
Amount due to a related company	(5)
Net assets disposed of	1,132
Gain on disposal to the Group	4
Sales proceeds	1,136
Less: Cash and bank balances disposed of	(1,139)
Net cash outflow on disposal	(3)

(d) On 9 April 2018, Sunway Innopave (S) Pte. Ltd. and Sunway Concrete Products (S) Pte. Ltd., both are indirect wholly-owned subsidiaries of the Company, had incorporated a new subsidiary known as Sunway Builders (Myanmar) Company Limited with a paid-up share capital of USD50,000 comprising 50,000 ordinary shares with an equity ratio of 99:1 respectively.

(e) On 9 October 2018, SunCon had acquired 100,000 ordinary shares, representing 100% of the total issued and paid-up share capital of Sunway SK Sdn. Bhd. from Sunway Machineries Services Sdn. Bhd., which in turn is a wholly-owned subsidiary of SunCon, for a total cash consideration of RM1.

(f) On 27 December 2018, SunCon had redeemed 17,343,000 Non-Cumulative Redeemable Preference Shares ("**NCPRS**") registered in Sunway Precast Industries Sdn. Bhd. at a price of RM1.00 per NCRPS.

(g) On 11 January 2019, Sunway Geotechnics (M) Sdn. Bhd., an indirect wholly-owned subsidiary of the Company, had incorporated a new subsidiary known as Sunway CT Geotechnics Pte. Ltd. ("**Sunway CT**") by subscribing 5,500 ordinary shares at an issued price of SGD1.00 each, representing 55% of the paid-up share capital of Sunway CT.

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows:

			% of ownership interest held by			
			Group		Non-controlling interest	
Name of companies	Country of incorporation	Principal activities	2018 %	2017 %	2018 %	2017 %
Subsidiary of Sunway Construction Group Berhad						
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works, and transportation agent	100.00	100.00	-	-
Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunway Innopave Sdn. Bhd.	Malaysia	Construction of civil and building works and provision of project management	100.00	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking of sub-contract work	100.00	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering works	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

			% of ownership interest held by			
			Group		Non-controlling interest	
Name of companies	Country of incorporation	Principal activities	2018 %	2017 %	2018 %	2017 %
Subsidiaries of Sunway Construction Sdn. Bhd. (cont'd)						
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Sunway Construction India Pte. Ltd. **	India	Construction of civil and building works	100.00	100.00	-	-
Sunway Machineries Services Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Sunway Creative Stones Sdn. Bhd.	Malaysia	Trading of construction materials and general contract work	70.00	70.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing of precast concrete building components and undertaking of precast concrete building contracts	100.00	100.00	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Construction of civil and building works	100.00	100.00	-	-
Sunway Construction Caribbean Limited ^	Trinidad and Tobago	Dormant	100.00	100.00	-	-
Sunway GD Piling Sdn. Bhd. @	Malaysia	Dormant	-	100.00	-	-

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

			% of ownership interest held by			
			Group		Non-controlling interest	
Name of companies	Country of incorporation	Principal activities	2018 %	2017 %	2018 %	2017 %
Subsidiaries of Sunway Construction Sdn. Bhd. (cont'd)						
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	100.00	100.00	-	-
Sunspan Sdn. Bhd. **	Malaysia	Dormant	100.00	100.00	-	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	-	-	-
Sunway Facade Network Sdn. Bhd.	Malaysia	Facade design, engineering, construction and consultancy services	60.00	60.00	40.00	40.00
Sunway Visioneering Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway Concrete Products (M) Sdn. Bhd.	Malaysia	Manufacture of prefabricated structural and metal components for building or civil engineering of cement, concrete or artificial stones	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

17. INVESTMENTS IN SUBSIDIARIES (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of companies	Country of incorporation	Principal activities	% of ownership interest held by Group 2018 %	Group 2017 %	Non-controlling interest 2018 %	Non-controlling interest 2017 %
Subsidiaries of Sunway Construction Sdn. Bhd. (cont'd)						
Sunway Innopave (S) Pte. Ltd. *	Singapore	Investment holding	100.00	100.00	-	-
Subsidiary of Sunway Machineries Services Sdn. Bhd.						
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	-	100.00	-	-
Subsidiary of Sunway Industrial Products Sdn. Bhd.						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Manufacturing and sale of precast concrete building components	100.00	100.00	-	-
Subsidiary of Sunway Innopave (S) Pte. Ltd.						
Sunway Builders (Myanmar) Company Limited #	Myanmar	Project management in construction services	100.00	-	-	-

* Audited by BDO Member Firms.
** Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms.
@ Disposed on 8 March 2018.
^ Subsidiaries consolidated based on management accounts for the financial year/period ended 31 December 2018 as these subsidiaries are not required to be audited.
\# Subsidiary consolidated based on management accounts for the financial period ended 31 December 2018 as the subsidiary is not required to be audited as at 31 December 2018 and the financial year end of the subsidiary is 31 March.

Summarised information of companies with non-controlling interests are not presented as the non-controlling interests of these companies are immaterial to the Group.

18. INVESTMENTS IN ASSOCIATES

	Group 2018 RM'000	Group 2017 RM'000
At cost:		
Unquoted:		
Share of post-acquisition profits	-	-

(a) Investments in associates are accounted for using the equity method of accounting in the consolidated financial statements.

(b) The financial year end of the associates are coterminous with the financial year end of the Group.

(c) Details of the associates are as follows:

Name of associates	Country of incorporation	Principal activities	Proportion of ownership interest 2018 %	Proportion of ownership interest 2017 %
Associate of Sunway Builders Sdn. Bhd.				
ISZL Consortium *	Unincorporated Abu Dhabi	Construction	25.00	25.00
Associate of Sunway Construction Sdn. Bhd.				
IJM Construction Sdn. Bhd. - Jalinan Rejang Sdn. Bhd. - Maltimur Resources Sdn. Bhd. - Sunway Construction Sdn. Bhd. Consortium ^	Unincorporated Malaysia	Dormant	-	25.00

* Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms.
^ Statutory audit not required as at 31 December 2018.

(d) On 29 November 2017, SunCon has entered into a pre-bid agreement with IJM Construction Sdn. Bhd., Maltimur Resources Sdn. Bhd. and Jalinan Rejang Sdn. Bhd. (collectively referred as "**Parties**") to work with each other on an exclusive basis to participate in the tender for the project known as Kuala Lumpur - Singapore High Speed Rail ("**Project**").

The Parties have set up a consortium on a 30:22.5:22.5:25 basis known as IJM Construction Sdn. Bhd. - Jalinan Rejang Sdn. Bhd. - Maltimur Resources Sdn. Bhd. - Sunway Construction Sdn. Bhd. Consortium for the submission of the tender and to undertake the Project in the event the bid is successful. Tender for the Project was not successful and the consortium was dissolved on 5 April 2018.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

18. INVESTMENTS IN ASSOCIATES (cont'd)

(e) Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

(i) Summarised statement of financial position

	ISZL Consortium	
	2018 RM'000	2017 RM'000
Current assets	51,842	130,015
Total assets	51,842	130,015
Loan from Consortium Members	(30,588)	(50,756)
Current liabilities	(21,254)	(120,310)
Total liabilities	(51,842)	(171,066)
Net liabilities	-	(41,051)

(ii) Summarised statement of profit or loss and other comprehensive income

	ISZL Consortium	
	2018 RM'000	2017 RM'000
Revenue	-	-
Profit/(loss) before tax	41,127	(4,543)
Total comprehensive income/(loss)	41,127	(4,543)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	ISZL Consortium	
	2018 RM'000	2017 RM'000
Net liabilities at 1 January	(41,051)	(40,593)
Profit/(loss) for the year	41,127	(4,543)
Effect of translation to closing foreign exchange rates	(76)	4,085
Net liabilities at 31 December	-	(41,051)
Interest in associate as at year end	25%	25%
Carrying value of Group's interest in associate	-	(10,263)
Less: Losses not recognised	-	10,263
	-	-

19. OTHER INVESTMENTS

	Group	
	2018 RM'000	2017 RM'000
Non-current		
Fair value through profit or loss:		
- Corporate membership	273	273

(a) Prior to 1 January 2018, the corporate membership was classified as available-for-sale financial assets pursuant to MFRS 139 *Financial Instruments: Recognition and Measurement.*

(b) The fair value of corporate membership of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

20. INVESTMENTS IN JOINT VENTURES

	Group	
	2018 RM'000	2017 RM'000
Equity contribution	44,110	-
Share of post-acquisition profits and other comprehensive income, net of dividends received	629	-
	44,739	-

(a) Investments in joint ventures are stated at cost in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.

(b) The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.

(c) The financial year end of the joint ventures are coterminous with the financial year end of the Group, except for IJM Sunway Sdn. Bhd., which has a financial year end of 31 March. Management accounts of this joint venture for the financial year ended 31 December 2018 has been used for the purpose of applying the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

20. INVESTMENTS IN JOINT VENTURES (cont'd)

(d) Details of the joint ventures are as follows:

Name of Joint Ventures	Country of incorporation	Principal activities	Effective interest in equity 2018 %	Effective interest in equity 2017 %
Joint venture of Sunway Engineering Sdn. Bhd.				
IJM Sunway Sdn. Bhd. *	Malaysia	Investment holding	50.00	50.00
Joint ventures of Sunway Construction Sdn. Bhd.				
SunCity SunCon Joint Venture	Unincorporated Malaysia	Property development	50.00	50.00
Taisei-Sunway Joint Venture	Unincorporated Malaysia	Construction works	50.00	50.00
Joint venture of Sunway Innopave Sdn. Bhd.				
Silver Coast-Sunway Innopave J. V. ^	Unincorporated Abu Dhabi	Construction works	60.00	60.00
Joint venture of Sunway Geotechnics (M) Sdn. Bhd.				
Sunway Geotechnics (M) Sdn. Bhd. - Bauer (Malaysia) Sdn. Bhd. Joint Venture #	Unincorporated Malaysia	Bored piling works, installation of plunge in column and associated ancillary works	-	50.00

20. INVESTMENTS IN JOINT VENTURES (cont'd)

(d) Details of the joint ventures are as follows: (cont'd)

Name of Joint Ventures	Country of incorporation	Principal activities	Effective interest in equity 2018 %	Effective interest in equity 2017 %
Joint venture of Sunway Concrete Product (S) Pte. Ltd.				
HL-Sunway JV Pte. Ltd. *	Singapore	Dormant	49.00	49.00

* Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms.
^ Statutory audit not required as at 31 December 2018.
# Terminated on 2 October 2018.

(e) On 30 January 2018, Sunway Concrete Product (S) Pte. Ltd., a wholly owned subsidiary of SunCon, has entered into an agreement with HL Building Materials Pte. Ltd. to form a joint venture known as HL-Sunway JV Pte. Ltd. on a 49:51 basis to tender for the lease of land in Singapore from the Building and Construction Authority.

(f) On 2 October 2018, Sunway Geotechnics (M) Sdn. Bhd., a wholly owned subsidiary of SunCon has signed a letter of termination with Bauer (Malaysia) Sdn. Bhd. ("**Bauer**") to terminate its unincorporated joint venture with Bauer, namely Sunway Geotechnics (M) Sdn. Bhd. - Bauer (Malaysia) Sdn. Bhd. Joint Venture. This is in view of the completion of the works known as the Bored Piling Works, Installation of Plunge in Column and associated ancillary works forming part of "Package 2: Construction and Completion of Piling and Sub-Structure Works and Associated Works for the Proposed Mixed Commercial Development for Lot 185 and Lot 167(K) at Persiaran KLCC, Kuala Lumpur City Centre".

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

20. INVESTMENTS IN JOINT VENTURES (cont'd)

(g) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and not share of the Group of those amounts. The other joint ventures are not material to the Group.

