

# PROSPECTUS

## SUNWAY™

### SUNWAY CONSTRUCTION GROUP BERHAD

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

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

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

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

THE FINAL RETAIL PRICE WILL EQUAL THE LOWER OF:

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

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



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

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



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

**Joint Bookrunner**



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

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

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

LISTING SOUGHT: MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD

THIS PROSPECTUS IS NOT TO BE DISTRIBUTED OUTSIDE MALAYSIA

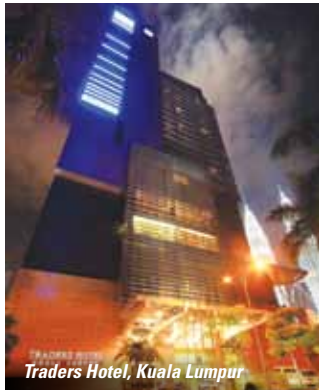
THIS PROSPECTUS IS DATED 29 JUNE 2015



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

# Building Construction Services

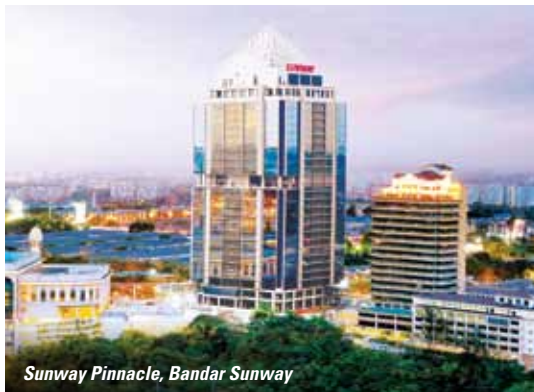
Design and construction service provider for residential, commercial, institutional and purpose-built or specialty buildings.



*Traders Hotel, Kuala Lumpur*



*The Everly Hotel, Putrajaya*



*Sunway Pinnacle, Bandar Sunway*



*Monash University Malaysia Campus, Bandar Sunway*



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



*Legoland Malaysia Theme Park, Johor*



*Rihan Heights, Abu Dhabi, UAE*



*Sunway University New Academic Block, Bandar Sunway*

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# Civil/ Infrastructure Construction Services

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



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

# Foundation and Geotechnical Engineering Services

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



*Foundation Piles, LRT Extensions at E6 Central Link*



*Foundation Piles, MRT Package V4*



*Soil Nail Retaining Wall, CP3, Sunway South Quay*



*Foundation Piles and Substructure, Sunway Pinnacle*



*Foundation Piles, Sunway Vivaldi*



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

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

# Mechanical, Electrical and Plumbing Services

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



*Waste Water Treatment Plant,  
Bio-XCell*



*Chilled Water Storage Tank, Gas District Cooling, Putrajaya*



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



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



*Digester Tank & Aerobic Tank, Bio-XCell*



*40-tonne Biomass Boiler, Bio-XCell*



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



*Distribution Pipe, Bio-XCell*

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

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# Manufacturing and Sale of Precast Concrete Products

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



*Precast Roof Water Tank*



*Lake Vista, Singapore*



*Vacanza @ East, Singapore*



*Precast Façade*



*Avant Parc, Singapore*



*The Peak, Singapore*



*Prefabricated Bathroom Unit*

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

## RESPONSIBILITY STATEMENTS

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

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

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

## STATEMENTS OF DISCLAIMER

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

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

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

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

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

## OTHER STATEMENTS

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

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

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

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

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

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

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

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

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

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

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



## ELECTRONIC PROSPECTUS

This Prospectus can also be viewed or downloaded from Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

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

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

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

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

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

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

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

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**INDICATIVE TIMETABLE**

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

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

**Note:**

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

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

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

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

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## PRESENTATION OF INFORMATION

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

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

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

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

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

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

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## FORWARD-LOOKING STATEMENTS

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

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

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

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



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**FORWARD-LOOKING STATEMENTS (CONT'D)**

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

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

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**DEFINITIONS**


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

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

## DEFINITIONS (CONT'D)

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

## DEFINITIONS (CONT'D)

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

## DEFINITIONS (CONT'D)

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

**DEFINITIONS (CONT'D)**

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

## DEFINITIONS (CONT'D)

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

## DEFINITIONS (CONT'D)

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



**DEFINITIONS (CONT'D)**

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

**Currencies**

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

**Direct and indirect subsidiaries of our Company**

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

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**DEFINITIONS (CONT'D)**

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

**Subsidiary of Sunway Industrial Products**

- “Sunway Concrete  
Products (S)” : Sunway Concrete Products (S) Pte Ltd (199409213-Z)

**Subsidiary of Sunway Machineries Services**

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

**Subsidiaries of Sunway Engineering**

- “Sunway Smartek” : Sunway Smartek Sdn Bhd (749340-W)

**Subsidiary of Sunway Geotechnics (M)**

- “Sunway  
Geotechnics (S)” : Sunway Geotechnics (S) Pte. Ltd. (200920733-Z)