(i) Summarised statements of financial position

At 31 December 2018	SunCity SunCon RM'000	Silver Coast-Sunway Innopave RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
Non-current assets	24	566	78,604	79,194
Cash and cash equivalents	2,599	482	6,912	9,993
Other current assets	1,064	325	5,829	7,218
Current assets	3,663	807	12,741	17,211
Total assets	3,687	1,373	91,345	96,405
Trade and other payables and provisions	3,687	1,373	40	5,100
Total current liabilities	3,687	1,373	40	5,100
Net assets	-	-	91,305	91,305

At 31 December 2017	SunCity SunCon RM'000	Silver Coast-Sunway Innopave RM'000	Total RM'000
Non-current assets	39	555	594
Cash and cash equivalents	3,891	2,773	6,664
Other current assets	2,025	76	2,101
Current assets	5,916	2,849	8,765
Total assets	5,955	3,404	9,359
Trade and other payables and provisions	3,801	3,404	7,205
Total current liabilities	3,801	3,404	7,205
Net assets	2,154	-	2,154

20. INVESTMENTS IN JOINT VENTURES (cont'd)

(g) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and not share of the Group of those amounts. The other joint ventures are not material to the Group. (cont'd)

(ii) Summarised statements of profit or loss and other comprehensive income

At 31 December 2018	SunCity SunCon RM'000	Silver Coast-Sunway Innopave RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
Revenue	-	-	-	-
Depreciation and amortisation	(7)	-	-	(7)
Interest income	85	-	-	85
Interest expense	-	-	-	-
Profit before tax	-	1,217	-	1,217
Income tax expense	-	-	-	-
Profit after tax	-	1,217	-	1,217
Other comprehensive income, net of tax	-	-	1,284	1,284
Total comprehensive income	-	1,217	1,284	2,501
Dividend received from joint venture during the year	-	731	-	731

At 31 December 2017	SunCity SunCon RM'000	Silver Coast-Sunway Innopave RM'000	Total RM'000
Revenue	1,606	-	1,606
Depreciation and amortisation	(7)	-	(7)
Interest income	228	-	228
Profit before tax	4,307	-	4,307
Income tax expense	-	-	-
Profit after tax	4,307	-	4,307
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	4,307	-	4,307
Dividend received from joint venture during the year	2,153	-	2,153

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

20. INVESTMENTS IN JOINT VENTURES (cont'd)

(g) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and not share of the Group of those amounts. The other joint ventures are not material to the Group. (cont'd)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of interest in joint ventures of the Group

At 31 December 2018	SunCity SunCon RM'000	Silver Coast-Sunway Innopave RM'000	HL-Sunway JV Pte. Ltd. RM'000	Total RM'000
Net assets at 1 January	2,154	-	-	2,154
Capital injection	-	-	90,021	90,021
Profit for the year	-	1,217	-	1,217
Dividend paid during the year	(2,154)*	(1,217)	-	(3,371)
Net assets at 31 December	-	-	90,021	90,021
Foreign currency translation reserves	-	-	1,284	1,284
	-	-	91,305	91,305
Interest in joint ventures as at year end	50%	60%	49%	
Carrying value of Group's interest in joint ventures	-	-	44,739	44,739

* Dividend paid was solely attributable to joint venture partner.

At 31 December 2017	SunCity SunCon RM'000	Silver Coast-Sunway Innopave RM'000	Total RM'000
Net assets at 1 January	-	-	-
Profit for the year	4,307	-	4,307
Dividend paid during the year	(2,153)*	-	(2,153)
Net assets at 31 December	2,154	-	2,154
Interest in joint ventures as at year end	50%	60%	
	1,077	-	1,077
Adjustment on dividend paid solely to SunCon during the year	(1,077)	-	(1,077)
Carrying value of Group's interest in joint ventures	-	-	-

* Dividend paid was solely attributable to Sunway Construction Sdn. Bhd.

21. GOODWILL

	Group 2018 RM'000	Group 2017 RM'000
Cost		
At beginning/end of financial year	35,397	35,397
Accumulated impairment losses		
At beginning/end of financial year	(31,750)	(31,750)
Net carrying amount	3,647	3,647

The carrying amount of goodwill allocated to the Group's cash-generating unit (CGU) is as follows:

	Group 2018 RM'000	Group 2017 RM'000
Precast concrete	3,647	3,647

Key assumptions used in value-in-use calculations

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period (2017: three-year period). The key assumptions used for value-in-use calculations are:

	Group 2018 RM'000	Group 2017 RM'000
Gross margin	10.0	15.0
Discount rate	10.0	15.0

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

21. GOODWILL (cont'd)

The following describes each key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin
The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements or deficiency.

(ii) Growth rate
The growth rate used is determined using a simple average of the annual Earnings Before Interest, Tax, Depreciation and Amortisation ("**EBITDA**") growth rate obtained from financial budgets approved by management. The financial budgets cover a period of three years. No growth rate was projected within this period of three years.

(iii) Discount rate
The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed its recoverable amounts.

22. INVENTORIES

	Group	
	2018 RM'000	2017 RM'000
Properties stocks	497	497
Raw materials	5,436	5,545
Finished goods	20,813	15,299
Spare parts	3,235	3,088
	29,981	24,429

(a) Properties stocks comprise properties received from trade receivables as settlement of debts in the ordinary course of business.

(b) Cost of raw materials and finished goods is determined on a first-in, first-out basis. Cost comprises costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.

(c) Cost of spare parts is determined on a weighted average basis. Cost comprises costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.

(d) During the current financial year, inventories of the Group recognised as cost of sales amounted to RM98,608,000 (2017: RM82,701,000).

(e) During the current financial year, the Group has written off inventories amounted to RM6,000 (2017: Nil).

23. TRADE RECEIVABLES

	Group		Company	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Third parties	627,621	651,166	-	-
Related parties	19,331	46,102	-	-
Retention sums	266,108	330,456	-	-
	913,060	1,027,724	-	-
Less: Allowance for impairment losses	(28,701)	(22,618)	-	-
Total trade receivables	884,359	1,005,106	-	-

(a) Total trade receivables are financial assets measured at amortised cost using the effective interest method. The carrying amounts of the total trade receivables as at the end of the reporting period approximate their fair values.

(b) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 90 days (2017: 30 days to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

(c) Included in retention sums of the Group are amounts owing from related parties of RM37,682,000 (2017: RM41,722,000).

(d) Impairment for trade receivables are recognised based on the simplified approach using the lifetime expected credit losses ("**ECL**").

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

23. TRADE RECEIVABLES (cont'd)

(e) The reconciliation of movements in allowance for impairment losses for trade receivables is as follows:

	Group		
	Lifetime ECL allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2018, as restated	9,227	13,391	22,618
Charge for the year	1,859	8,634	10,493
Reversal of allowance for impairment losses	(4,051)	(78)	(4,129)
Written off	-	(288)	(288)
Exchange differences	6	1	7
At 31 December 2018	7,041	21,660	28,701
At 1 January 2017 under MFRS 139	-	19,224	19,224
Effects of MFRS 9	4,499	106	4,605
Opening allowance for impairment losses of trade receivables in accordance with MFRS 9	4,499	19,330	23,829
Charge for the year	5,084	784	5,868
Reversal of allowance for impairment losses	(356)	(2,696)	(3,052)
Written off	-	(4,027)	(4,027)
At 31 December 2017	9,227	13,391	22,618

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

(f) The ageing analysis of the Group's trade receivables are as follows:

	2018		
Group	Gross RM'000	Impaired RM'000	Total RM'000
Current	700,832	(6,929)	693,903
1 to 30 days past due	57,481	(1,980)	55,501
31 to 60 days past due	3,365	(572)	2,793
61 to 90 days past due	46,037	(1,295)	44,742
91 to 120 days past due	19,937	(577)	19,360
121 days to 150 days past due	28,136	(378)	27,758
More than 150 days past due	57,272	(16,970)	40,302
	212,228	(21,772)	190,456
	913,060	(28,701)	884,359

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23. TRADE RECEIVABLES (cont'd)

(f) The ageing analysis of the Group's trade receivables are as follows: (cont'd)

	2017 (RESTATED)		
Group	Gross RM'000	Impaired RM'000	Total RM'000
Current	948,620	(9,067)	939,553
1 to 30 days past due	11,036	(182)	10,854
31 to 60 days past due	23,727	(346)	23,381
61 to 90 days past due	9,050	(140)	8,910
91 to 120 days past due	76	(1)	75
121 days to 150 days past due	2,362	(167)	2,195
More than 150 days past due	32,853	(12,715)	20,138
	79,104	(13,551)	65,553
	1,027,724	(22,618)	1,005,106

(g) The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting period are as follows:

	Group			
	2018		2017	
	RM'000	% of total	RM'000 (RESTATED)	% of total (RESTATED)
By country:				
Malaysia	831,560	94.0%	939,926	93.5%
Singapore	52,799	6.0%	60,350	6.0%
India	-	0.0%	4,830	0.5%
	884,359	100.0%	1,005,106	100.0%
By segment:				
Construction	831,560	94.0%	944,756	94.0%
Precast concrete	52,799	6.0%	60,350	6.0%
	884,359	100.0%	1,005,106	100.0%

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

24. OTHER RECEIVABLES

	Group	
	2018 RM'000	2017 RM'000 (RESTATED)
Deposits	7,690	6,733
Prepayments	409	2,456
Sundry receivables	29,640	35,771
	37,739	44,960
Less: Allowance for impairment losses	(5,443)	(5,423)
Total other receivables	32,296	39,537

(a) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(b) Included in other receivables of the Group is amounts due from related parties of RM112,000 (2017: RM809,000).

The amounts due from related parties are unsecured, non-interest bearing and repayable based on credit terms granted. The credit period is generally for a period of 30 days to 90 days (2017: 30 days to 90 days).

(c) Total other receivables are financial assets measured at amortised cost. The carrying amounts of the total other receivables as at the end of the reporting period approximate their fair values.

(d) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment by other receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk.

24. OTHER RECEIVABLES (cont'd)

(d) (cont'd)

The reconciliation of movements in allowance for impairment losses for other receivables is as follows:

	Group		
	12 months ECL allowance RM'000	Credit impaired RM'000	Total allowance RM'000
At 1 January 2018, as restated	297	5,126	5,423
Charge for the year	76	-	76
Reversal of allowance for impairment losses	(56)	-	(56)
At 31 December 2018	317	5,126	5,443
At 1 January 2017 under MFRS 139	-	7,632	7,632
Effects of MFRS 9	236	-	236
Opening allowance for impairment losses of other receivables in accordance with MFRS 9	236	7,632	7,868
Charge for the year	69	-	69
Reversal of allowance for impairment losses	(8)	-	(8)
Written off	-	(2,506)	(2,506)
At 31 December 2017	297	5,126	5,423

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments to be impaired as at the financial year end.

25. AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY, RELATED COMPANIES AND A JOINT VENTURE

	Group	
Current assets	2018 RM'000	2017 RM'000 (RESTATED)
Amount due from intermediate holding company (non-trade)	1,711	309
Amounts due from related companies		
- trade	59,816	44,921
- non-trade	894	2,281
	60,710	47,202
Less: Allowance for impairment losses	(70)	(71)
Net carrying amount of amounts due from related companies	60,640	47,131
Amount due from a joint venture		
- trade	19	-
- non-trade	73	185
	92	185

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

25. AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY, RELATED COMPANIES AND A JOINT VENTURE (cont'd)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current liabilities				
Amount due to a related company - non-trade (Note 31)	96,314	-	-	-
Current liabilities				
Amounts due to related companies				
- trade (Note 31)	11,540	11,252	-	-
- non-trade (Note 31)	50,390	120,207	81	108
	61,930	131,459	81	108
Amount due to intermediate holding company (non-trade) (Note 31)	503	17,628	2	-
Amount due to a joint venture (trade) (Note 31)	27	-	-	-

(a) Amounts due from intermediate holding company, related companies and a joint venture are financial assets measured at amortised cost, and their carrying amounts approximate their fair values as at the end of the reporting period.

(b) Amount due from/(to) intermediate holding company (non-trade) are unsecured, interest free and the terms of repayment are within twelve (12) months.

(c) Amounts due from/(to) related companies and a joint venture (trade) are unsecured, interest free and the credit period is generally for a period of 30 days to 90 days (2017: 30 days to 90 days).

Included in amounts due from related companies are retention sum of RM39,872,000 (2017: RM41,064,000).

25. AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY, RELATED COMPANIES AND A JOINT VENTURE (cont'd)

(d) Amounts due from/(to) related companies (non-trade) are unsecured, interest free, except for an amount due to a related company of RM142,450,000 (2017: RM118,037,000), which bears interests at rates ranging from 3.96% to 4.45% (2017: 4.45% to 4.55%) per annum.

The terms of repayment of amounts due from/(to) related companies (non-trade) is within twelve (12) months, except for an amount due to a related company of RM96,314,000 which the Group has an unconditional right to defer settlement for at least twelve (12) months after the end of the reporting period.

(e) Amount due from a joint venture (non-trade) is unsecured, interest free and the terms of repayment is within twelve (12) months.

(f) At the end of the reporting period, the interest rate profile of the interest-bearing amounts due from/(to) related companies was:

	Group	
	2018 RM'000	2017 RM'000
Variable rate instruments		
Financial assets	-	592
Financial liabilities	(142,450)	(118,629)
	(142,450)	(118,037)

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group will be (lower)/higher by RM 271,000 (2017: RM224,000).

(g) The maturity profile of amounts due to intermediate holding company, related companies and a joint venture of the Group at the end of the reporting period based on contractual undiscounted repayment obligations are repayable within one year except for an amount due to a related company of RM96,314,000, which the Group has unconditional right to defer settlement for at least twelve (12) months after the end of the reporting period as disclosed in Note 25(d) to the financial statements.

(h) Impairment for receivables from intermediate holding company, related companies and a joint venture ("**Intercompanies**") are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

25. AMOUNTS DUE FROM/(TO) INTERMEDIATE HOLDING COMPANY, RELATED COMPANIES AND A JOINT VENTURE (cont'd)

(h) (cont'd)

Movements in the impairment allowance for amounts due from related companies are as follows:

Group	12 months ECL allowance 2018 RM'000	2017 RM'000
At 1 January	71	-
Effects of MFRS 9	-	140
Opening allowance for impairment loss of amounts due from related companies in accordance with MFRS 9	71	140
Charge for the year	-	21
Reversal of allowance for impairment losses	(1)	(90)
At 31 December	70	71

26. AMOUNT DUE FROM AN ASSOCIATE

Group	Group 2018 RM'000	2017 RM'000 (RESTATED)
Amount due from an associate (non-trade)	21,375	26,479
Less: Allowance for impairment losses	(302)	(454)
Net carrying amount of amount due from an associate	21,073	26,025

(a) Amount due from an associate (non-trade) is unsecured, bearing interest at a rate of 8.85% (2017: 8.85%) per annum and the terms of repayment is within twelve (12) months.

(b) Amount due from an associate is a financial asset measured at amortised cost, and its carrying amount approximates its fair value as at the end of the reporting period.

26. AMOUNT DUE FROM AN ASSOCIATE (cont'd)

(c) Impairment for receivables from amount due from an associate is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

Movements in the impairment allowance for amount due from an associate are as follows:

Group	12 months ECL allowance 2018 RM'000	2017 RM'000
At 1 January	454	-
Effects of MFRS 9	-	314
Opening allowance for impairment loss of amount due from an associate in accordance with MFRS 9	454	314
Charge for the year	1	140
Reversal of allowance for impairment losses	(158)	-
Exchange differences	5	-
At 31 December	302	454

(d) Sensitivity analysis for fixed rate interest-bearing amount due from an associate at the end of the reporting period is not presented as changes in interest rate would not affect profit or loss.

27. DERIVATIVE LIABILITIES

	2018 Contract/ Notional amount RM'000	2018 Liabilities RM'000	2017 Contract/ Notional amount RM'000	2017 Liabilities RM'000
Group				
Current				
Forward currency contracts	-	-	11,208	469

(a) Derivatives are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.

(b) Derivatives are categorised as Level 2 in the fair value hierarchy.

(c) The maturity profile of the derivative liabilities of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable within one year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

28. CASH AND BANK BALANCES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances				
Cash at banks and on hand	56,483	75,570	176	239
Deposits with:				
Licensed banks	202	442	-	-
Other financial institutions	428,184	411,228	145,315	141,481
Cash and bank balances	484,869	487,240	145,491	141,720

(a) The weighted average interest rates per annum of deposits that were effective as at the end of the reporting period were as follows:

	Group		Company	
	2018 %	2017 %	2018 %	2017 %
Deposits with licensed banks	3.70	3.70	-	-
Deposits with other financial institutions	5.57	5.05	5.24	5.05

The maturity of deposits with licensed banks during the years under review is 365 days (2017: 365 days).

The average maturity of deposits with other financial institutions of the Group and of the Company are 20 days (2017: 13 days) and 1 day (2017: 13 days) respectively at the end of the reporting period.

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Cash and bank balances	484,869	487,240	145,491	141,720
Less: Deposits with licensed banks with maturity of more than 3 months	(202)	(442)	-	-
Total cash and cash equivalents	484,667	486,798	145,491	141,720

28. CASH AND BANK BALANCES (cont'd)

(c) At the end of the reporting period, the interest rate profile of the deposits with licensed banks and other financial institutions were:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Floating rates	428,386	411,670	145,315	141,481

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group and of the Company to be higher/(lower) by RM814,000 (2017: RM782,000) and RM276,000 (2017: RM269,000) respectively.

(d) Cash and bank balances are financial assets measured at amortised cost.

(e) No expected credit losses were recognised arising from cash and bank balances because the probability of default by these financial institutions were negligible.

29. BORROWINGS

	Group	
	2018 RM'000	2017 RM'000
Short term borrowings		
Unsecured:		
Revolving credits	6,087	-
Bills discounting	107,544	134,659
	113,631	134,659

(a) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	Group	
	2018 %	2017 %
Revolving credits	3.62	-
Bills discounting	3.94	3.88

(b) Revolving credits are denominated in SGD and bills discounting are denominated in RM.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

29. BORROWINGS (cont'd)

(c) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2018 RM'000	2017 RM'000
Floating rates	113,631	134,659

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be lower/(higher) by RM 216,000 (2017: RM256,000).

(d) The maturity profile of the borrowings of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable within one year.

(e) The carrying amounts of these borrowings are reasonable approximation of their fair values due to their short-term nature.

(f) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

	Group			
	1.1.2018 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.18 RM'000
Revolving credits	-	6,001	86	6,087
Bills discounting	134,659	(27,115)	-	107,544
	134,659	(21,114)	86	113,631

30. DEFERRED TAX

	2018 RM'000	2017 RM'000
At beginning of financial year	(4,668)	9,894
Recognised in profit or loss (Note 12)	3,132	(14,573)
Exchange differences	-	11
At end of financial year	(1,536)	(4,668)
Presented after appropriate offsetting as follows:		
Deferred tax assets, net *	5,000	2,341
Deferred tax liabilities, net *	(6,536)	(7,009)
	(1,536)	(4,668)

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM2,963,000 (2017: RM649,000) for the Group.

30. DEFERRED TAX (cont'd)

(a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Provision for liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2017	2,277	15,014	17,291
Recognised in profit or loss	(1,812)	(12,489)	(14,301)
At 31 December 2017	465	2,525	2,990
Recognised in profit or loss	65	4,908	4,973
At 31 December 2018	530	7,433	7,963

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2017	7,397	-	7,397
Recognised in profit or loss	592	(320)	272
Exchange differences	-	(11)	(11)
At 31 December 2017	7,989	(331)	7,658
Recognised in profit or loss	1,510	331	1,841
At 31 December 2018	9,499	-	9,499

(b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018 RM'000	2017 RM'000
Unused tax losses		
- Expired by 31 December 2026	3,625	5,829
Unabsorbed capital allowances	1,326	1,325
Other deductible temporary differences	696	480
	5,647	7,634

Deferred tax assets have not been recognised in respect of these items as they have arisen in subsidiary companies that have a recent history of losses or in subsidiary companies where future taxable profits may be insufficient to trigger the utilisation of these items. The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

31. TRADE PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Trade payables:				
- third parties	656,182	728,039	-	-
Total other payables (Note 32)	217,331	241,772	1,025	1,099
Amounts due to:				
- intermediate holding company				
- non-trade (Note 25)	503	17,628	2	-
- related companies	158,244	131,459	81	108
- trade (Note 25)	11,540	11,252	-	-
- non-trade (Note 25)	146,704	120,207	81	108
- joint venture (trade) (Note 25)	27	-	-	-
Add: Total borrowings (Note 29)	113,631	134,659	-	-
Total financial liabilities carried at amortised cost	1,145,918	1,253,557	1,108	1,207

(a) The carrying amounts of the financial liabilities carried at amortised cost as at the end of the reporting period approximate their fair values.

(b) The normal trade credit terms granted to the Group range from 14 days to 60 days (2017: 14 days to 60 days).

(c) The maturity profile of the trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is repayable on demand or within one year.

32. OTHER PAYABLES

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Sundry payables	73,610	76,298	4	-
Advances received on contracts	109,808	117,167	-	-
Accruals	33,913	48,307	1,021	1,099
	217,331	241,772	1,025	1,099

The maturity profile of other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is repayable within one year.

Included in other payables of the Group is amounts due to related parties of RM70,000 (2017: RM492,000).

As at 31 December 2018, included in the advances received on contracts are advances received in relation to three (3) construction contracts awarded to the Group (31 December 2017: three (3)).

33. SHARE CAPITAL AND TREASURY SHARES

	Group/ Company			
	Number of shares		Amount	
	2018 '000	2017 '000	2018 RM'000	2017 RM'000
Ordinary shares				
Issued and fully paid:				
As at 1 January/31 December	1,292,900	1,292,900	258,580	258,580

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

During the previous financial year, the Company repurchased 654,000 of its issued ordinary shares from the open market at an average price of RM1.98 per share. The total consideration paid for the repurchases was RM1,295,000 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016 in Malaysia and not revalued for subsequent changes in fair value or market price of the shares. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company.

As at 31 December 2018, the Company held a total of 654,000 ordinary shares as treasury shares out of its total issued and paid up share capital of 1,292,900,010 ordinary shares. Such treasury shares are recorded at a carrying amount of RM1,295,000.

34. RESERVES

		Group		Company	
	Note	2018 RM'000	2017 RM'000 (RESTATED)	2018 RM'000	2017 RM'000
Non-distributable:					
Capital contribution by intermediate holding company	(a)	656	670	-	-
Merger reserve	(b)	(37,894)	(37,894)	-	-
Foreign currency translation reserve	(c)	10,316	9,901	-	-
		(26,922)	(27,323)	-	-
Distributable:					
Retained earnings		360,713	312,950	145,681	141,813
		333,791	285,627	145,681	141,813

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

34. RESERVES (cont'd)

The movements in each category of reserves are disclosed in the statements of changes in equity.

The natures of each category of reserves are as follows:

(a) Capital contribution by intermediate holding company

Capital contribution by intermediate holding company represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

(b) Merger reserve

The merger reserves represents the following:

(i) Premium on the issue of shares for the acquisition of the remaining shares in Sunway Builders Sdn. Bhd.; and

(ii) The excess of the consideration paid over the share capital and capital reserves of SunCon and its subsidiaries as at the acquisition date under the pooling of interest method of accounting.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

35. OPERATING LEASE AGREEMENTS

Apart from external operating lease agreements, the Group has also entered into non-cancellable operating lease agreement with related parties, Sunway REIT and Sunway Iskandar Sdn. Bhd. for the use of corporate buildings and a leasehold land respectively.

The future minimum lease payments payable under the non-cancellable operating leases of the Group contracted for as at the end of the reporting period but not recognised as payables, are as follows:

	Group	
	2018 RM'000	2017 RM'000
Future minimum lease payments:		
Not later than 1 year	3,795	5,107
Later than 1 year and not later than 5 years	3,762	1,908
	7,557	7,015

36. CAPITAL COMMITMENTS

	Group	
	2018 RM'000	2017 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment	-	31,657
Approved but not contracted for property, plant and equipment	819	5,440
Approved but not contracted for investment in a joint venture	197,828	-
	198,647	37,097

37. CONTINGENT LIABILITIES

(a) Guarantees

	Group	
	2018 RM'000	2017 RM'000
Unsecured:		
Guarantees given to third parties in respect of contracts and trade performance	440,332	503,145
Guarantees given to related companies in respect of contracts and trade performance	71,524	40,506
	511,856	543,651

The Group designates guarantees given to related companies as insurance contracts as defined in MFRS 4 *Insurance Contract*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of the reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties and related companies to call upon the guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

37. CONTINGENT LIABILITIES (cont'd)

(b) Material outstanding litigations

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

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

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

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is Rs.891.5 million in addition to interest and cost.

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defense and Counterclaim. In the counterclaim, SunCon is seeking for Rs.781.4 million for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

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

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

The proceedings had advanced for final arguments on 6 March 2018 to 9 March 2018. Further final and rejoinder argument was heard on 12, 13 and 14 April 2018. Arguments stand concluded. Matters are reserved for passing of the Award.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

(ii) Sunway Creative Stones Sdn. Bhd. ("**Sunway Creative Stones**"), being the nominated sub-contractor for the stone works for the Palazzio, is claiming against Syarikat Pembenaan Yeoh Tiong Lay Sdn. Bhd. ("**SPYTL**"), being the main contractor, for the unpaid interim certificates, work done yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor's employment under the main contractor.

Sunway Creative Stones has in October 2011 filed its claim against SPYTL for the sum of RM4,968,417.05 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Creative Stones' delay and back charges of RM35,340.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM33,600,000.00 at the rate of RM105,000.00 per day for 320 days and back charges of RM35,340.00 and interest and costs.

37. CONTINGENT LIABILITIES (cont'd)

(b) Material outstanding litigations (cont'd)

(ii) (cont'd)

Hearing of the arbitration proceeding had been completed. Final award was on 18 March 2019. The counter-claim by SPYTL was dismissed. SPYTL shall pay to Sunway Creative Stones within twenty eight (28) days after the day of award, the sum of RM4,954,485.86 and interest at 5% per annum from the date of award and such interest will continue to run until realisation.

(iii) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("**NH-76 Highway Project**") by the National Highways Authority ("**NHA**") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "**Reference**"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43,090,350.00. NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Next date of hearing date to be fixed. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and a correspondingly high probability of success before the Supreme Court.

Reference 2 – In April 2009, SunCon commenced an arbitration proceeding against NHA for the loss suffered as a result of the adjustment made by the engineer on the payment of a monthly interim payment certificate without taking into consideration the component of excise duty. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.25,840,810.00. SunCon has not received the award sum to-date. On 22 January 2019, the High Court set aside the arbitral award and SunCon has made a decision to not appeal.

Reference 3 – In April 2009, SunCon claimed against NHA for the reimbursement of the toll tax imposed on all vehicles deployed for the execution of the NH-76 Highway Project. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.14,329,148.00.

Aggrieved by the Arbitral Tribunal's award dated 3 October 2011 for both Reference 2 and Reference 3, NHA appealed to the High Court in year 2012. On 22 January 2019, the High Court upheld the arbitral award and we are proceeding with the execution of this order.

Reference 4 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project period which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310,347,836.00.

NHA appealed against the Arbitral Tribunal's award to the High Court. The case is now further adjourned to 9 May 2019.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 4.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

38. RELATED PARTY DISCLOSURES

(a) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	2018 RM'000	2017 RM'000
Rental income of plant and machinery from:		
Related parties:		
Sunway Iskandar Sdn. Bhd. ^	1	3
Sunway Nursery and Landscape Sdn. Bhd. ^	29	12
Sunway Velocity Mall Sdn. Bhd. ^	-	6
Related companies:		
Sunway Enterprise (1988) Sdn. Bhd.	65	123
Sunway Pinnacle Sdn. Bhd.	-	3
Sunway South Quay Sdn. Bhd.	-	1
Contract revenue from:		
Related companies:		
Sunway Medical Centre Sdn. Bhd.	52,151	71,705
Sunway South Quay Sdn. Bhd.	60,808	133,421
Sunway Forum Hotel Sdn. Bhd.	-	(390)
Sunway Integrated Properties Sdn. Bhd.	18,426	41,049
Sunway City (JB) Sdn. Bhd.	250	8,866
Sunway Pinnacle Sdn. Bhd.	-	90
SunMed Velocity Sdn. Bhd.	92,693	11,451
Sunway Kiara Sdn. Bhd.	2,516	8,533
Sunway Serene Sdn. Bhd.	28,432	-
Deco Style Sdn. Bhd.	7,237	-
Related parties:		
Daiwa Sunway Development Sdn. Bhd. @	74	375
Sunway Iskandar Sdn. Bhd. ^	135,587	169,463
Sunway Real Estate Investment Trust *	29,720	8
Sunway Marketplace Sdn. Bhd. ^	955	-
Sunway Velocity Mall Sdn. Bhd. ^	-	91,327

38. RELATED PARTY DISCLOSURES (cont'd)

(a) Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (cont'd)

Group (cont'd)	2018 RM'000	2017 RM'000
Interest expense charged by:		
Related company:		
Sunway Treasury Sukuk Sdn. Bhd. (Note 8)	(4,119)	(2,625)
Management fees charged by:		
Intermediate holding company:		
Sunway Berhad (Note 9)	(18,921)	(18,348)
Rental of land from:		
Related party:		
Sunway Iskandar Sdn. Bhd. ^	(566)	(600)
Rental of office space from:		
Related party:		
Sunway Real Estate Investment Trust *	(1,565)	(2,191)
Related companies:		
Sunway Lagoon Sdn. Bhd.	(205)	(186)
Sunway Leisure Sdn. Bhd.	(50)	(68)
Sunway Paving Solutions Sdn. Bhd.	(1,147)	(1,145)
Sunway Integrated Properties Sdn. Bhd.	(371)	(341)
Sunway Pyramid Development Sdn. Bhd.	(81)	(87)
Sunway Leasing Sdn. Bhd.	(1,080)	(1,360)
Sunway Marketing (S) Pte. Ltd.	(27)	(52)
Interest income from:		
Related company:		
Sunway Treasury Sdn. Bhd. (Note 8)	-	68

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

38. RELATED PARTY DISCLOSURES (cont'd)

(a) Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (cont'd)

Group (cont'd)	2018 RM'000	2017 RM'000
Service level agreement fees paid to: (Note 9)		
Related companies:		
Sunway FSSC Sdn. Bhd.	(1,317)	(832)
Sunway Shared Services Sdn. Bhd.	(1,656)	(2,035)
Sunway HR Shared Services Sdn. Bhd.	(1,572)	(1,440)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	(545)	(226)
Related companies:		
Sunway Marketing Sdn. Bhd.	(69,551)	(84,862)
Sunway Quarry Industries Sdn. Bhd.	(3,532)	(7,570)
Sunway Paving Solutions Sdn. Bhd.	(2,861)	(648)
Sunway Enterprise (1988) Sdn. Bhd.	(19,416)	(880)
Sunway FSSC Sdn. Bhd.	-	(114)
Sunway Risk Management Sdn. Bhd.	-	(383)
Sunway Hose Centre Sdn. Bhd.	(314)	(301)
Sunway HR Shared Services Sdn. Bhd.	(1,079)	(428)
Sunway Travel Sdn. Bhd.	(606)	(1,057)
Sunway Medical Centre Sdn. Bhd.	(189)	(179)
Sunway Treasury Sdn. Bhd.	(33)	(21)
Sunway Lagoon Club Bhd.	(56)	(86)
Sunway Resort Hotel Sdn. Bhd.	(115)	(110)
Sunway Leisure Sdn. Bhd.	(19)	(28)
Sunway Lagoon Sdn. Bhd.	(428)	(876)
Sunway PFM Sdn. Bhd.	(22)	(22)
Deco Style Sdn. Bhd.	(10,638)	(13,793)
Sunway United Star Engineering & Hardware Sdn. Bhd.	(1,841)	(932)
Sunway South Quay Sdn. Bhd.	(65)	481
Sunway Shared Services Sdn. Bhd.	(2,896)	(3,697)
SunMed Clinics Sdn. Bhd.	(14)	(21)
Sunway International Vacation Club Sdn. Bhd.	-	(2)

38. RELATED PARTY DISCLOSURES (cont'd)

(a) Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (cont'd)

Group (cont'd)	2018 RM'000	2017 RM'000
Purchases of goods/services from: (cont'd)		
Related companies: (cont'd)		
Sunway Kiara Sdn. Bhd.	-	(729)
Sunway PKNS Sdn. Bhd.	-	(3)
Prosper Revenue Sdn. Bhd.	-	(16)
Sunway Management Sdn. Bhd.	(233)	(221)
Pasir Mas Holdings Sdn. Bhd.	(393)	(482)
Sunway Pharma Sdn. Bhd.	-	(3)
Sunway Leadership Center Sdn. Bhd.	(202)	(72)
Sunway Integrated Properties Sdn. Bhd.	(17)	(21)
Sunway Spun Pile (M) Sdn. Bhd.	(7)	-
Sunway City (JB) Sdn. Bhd.	(1)	-
Sunway D'Mont Kiara Sdn. Bhd.	5	-
Sunway Elite Sdn. Bhd.	(5)	-
Sunway Serene Sdn. Bhd.	(2)	-
SunMed Velocity Sdn. Bhd.	(17)	-
Related parties:		
Sunway Iskandar Sdn. Bhd. ^	(70)	-
Hitachi Sunway Information Systems Sdn. Bhd. +	(922)	(657)
Sunway Computer Services Sdn. Bhd. +	(74)	(277)
Sunway Digital Wave Sdn. Bhd. +	(17)	(2)
Sunway MSC Sdn. Bhd. +	(20)	(25)

Company	2018 RM'000	2017 RM'000
Management fees charged by:		
Subsidiary:		
Sunway Construction Sdn. Bhd. (Note 9)	(1,208)	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

38. RELATED PARTY DISCLOSURES (cont'd)

(a) Significant related party transactions (cont'd)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (cont'd)

Company (cont'd)	2018 RM'000	2017 RM'000
Service level agreement fee paid to:		
Related company:		
Sunway FSSC Sdn. Bhd. (Note 9)	(6)	-
Purchases of goods/services from:		
Related companies:		
Sunway Resort Hotel Sdn. Bhd.	(52)	(51)
Sunway Management Sdn. Bhd.	(204)	(206)
Related parties:		
Hitachi Sunway Information Systems Sdn. Bhd. +	(22)	(21)
Sunway MSC Sdn. Bhd. +	(20)	(25)
Interest expense charged by:		
Related company:		
Sunway Treasury Sukuk Sdn. Bhd. (Note 8)	(3)	-

@ Daiwa Sunway Development Sdn. Bhd. is an associate of Sunway City Sdn. Bhd., a subsidiary of the intermediate holding company.
* Sunway Real Estate Investment Trust is an associate of the intermediate holding company.
^ Sunway Iskandar Sdn. Bhd., Sunway Velocity Mall Sdn. Bhd., Sunway Nursery and Landscape Sdn. Bhd. and Sunway Marketplace Sdn. Bhd. are joint ventures of Sunway City Sdn. Bhd.
+ Sunway Computer Services Sdn. Bhd., Sunway Digital Wave Sdn. Bhd., Sunway MSC Sdn. Bhd., and Hitachi Sunway Information Systems Sdn. Bhd. are companies in which a Director of the Company has deemed substantial interests.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

38. RELATED PARTY DISCLOSURES (cont'd)

(b) Remuneration of key management personnel

Key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and the Company.

The remuneration of the Executive Directors and other members of key management during the financial year are as follows:

	Group	
	2018 RM'000	2017 RM'000
Short-term employee benefits	15,089	15,083
Post-employment benefits:		
- Defined contribution plan	1,608	1,491
Estimated money value of benefits-in-kind	185	200
	16,882	16,774

Included in the total key management personnel are:

	Group	
	2018 RM'000	2017 RM'000
Executive Director's remuneration (Note 11)	2,960	2,955

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs

(a) New MFRSs adopted during the financial year

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2018, the Group and the Company adopted the following amended MFRSs mandatory for the current financial year.

Title	Effective date
Amendments to MFRS 1 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
MFRS 15 *Revenue from Contracts with Customers*	1 January 2018
Clarification to MFRS 15	1 January 2018
MFRS 9 *Financial Instruments (IFRS as issued by IASB in July 2014)*	1 January 2018
Amendments to MFRS 2 *Classification and Measurement of Share-based Payment Transactions*	1 January 2018
Amendments to MFRS 128 *Annual Improvements to MFRS Standards 2014 - 2016 Cycle*	1 January 2018
IC Interpretation 22 *Foreign Currency Transactions and Advance Consideration*	1 January 2018
Amendments to MFRS 140 *Transfers of Investment Property*	1 January 2018
Amendments to MFRS 4 *Applying MFRS 9* Financial Instruments	See MFRS 4
with MFRS 4 Insurance Contracts	Paragraphs 46 and 48

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of MFRS 15 and MFRS 9 described in the following sections.

(i) Reconciliation of statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2017

Group	Note	Previously reported RM'000	Effects of MFRS 9 RM'000	As restated RM'000
Revenue		2,076,290	-	2,076,290
Cost of sales		(1,647,661)	-	(1,647,661)
Gross profit		428,629	-	428,629
Other income	(vi)	16,741	480	17,221
Administrative expenses		(274,477)	-	(274,477)
Other expenses	(vi)	(6,244)	(6,015)	(12,259)

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(i) Reconciliation of statement of profit or loss and other comprehensive income of the Group for the financial year ended 31 December 2017 (cont'd)

Group (cont'd)	Previously reported RM'000	Effects of MFRS 9 RM'000	As restated RM'000
Operating profit	164,649	(5,535)	159,114
Finance and other distribution income	13,477	-	13,477
Finance costs	(6,084)	-	(6,084)
Share of results of a joint venture	2,153	-	2,153
Profit before tax	174,195	(5,535)	168,660
Income tax expense	(36,227)	-	(36,227)
Profit for the financial year	137,968	(5,535)	132,433
Profit attributable to:			
Owners of the parent	137,830	(5,534)	132,296
Non-controlling interests	138	(1)	137
	137,968	(5,535)	132,433
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Foreign currency translations	(1,312)	-	(1,312)
Reclassification of foreign currency translation reserve to profit and loss on deregistration of foreign branches and subsidiaries	(3,508)	-	(3,508)
Total comprehensive income for the financial year, net of tax	133,148	(5,535)	127,613
Total comprehensive income attributable to:			
Owners of the parent	133,080	(5,534)	127,546
Non-controlling interests	68	(1)	67
	133,148	(5,535)	127,613
Earnings per share attributable to owners of the parent (sen per share):			
Basic	10.66		10.24
Diluted	10.66		10.24

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(ii) Reconciliation of statement of financial position of the Group as at 1 January 2017

Group	Note	Previously reported RM'000	Reclass-ification^ RM'000	Effects of MFRS 9 RM'000	Effects of MFRS 15 RM'000	As restated RM'000
Assets						
Trade receivables	(v), (vi)	732,034	41,802	(4,605)	(116,247)	652,984
Other receivables	(vi)	31,912	-	(236)	-	31,676
Amounts due from:						
- related companies	(vi)	147,542	(41,802)	(140)	-	105,600
- an associate	(vi)	26,665	-	(314)	-	26,351
Others		659,142	-	-	-	659,142
Total assets		1,597,295	-	(5,295)	(116,247)	1,475,753
Liabilities						
Trade payables	(v)	693,276	-	-	(116,247)	577,029
Others		410,237	-	-	-	410,237
Total liabilities		1,103,513	-	-	(116,247)	987,266
Equity						
Retained earnings	(vi)	257,022	-	(5,278)	-	251,744
Non-controlling interests	(vi)	753	-	(17)	-	736
Others		236,007	-	-	-	236,007
Total equity		493,782	-	(5,295)	-	488,487
Total equity and liabilities		1,597,295	-	(5,295)	(116,247)	1,475,753

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(iii) Reconciliation of statement of financial position of the Group as at 31 December 2017

Group	Note	Previously reported RM'000	Reclass-ification^ RM'000	Effects of MFRS 9 RM'000	Effects of MFRS 15 RM'000	As restated RM'000
Assets						
Trade receivables	(v), (vi)	1,065,912	15,357	(10,008)	(66,155)	1,005,106
Other receivables	(vi)	39,834	-	(297)	-	39,537
Amounts due from:						
- related companies	(vi)	62,559	(15,357)	(71)	-	47,131
- an associate	(vi)	26,479	-	(454)	-	26,025
Others		692,407	-	-	-	692,407
Total assets		1,887,191	-	(10,830)	(66,155)	1,810,206
Liabilities						
Trade payables	(v)	794,194	-	-	(66,155)	728,039
Others		538,152	-	-	-	538,152
Total liabilities		1,332,346	-	-	(66,155)	1,266,191
Equity						
Retained earnings	(vi)	323,762	-	(10,812)	-	312,950
Non-controlling interests	(vi)	1,121	-	(18)	-	1,103
Others		229,962	-	-	-	229,962
Total equity		554,845	-	(10,830)	-	544,015
Total equity and liabilities		1,887,191	-	(10,830)	(66,155)	1,810,206

^ The intermediate holding company, Sunway Berhad has reclassified its investments in Sunway Velocity Mall Sdn. Bhd. and Sunway Velocity Hotel Sdn. Bhd. from investments in subsidiaries to investments in joint ventures following an assessment during the financial year that it does not control these companies as there are matters relating to operations that required joint decisions by the relevant shareholders.

Consequently, the Group has reclassified the amounts due from these two entities from amounts due from related companies to trade receivables (related parties).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(iv) Reconciliation of statement of cash flows of the Group for the financial year ended 31 December 2017

	Previously reported RM'000	Effects of MFRS 9 RM'000	As restated RM'000
Cash flows from operating activities			
Profit before tax	174,195	(5,535)	168,660
Adjustments for:			
Accretion of financial assets and financial liabilities	2,940	-	2,940
Allowance for impairment losses on:			
- trade receivables	83	5,785	5,868
- other receivables	-	69	69
- amounts due from related companies	-	21	21
- amount due from an associate	-	140	140
Bad debts written off	1,610	-	1,610
Depreciation and amortisation of property, plant and equipment, and software	37,771	-	37,771
Employees' share option scheme	(2,978)	-	(2,978)
Fair value loss on derivative liabilities	1,810	-	1,810
Finance and other distribution income	(13,477)	-	(13,477)
Finance costs	6,084	-	6,084
Gain on disposal of property, plant and equipment, and software	(935)	-	(935)
Gain on liquidation of subsidiaries	(18)	-	(18)
Property, plant and equipment written off	232	-	232
Reversal of allowance for impairment losses on:			
- trade receivables	(2,670)	(382)	(3,052)
- other receivables	-	(8)	(8)
- amounts due from related companies	-	(90)	(90)
Share of results of a joint venture	(2,153)	-	(2,153)
Unrealised foreign exchange gain	(62)	-	(62)
Operating cash flows before working capital changes carried forward	202,432	-	202,432

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(iv) Reconciliation of statement of cash flows of the Group for the financial year ended 31 December 2017 (cont'd)

	Previously reported RM'000	Reclass-ification^ RM'000	Effects of MFRS 15 RM'000	As restated RM'000
Cash flows from operating activities (cont'd)				
Operating cash flows before working capital changes brought forward	202,432	-	-	202,432
Changes in working capital:				
Inventories	(479)	-	-	(479)
Trade receivables	(332,756)	26,445	(50,092)	(356,403)
Other receivables	(7,922)	-	-	(7,922)
Trade payables	97,835	-	50,092	147,927
Other payables	63,116	-	-	63,116
Amount due from/(to) intermediate holding company	(5,749)	-	-	(5,749)
Amount due from an associate	(2,342)	-	-	(2,342)
Amounts due from/(to) related companies	76,217	(26,445)	-	49,772
Amount due from a joint venture	48	-	-	48
Cash generated from operations	90,400	-	-	90,400
Interest received	13,477	-	-	13,477
Interest paid	(6,084)	-	-	(6,084)
Dividend received from a joint venture	2,153	-	-	2,153
Tax refunded	145	-	-	145
Tax paid	(37,257)	-	-	(37,257)
Net cash from operating activities	62,834	-	-	62,834
Net cash from investing activities	34,865	-	-	34,865
Net cash used in financing activities	(73,941)	-	-	(73,941)
Net increase in cash and cash equivalents	23,758	-	-	23,758
Effects of exchange rate changes on cash and cash equivalents	(2,293)	-	-	(2,293)
Cash and cash equivalents at beginning of financial year	465,333	-	-	465,333
Cash and cash equivalents at end of financial year	486,798	-	-	486,798

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

39. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(iv) Reconciliation of statement of cash flows of the Group for the financial year ended 31 December 2017 (cont'd)

^ The intermediate holding company, Sunway Berhad has reclassified its investments in Sunway Velocity Mall Sdn. Bhd. and Sunway Velocity Hotel Sdn. Bhd. from investments in subsidiaries to investments in joint ventures following an assessment during the financial year that it does not control these companies as there are matters relating to operations that required joint decisions by the relevant shareholders.

Consequently, the Group has reclassified the amounts due from these two entities from amounts due from related companies to trade receivables (related parties).

Notes to reconciliation

(v) Adoption of MFRS 15

The Group and the Company adopted MFRS 15 on 1 January 2018 which resulted in changes in accounting policies. The Group and the Company have adopted MFRS 15 retrospectively and the Group has restated the financial year ended 31 December 2017 comparatives, including the statement of financial position of the Group as at 1 January 2017.

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces MFRS 118 *Revenue*, MFRS 111 *Construction Contracts* and related Interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control, at a point in time or over time, requires significant judgement. Under MFRS 15, revenue is recognised by reference to each distinct performance obligation in the contract with customer. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

In applying MFRS 15 retrospectively, the Group applied the following practical expedients:

(a) For completed contracts, contracts that begin and end within the same annual reporting period were not restated;

(b) For completed contracts that have variable consideration, rather than estimating variable consideration amounts in the comparative reporting periods, transaction price at the date the contract was completed was used; and

(c) For all reporting period presented before the date of initial application, the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the revenue is expected to be recognised need not be disclosed.

The MFRS 15 adjustments are mainly due to reclassification of comparative figures to conform with current year presentation.

(vi) Adoption of MFRS 9

The Group and the Company adopted MFRS 9 on 1 January 2018 which resulted in changes in accounting policies. The Group and the Company have adopted MFRS 9 retrospectively and the Group has restated the financial year ended 31 December 2017 comparatives, including the statement of financial position of the Group as at 1 January 2017.

39. ADOPTION OF MFRSS AND AMENDMENTS TO MFRSS (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

Notes to reconciliation (cont'd)

(vi) Adoption of MFRS 9 (cont'd)

MFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces MFRS 139 *Financial Instruments: Recognition and Measurement*.

(a) Classification of financial assets and financial liabilities

The Group and the Company classify their financial assets into the following measurement categories depending on the business model of the Group and the Company for managing the financial assets and the terms of contractual cash flows of the financial assets:

- Those to be measured at amortised cost; and
- Those to be measured subsequently at fair value either through other comprehensive income or through profit or loss.

The following summarises the key changes:

- The Available-For-Sale ("**AFS**"), Held-To-Maturity ("**HTM**") and Loans and Receivables ("**L&R**") financial asset categories were removed.
- A new financial asset category measured at Amortised Cost ("**AC**") was introduced. This applies to financial assets with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by collecting contractual cash flows.
- A new financial asset category measured at Fair Value Through Other Comprehensive Income ("**FVTOCI**") was introduced. This applies to debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- A new financial asset category for non-traded equity investments measured at FVTOCI was introduced.

MFRS 9 largely retains the existing requirements in MFRS 139 for the classification of financial liabilities.

However, under MFRS 139, all fair value changes of liabilities designated as Fair Value Through Profit or Loss ("**FVTPL**") are recognised in profit or loss, whereas under MFRS 9 these fair value changes are generally presented as follows:

(i) Amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in Other Comprehensive Income; and

(ii) The remaining amount of change in the fair value is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(vi) Adoption of MFRS 9 (cont'd)

(b) Impairment of financial assets

The adoption of MFRS 9 has fundamentally changed the accounting for impairment losses for financial assets of the Group by replacing MFRS 139's incurred loss approach with a forward-looking expected credit loss approach. MFRS 9 requires the Group to record an allowance for expected credit losses for all debt financial assets not held at fair value through profit or loss.

Expected credit losses are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

Impairment for trade receivables are recognised based on the simplified approach within MFRS 9 using lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is assessed on an individual basis. This probability is then adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within other expenses in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

Impairment for receivables other than those recognised based on the simplified approach within MFRS 9 are recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(a) New MFRSs adopted during the financial year (cont'd)

(vi) Adoption of MFRS 9 (cont'd)

(c) The MFRS 9 adjustments are mainly due to:

(i) Reclassification of the financial assets and financial liabilities of the Group and of the Company as follows:

Group	Classification	
	Existing under MFRS 139	New under MFRS 9
Financial assets		
Other investments	AFS	FVTPL
Trade receivables	L&R	AC
Other receivables	L&R	AC
Amounts due from intermediate holding company, related companies, a joint venture and an associate	L&R	AC
Cash and bank balances	L&R	AC
Financial liabilities		
Trade payables	OFL*	AC
Other payables	OFL*	AC
Amounts due to intermediate holding company, related companies and a joint venture	OFL*	AC
Derivative liabilities	FVTPL	FVTPL
Borrowings	OFL*	AC

Company	Classification	
	Existing under MFRS 139	New under MFRS 9
Financial assets		
Cash and bank balances	L&R	AC
Financial liabilities		
Other payables	OFL*	AC
Amounts due to intermediate holding company and related companies	OFL*	AC

* Other financial liabilities

(ii) Recognition of expected credit losses in accordance with MFRS 9.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 (cont'd)

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019

The Standards that are issued but not yet effective up to the date of issuance of financial statements of the Group and of the Company are disclosed below. The Group and the Company intend to adopt these Standards, if applicable, when they become effective.

Title	Effective date
MFRS 16 *Leases*	1 January 2019
IC Interpretation 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to MFRS 128 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Amendments to MFRS 9 *Prepayment Features with Negative Compensation*	1 January 2019
Amendments to MFRS 3 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 11 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 112 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 123 *Annual Improvements to MFRS Standards 2015-2017 Cycle*	1 January 2019
Amendments to MFRS 119 *Plan Amendment, Curtailment or Settlement*	1 January 2019
Amendments to *References to the Conceptual Framework in MFRS Standards*	1 January 2020
Amendments to MFRS 3 *Definition of a Business*	1 January 2020
Amendments to MFRS 101 and MFRS 108 *Definition of Material*	1 January 2020
MFRS 17 *Insurance Contracts*	1 January 2021
Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements, except for MFRS 16 as described below.

The Group is currently finalising the adjustments upon adoption of MFRS 16. As a result of the adoption of MFRS 16, the existing requirements for a lessee to distinguish between finance leases and operating leases under the MFRS 117 are no longer required. This Standard introduces a single accounting model, requiring the lessee to recognise the right-of-use of the underlying lease asset and the future lease payments liabilities in the statements of financial position. For a lessor, MFRS 16 continues to allow the lessor to classify leases as either operating leases or finance leases and to account for these two types of leases differently.

39. ADOPTION OF MFRSs AND AMENDMENTS TO MFRSs (cont'd)

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2019 (cont'd)

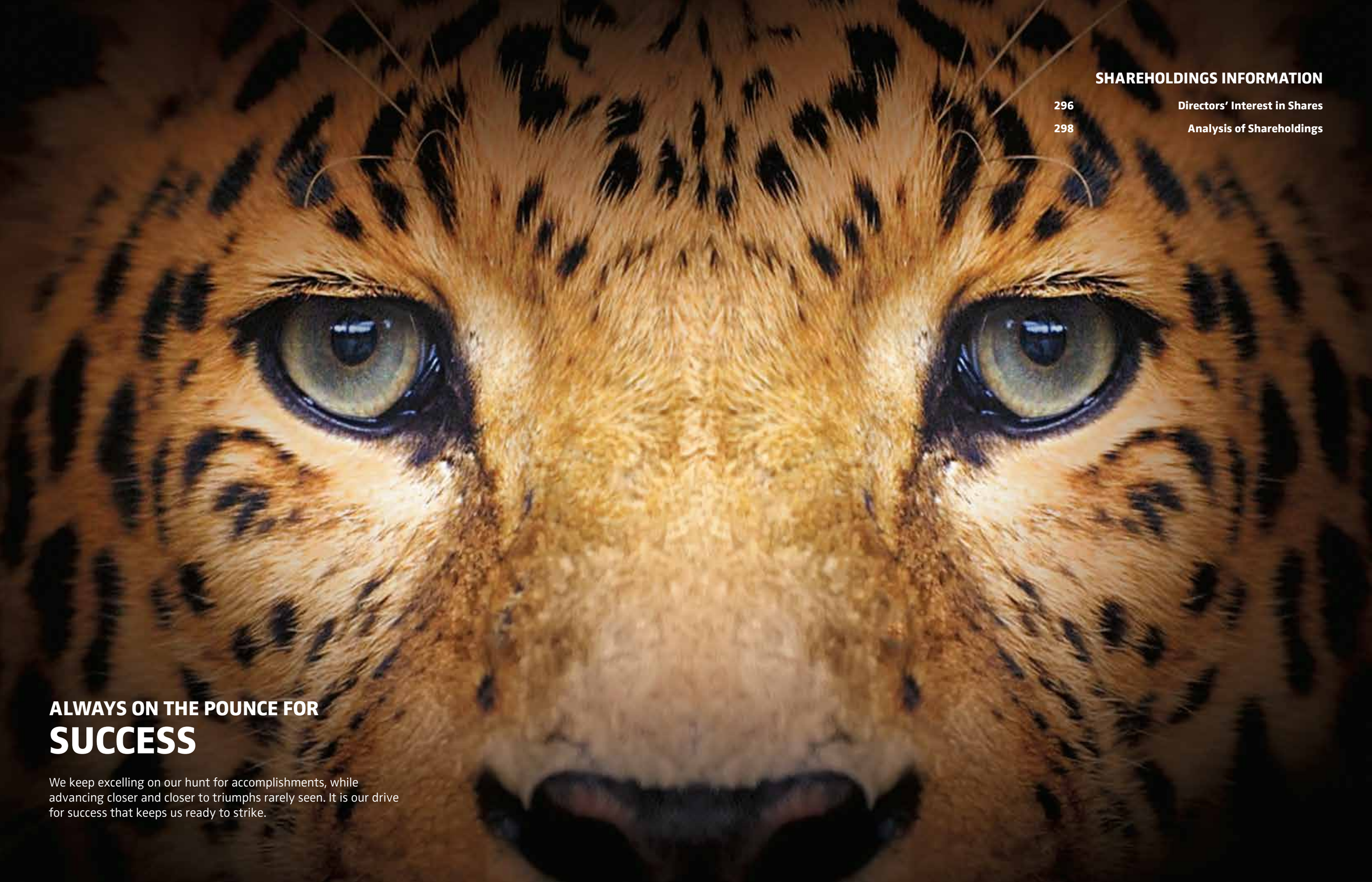
The following table provides an estimate of the impact of expected changes to the statements of financial position of the Group resulting from the adoption of MFRS 16 as at 1 January 2019:

Group	Note	As reported RM'000	Effects of MFRS 16 RM'000	As restated RM'000
Non-current assets				
Right-of-use of assets	(a)	-	13,268	13,268
Non-current liabilities				
Lease liabilities		-	10,739	10,739
Current liabilities				
Lease liabilities		-	3,636	3,636
Total lease liabilities	(b)	-	14,375	14,375
Equity attributable to owners of the parent				
Retained earnings		360,713	(1,107)	359,606

(a) Right-of-use assets comprise premises and equipment. Subsequent to initial recognition, the right-of-use assets are measured at cost less any accumulated depreciation, accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The right-of-use assets are measured at an amount equal to the lease liabilities.

(b) Lease liabilities arising from the premises and equipment are recognised and discounted using the weighted average incremental borrowing rate of the Group of 5.12% to 5.32%. Subsequent to initial recognition, the Group measures the lease liabilities by increasing the carrying amount to reflect the interest on the lease liabilities, reducing the carrying amount to reflect lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications.

Other than the above, the Group elected to apply exemption for a lease of equipment expiring within 12 months under the Appendix C, paragraph 10(c) of this Standard. The lease payments of this equipment are recognised as an expense on a straight-line basis over the remaining lease term.



SHAREHOLDINGS INFORMATION

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ALWAYS ON THE POUNCE FOR
SUCCESS

We keep excelling on our hunt for accomplishments, while advancing closer and closer to triumphs rarely seen. It is our drive for success that keeps us ready to strike.

DIRECTORS' INTEREST IN SHARES
AS AT 20 MARCH 2019

DIRECTORS' INTEREST IN THE COMPANY
SUNWAY CONSTRUCTION GROUP BERHAD

	Ordinary Shares	
	No.	%
Direct interests		
Dato' Ir Goh Chye Koon	5,000	#
Chung Soo Kiong	200,046	0.02
Evan Cheah Yean Shin	13,435	#
Deemed interest		
Evan Cheah Yean Shin [a]	841,282,318	65.10

DIRECTORS' INTEREST IN INTERMIDIATE HOLDING COMPANY
SUNWAY BERHAD

	Ordinary Shares	
	No.	%
Direct interests		
Dato' Ir Goh Chye Koon	117,833	#
Dato' Chew Chee Kin	20,623,927	0.43
Evan Cheah Yean Shin	4,112,535	0.08
Chung Soo Kiong	950,000	0.02
Deemed interest		
Dato' Chew Chee Kin [b]	1,534,029	0.03
Evan Cheah Yean Shin [c]	2,976,775,493	61.40

	Warrants 2017/2024	
	No.	%
Direct interests		
Dato' Ir Goh Chye Koon	15,150	#
Dato' Chew Chee Kin	2,651,647	0.42
Evan Cheah Yean Shin	528,754	0.08
Chung Soo Kiong	135,000	0.02
Deemed interests		
Dato' Chew Chee Kin [b]	197,232	0.03
Evan Cheah Yean Shin [c]	433,934,841	68.88

	Options over ordinary shares	
	No. Granted	No. Vested
Chung Soo Kiong	175,000	175,000

DIRECTORS' INTEREST IN PENULTIMATE HOLDING COMPANY
SUNGEI WAY CORPORATION SDN BHD

	Ordinary Shares	
	No.	%
Deemed interest		
Evan Cheah Yean Shin [d]	10,000,000	100.00

	Non-cumulative redeemable preference shares	
	No.	%
Deemed interest		
Evan Cheah Yean Shin [e]	122,000,000	100.00

DIRECTORS' INTEREST IN ULTIMATE HOLDING COMPANY
ACTIVE EQUITY SDN BHD

	Ordinary Shares	
	No.	%
Direct interest		
Evan Cheah Yean Shin	25,500	15.00
Deemed interest		
Evan Cheah Yean Shin [e]	102,000	60.00

DIRECTORS' INTERESTS IN RELATED COMPANY
SUNWAY GLOBAL LIMITED

	Ordinary Shares of HKD1.00 each	
	No.	%
Direct interest		
Dato' Chew Chee Kin	689,183	0.24

NOTES:
Negligible
a Deemed interest by virtue fo Section 8 of the Companies Act 2016 ("**Act**") held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd. and parent.
b Deemed interest by virtue fo Section 8 of the Act held through spouse.
c Deemed interest by virtue fo Section 8 of the Act held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and parent.
d Deemed interest by virtue fo Section 8 of the Act held through Active Equity Sdn. Bhd. and parent.
e Deemed interest by virtue fo Section 8 of the Act held through parent.

ANALYSIS OF SHAREHOLDINGS
AS AT 20 MARCH 2019

Issued Share	:	1,292,900,010 ordinary shares
Treasury shares	:	654,000 ordinary shares
Class of Shares	:	Ordinary shares
Voting Rights	:	One vote per ordinary share

Size of shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	3,584	23.94	167,026	0.01
100 - 1,000	6,509	43.48	2,483,105	0.19
1,001 - 10,000	3,680	24.58	15,258,775	1.18
10,001 - 100,000	982	6.56	30,041,231	2.32
100,001 - 64,644,999 (Less than 5% of issued shares)	209	1.40	470,737,621	36.43
64,645,000 (5% and above of issued shares)	6	0.04	773,558,252	59.87
	14,970	100.00	1,292,246,010*	100.00

Notes:
* Exclude a total of 654,000 treasury shares retained by the Company as per record of depositors as at 20 March 2019.

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

	Name of Shareholders	No. of Shares	%
1	Sunway Holdings Sdn Bhd	183,732,609	14.22
2	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account For Sunway Holdings Sdn Bhd	174,800,000	13.53
3	RHB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account-Sumitomo Mitsui Banking Corporation Malaysia Berhad For Sunway Holdings Sdn Bhd	123,900,000	9.59
4	HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Sunway Holdings Sdn Bhd	115,000,000	8.90
5	RHB Nominees (Tempatan) Sdn Bhd - Malaysian Trustees Berhad Pledged Securities Account For Sunway Holdings Sdn Bhd	106,100,000	8.21
6	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	70,025,643	5.42
7	Sungei Way Corporation Sendirian Berhad	55,520,000	4.30
8	Amanahraya Trustees Berhad - Amanah Saham Bumiputera	55,000,000	4.26
9	Sungei Way Corporation Sdn Bhd	50,205,817	3.89
10	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	28,755,100	2.23
11	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (NOMURA)	19,769,500	1.53
12	HSBC Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Sungei Way Corporation Sdn Bhd	13,000,000	1.01
13	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad -Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	11,670,400	0.90
14	RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged Securities Account For Sungei Way Corporation Sdn Bhd	11,300,000	0.87
15	Amanahraya Trustees Berhad - Amanah Saham Bumiputera 3 - Didik	10,392,400	0.80

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (cont'd)

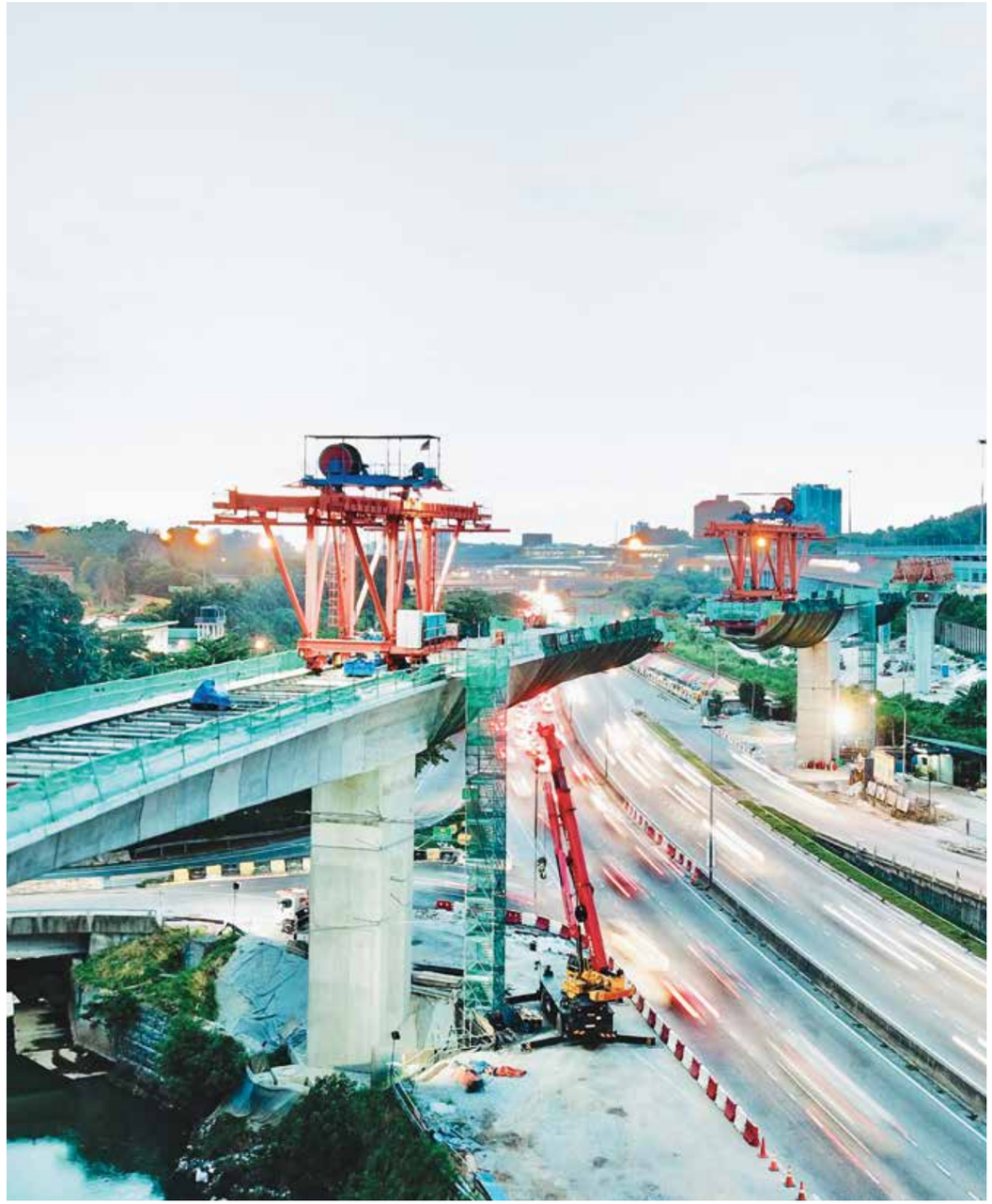
	Name of Shareholders	No. of Shares	%
16	CIMB Group Nominees (Tempatan) Sdn Bhd - CIMB Commerce Trustee Berhad - Kenanga Growth Fund	10,089,600	0.78
17	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AMUNDI)	9,529,100	0.74
18	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (LSF)	9,120,000	0.71
19	Amanahraya Trustees Berhad - Public Islamic Optimal Growth Fund	8,506,000	0.66
20	Permodalan Nasional Berhad	8,196,800	0.63
21	Cartaban Nominees (Asing) Sdn Bhd - Exempt An For State Street Bank & Trust Company (West CLT OD67)	7,896,190	0.61
22	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO	7,703,872	0.60
23	HSBC Nominees (Asing) Sdn Bhd - JPMCB NA For Vanguard Total International Stock Index Fund)	6,932,025	0.54
24	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	6,479,900	0.50
25	Kumpulan Wang Persaraan (Diperbadankan)	6,209,000	0.48
26	Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	5,798,800	0.45
27	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (Kenanga)	5,600,500	0.43
28	Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (RHBISLAMIC)	5,330,000	0.41
29	Maybank Nominees (Tempatan) Sdn Bhd - Mtrustee Berhad For CIMB Islamic Dali Equity Growth Fund (UT-CIMB-DALI)	4,223,000	0.33
30	Citigroup Nominees (Tempatan) Sdn Bhd - Kumpulan Wang Persaraan (Diperbadankan) (NOMURA)	3,700,000	0.29

ANALYSIS OF SHAREHOLDINGS
AS AT 20 MARCH 2019 (cont'd)

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Sunway Berhad		
	- Deemed Interest [a]	703,532,609	54.44
2	Sunway Holdings Sdn Bhd	703,532,609	54.44
3	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling AO		
	- Direct Interest	7,723,892	0.60
	- Deemed Interest [b]	833,629,588	64.51
4	Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng		
	- Deemed Interest [c]	841,353,480	65.11
5	Sarena Cheah Yean Tih		
	- Direct Interest	57,727	*
	- Deemed Interest [d]	841,282,416	65.10
6	Evan Cheah Yean Shin		
	- Direct Interest	13,435	*
	- Deemed Interest [e]	841,282,318	65.10
7	Adrian Cheah Yean Sun		
	- Deemed Interest [e]	841,282,318	65.10
8	Sungei Way Corporation Sdn Bhd		
	- Direct Interest	130,025,817	10.06
	- Deemed Interest [f]	703,532,609	54.44
9	Active Equity Sdn Bhd		
	- Deemed Interest [g]	833,558,426	64.50
10	Employees Provident Fund Board	108,235,343	8.38

Notes:
a Deemed interest by virtue of Section 8 of the Companies Act 2016 ("**Act**") held through Sunway Holdings Sdn Bhd
b Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and children
c Deemed interest by virtue of Section 8 of the Act held through spouse and children
d Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent
e Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and parent
f Deemed interest by virtue of Section 8 of the Act held through Sunway Berhad and Sunway Holdings Sdn Bhd
g Deemed interest by virtue of Section 8 of the Act held through Sungei Way Corporation Sdn Bhd, Sunway Berhad and Sunway Holdings Sdn Bhd
* Negligible



MRT Line 2, Package V201

ANNUAL GENERAL MEETING

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309 Proxy Form

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TAKING CARE
OF THE PACK

We are committed to ensuring that our staff and stakeholders not only get their voices heard, but are always ensured a seat at the table with every concern addressed.

NOTICE OF 5TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 5th Annual General Meeting of SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W) ("**Company**") will be held at Grand Congress, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 19 June 2019 at 3.00 p.m. for the following purposes:-

AS ORDINARY BUSINESS

1	To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon. *(Please refer to Explanatory Note 1)*	
2	To approve the payment of fees to Non-Executive Directors amounting to RM695,484.93 for the financial year ended 31 December 2018.	Ordinary Resolution 1
3	To approve the payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 20 June 2019 until the conclusion of the next Annual General Meeting of the Company to be held in 2020.	Ordinary Resolution 2
4	To re-elect the following Directors:	
	4.1 Dato' Ir Goh Chye Koon who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers himself for re-election.	Ordinary Resolution 3
	4.2 Dato' Siow Kim Lun who retires by rotation pursuant to Clause 106(1) of the Company's Constitution and being eligible, offers himself for re-election.	Ordinary Resolution 4
5	To re-appoint Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:

6	**ORDINARY RESOLUTION** **Authority to Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**	
	"THAT subject always to the Companies Act 2016 ("**Act**"), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**"), the Company's Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."	Ordinary Resolution 6
7	**ORDINARY RESOLUTION** **Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**	
	"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 30 April 2019 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 ("**Act**"), the Company's Constitution and all other applicable laws, guidelines, rules and regulations.	Ordinary Resolution 7

	THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:- (a) the conclusion of the next Annual General Meeting ("**AGM**") of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier. THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."	Ordinary Resolution 7 (cont'd)
8	**ORDINARY RESOLUTION:** **Proposed Renewal of Share Buy-Back Authority**	
	"THAT subject to the Companies Act 2016 ("**Act**"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:- (a) the aggregate number of ordinary shares in the Company ("**SunCon Shares**") which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares in the ordinary share capital of the Company at any point of time, subject to a restriction that the share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities; (b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCon Shares shall not exceed the Company's audited retained profits at any point of time; (c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:- (i) the conclusion of the next Annual General Meeting ("**AGM**") at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting, whichever occurs first; and	Ordinary Resolution 8

NOTICE OF 5TH ANNUAL GENERAL MEETING (cont'd)

8	**ORDINARY RESOLUTION:** **Proposed Renewal of Share Buy-Back Authority (cont'd)**	
	(d) upon completion of the purchase(s) of the SunCon Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCon Shares so purchased or to retain the SunCon Shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the SunCon Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force. AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCon Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company."	Ordinary Resolution 8 (cont'd)

By Order of the Board

TAN KIM AUN (MAICSA 7002988)
SOH KE YI (MAICSA 7060456)
Company Secretaries

Bandar Sunway
30 April 2019

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, or at a meeting of any class of members, may appoint more than 1 proxy to attend and vote instead of the member at the meeting. A proxy need not be a member.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
5. If a member has appointed a proxy to attend a meeting and subsequently he/she attends such meeting in person, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to attend the said meeting.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2019, shall be entitled to attend, speak and vote at the general meeting.

EXPLANATORY NOTES:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1) of the Companies Act 2016 ("**Act**"). As such, this agenda will not be put for voting.

2. Ordinary Resolution 1 - To approve the payment of fees to Non-Executive Directors amounting to RM695,484.93 for the financial year ended 31 December 2018

The Company has adopted the following fees structure for its Non-Executive Directors ("**NEDs**"):-

Board/Audit Committee	Chairman (RM/annum)	Member (RM/annum)
Board	180,000	100,000
Audit Committee	6,000	3,000

The payment of the Directors' fees for the financial year ended 31 December 2018 will only be made if the Proposed Resolution 1 has been approved at the 5th Annual General Meeting ("**AGM**") pursuant to Clause 95 of the Constitution of the Company and Section 230 of the Act.

3. Ordinary Resolution 2 - To approve the payment of benefits payable to Non-Executive Directors from 20 June 2019 until the conclusion of the next AGM of the Company to be held in 2020

Pursuant to Section 230 of the Act, any fees and benefits payable to the NEDs of a listed company and its subsidiaries shall be approved at a general meeting. The benefits payable to the NEDs of the Company comprises the following:

(i) Meeting allowance of RM500 per meeting for attending the Board or Board Committee Meetings;
(ii) Other emolument, including but not limited to construction site visit or meeting allowance of RM1,000 per visit or meeting in the course of discharging the duty as Chairperson of the High Level ESH (Environmental, Safety and Health) Council of the Company.

4. Ordinary Resolutions 3 and 4 - To re-elect Dato' Ir Goh Chye Koon and Dato' Siow Kim Lun as Directors of the Company

Clause 106(1) of the Company's Constitution provides that one-third or the number nearest to one-third of the Directors of the Company (including Managing Director) for the time being shall retires by rotation at each AGM of the Company. Each Director shall retire from office once at least in each three years but shall be eligible for re-election.

Dato' Ir Goh Chye Koon and Dato' Siow Kim Lun, who retire by rotation pursuant to Clause 106(1) of the Company's Constitution, being eligible, have offered themselves for re-election at the 5th AGM.

The Nomination and Remuneration Committee ("**NRC**") had assessed the performance of the retiring Directors and recommended them for re-election as Directors of the Company due to their vast experience and contribution to the Company. Their profiles are enclosed in pages 50 to 52 of the Company's Annual Report 2018. The Board has endorsed the NRC's recommendation subject to the shareholders' approval at this AGM.

All Directors standing for re-election have abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board Meeting and will continue to abstain from deliberations and decisions on their own eligibility to stand for re-election at this AGM.

Special Business

5. Ordinary Resolution 6 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company is always on the look out for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the total number of issued shares of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total 10% of the total number of issued shares of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

NOTICE OF 5TH ANNUAL GENERAL MEETING (cont'd)

Special Business (cont'd)

5. Ordinary Resolution 6 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016 (cont'd)

The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

At this juncture, there is no decision to issue new shares. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

The Company did not issue any new shares under the general mandate which was approved at its 4th AGM held on 20 June 2018.

6. Ordinary Resolution 7 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The details on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 30 April 2019.

7. Ordinary Resolution 8 - Proposed Renewal of Share Buy-Back Authority

The details on the proposed renewal of Share Buy-Back authority by the Company are set out in the Statement to Shareholders dated 30 April 2019.

PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 ("**PDPA**") which regulates the processing of personal data in commercial transactions, applies to Sunway Management Sdn. Bhd., the share registrar of the Company.

The personal data processed by Sunway Management Sdn. Bhd. may include your name, contact details, mailing address and any other personal data derived from any documentation.

Sunway Management Sdn. Bhd. may use or disclose your personal data to any person engaged for the purposes of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the PDPA, if you would like to make any enquiries on your personal data, please contact us at:

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

Proxy Form

5th Annual General Meeting

SUNWAY® CONSTRUCTION

Number of share (s) held	
CDS Account No.	

SUNWAY CONSTRUCTION GROUP BERHAD
(1108506-W)
(Incorporated in Malaysia)

Registered Office:
Level 16, Menara Sunway, Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
T (603) 5639 8889 / 5639 8841 **F**(603) 5639 9507

*I/We (Full Name) _____ *NRIC No./Passport No./Company No. _____

Tel./Mobile No. _____ of _____

being a member of SUNWAY CONSTRUCTION GROUP BERHAD and entitled to vote hereby appoint:

1ST PROXY A

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No./Passport No.	Number of Shares	%

and/or failing *him/her,

2ND PROXY B

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No./Passport No.	Number of Shares	%

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 5th Annual General Meeting of the Company to be held at Grand Congress, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 19 June 2019 at 3.00 p.m. and at any adjournment thereof.

** Strike out whichever not applicable*

My/our proxy/proxies shall vote as follows:
Please indicate with an **"X"** in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	ORDINARY RESOLUTIONS	1ST PROXY "A"		2ND PROXY "B"	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the payment of fees to Non-Executive Directors				
2.	To approve the payment of benefits payable to Non-Executive Directors				
3.	To re-elect Dato' Ir Goh Chye Koon as Director				
4.	To re-elect Dato' Siow Kim Lun as Director				
5.	To re-appoint Messrs BDO PLT as Auditors and to authorise the Directors to fix their remuneration				
6.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016				
7.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				
8.	To approve the Proposed Renewal of Share Buy-Back Authority				

Dated this _____ day of _____2019

Signature of Member

_____

Common Seal

NOTES

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, or at a meeting of any class of members, may appoint more than 1 proxy to attend and vote instead of the member at the meeting. A proxy need not be a member.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
5. If a member has appointed a proxy to attend a meeting and subsequently he/she attends such meeting in person, the appointment of such proxy shall be null and void, and his/her proxy shall not be entitled to attend the said meeting.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 13 June 2019, shall be entitled to attend, speak and vote at the general meeting.
9. Please refer to the Company's Personal Data Notice in page 308 of the Annual Report in relation to Personal Data Privacy.

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Stamp

THE SHARE REGISTRAR

SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W)

LEVEL 16, MENARA SUNWAY
JALAN LAGOON TIMUR
BANDAR SUNWAY
47500 SUBANG JAYA
SELANGOR DARUL EHSAN
MALAYSIA

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CORPORATE DIRECTORY

SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W)

SUNWAY CONSTRUCTION SDN. BHD. (27175-V)
Head Office
Level 8, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9601
W sunwayconstruction.com.my

Johor Office
Unit 05, Level 7, Hub Citrine
Sunway Citrine, Sunway Iskandar
Persiaran Medini 3
Bandar Medini Iskandar
79250 Iskandar Puteri
Johor Darul Ta'zim
T (607) 5098 825

FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

SUNWAY GEOTECHNICS (M) SDN. BHD. (414014-W)
Level 7, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9533

MECHANICAL, ELECTRICAL & PLUMBING SERVICES

SUNWAY ENGINEERING SDN. BHD. (341887-W)
Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9531

MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

SUNWAY PRECAST INDUSTRIES SDN. BHD. (231775-X)
Senai, Johor
18, Jalan Idaman 1/1
Taman Perindustrian Senai
81400 Senai, Johor Darul Takzim
T (607) 5955 222
F (607) 5951 246

SUNWAY CONCRETE PRODUCTS (M) SDN. BHD. (1210329-A)
Iskandar, Johor
Plot F5, Lot PTD 200685, Medini Zone F
Mukim Pulai, Daerah Johor Bahru
81200 Johor Darul Takzim

SUNWAY CONCRETE PRODUCTS (S) PTE. LTD. (199409213Z)
Singapore
Blk 65, Ubi Road 1#01-62
Oxley Bizhub Singapore, 408729
Singapore
T (602) 6582 8089
F (602) 6581 0482

MACHINERY & LOGISTICS

SUNWAY MACHINERY SDN. BHD. (389253-P)
Lot 656, Jalan Subang 1, Off Persiaran Subang
47600 Subang Jaya, Petaling Jaya
Selangor Darul Ehsan
T (603) 5633 6499
F (603) 5631 2387

FORWARD-LOOKING STATEMENTS

This annual report could or may contain certain forward-looking statements that are based on Sunway Construction Group's current expectations or beliefs, as well as assumptions or anticipation of future events. These forward looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as anticipate, target, expects, estimate, plan, goal, believe, will, may, would, could, potentially, intends or other words of similar expressions. Undue reliance should not be placed solely on any of such statements because, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results, and the Group's plans and objectives, to differ materially from those expressed or implied in the forward-looking statements. Forward looking statements speak only as of the date they are made, and it should not be assumed that they have been revised or updated in light of changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations and dispositions. The Group undertakes no obligation to revise or update any forward looking statements contained in this document, regardless of whether those statements are affected as a result of new information, future events or otherwise.

SUNWAY CONSTRUCTION GROUP BERHAD (1108506-W)
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