**Jointly controlled entity of Sunway Engineering**

- “IJM Sunway” : IJM Sunway Sdn Bhd (1144003-W)

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**GLOSSARY OF TECHNICAL TERMS**


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

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

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

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

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**


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<b>“ISO”</b>	: International Organisation for Standardisation, a developer and publisher of international standards. International standards give state of the art specifications for products, services and good practice, helping to make industries more efficient and effective
<b>“km”</b>	: Kilometre, a unit of measurement of length which is equal to 1,000 metres
<b>“launching girder”</b>	: A machine used in the erection of segmental viaducts and bridges
<b>“m<sup>2</sup>”</b>	: Square metre, a unit of measurement of the area of a square where each side measures exactly one metre
<b>“m<sup>3</sup>”</b>	: Cubic metre, a unit of measurement of volume. It is the volume of a cube with edges one metre in length
<b>“MW”</b>	: Megawatt, a unit of measurement of power which is equal to 1,000,000 watts
<b>“mould”</b>	: A hollow container used to give shape to a liquid or soft substance when it cools and hardens
<b>“OHSAS”</b>	: Occupational Health and Safety Assessment Series for health and safety management systems. It is intended to help an organisation to control occupational health and safety risks
<b>“pile cap”</b>	: A thick concrete slab that is constructed above a group of installed piles and acts as support to the column which supports the structure
<b>“pile shoes”</b>	: A pointed or rounded device on the foot of a pile to protect the pile while driving it into the ground
<b>“precast concrete”</b>	: A construction product produced by casting concrete in a reusable mould or form which is then cured in a controlled environment, transported to the construction site and lifted into place
<b>“prestressing strands”</b>	: Steel wires spun together in an helical form used in prestressed concrete, which is a method for overcoming concrete's natural weakness in tension
<b>“QLASSIC”</b>	: Quality Assessment System in Construction, a system or method to measure and evaluate the quality of workmanship of a construction work based on the relevant approved standard. QLASSIC enables the quality of workmanship between construction projects to be objectively compared through a scoring system
<b>“rebar”</b>	: Reinforcement bar, which are steel bars or mesh of steel wires used in reinforced concrete, which is a method for overcoming concrete's natural weakness in tension
<b>“side props”</b>	: Construction equipment used as a temporary support
<b>“steel sheet pile walls”</b>	: A continuous steel wall that is formed with interlocking steel sheet piles
<b>“stoppers”</b>	: Plugs that prevent the flow of fluids

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**GLOSSARY OF TECHNICAL TERMS (CONT'D)**

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

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**1. CORPORATE DIRECTORY****BOARD OF DIRECTORS**

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

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

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

**REMUNERATION COMMITTEE**

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

**NOMINATION COMMITTEE**

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



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

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

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

**AUDITORS AND REPORTING ACCOUNTANTS :** Ernst & Young  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
  
Tel. No.: (603) 7495 8000  
Fax. No.: (603) 2095 5332

**SOLICITORS FOR THE LISTING :** Mah-Kamariyah & Philip Koh  
3A07, Block B, Phileo Damansara II  
15 Jalan 16/11, Off Jalan Damansara  
46350 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
  
Tel. No.: (603) 7956 8686  
Fax. No.: (603) 7956 2208

**SOLICITORS FOR JOINT GLOBAL COORDINATORS, JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO MALAYSIAN LAW :** Kadir Andri & Partners  
Level 10, Menara BRDB  
285 Jalan Maarof, Bukit Bandaraya  
59000 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
  
Tel. No.: (603) 2780 2888  
Fax. No.: (603) 2780 2832

**SOLICITORS FOR JOINT GLOBAL COORDINATORS, JOINT BOOKRUNNERS AND JOINT UNDERWRITERS AS TO U.S. FEDERAL SECURITIES LAW :** Herbert Smith Freehills  
50 Raffles Place  
#24-01 Singapore Land Tower  
Singapore 048623  
  
Tel. No.: (+65) 6868 8000  
Fax. No.: (+65) 6868 8001

**SOLICITORS FOR OUR COMPANY AS TO SINGAPORE LAW :** Rodyk & Davidson LLP  
80 Raffles Place  
#33-00 UOB Plaza 1  
Singapore 048624  
  
Tel. No.: (+65) 6225 2626  
Fax. No.: (+65) 6225 1838

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

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

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

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

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

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

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

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

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

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

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**JOINT BOOKRUNNERS**

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

Tel. No.: (603) 9287 3888

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

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

Tel. No.: (603) 2059 1888

Fax. No.: (603) 2710 2553

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

Tel. No.: (+65) 6216 9008

Fax. No.: (+65) 6658 6073

**JOINT UNDERWRITERS**

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

Tel. No.: (603) 9287 3888

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

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

Tel. No.: (603) 2059 1888

Fax. No.: (603) 2710 2553

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

<b>INDEPENDENT RESEARCHER</b>	<b>MARKET</b> :	Smith Zander International Sdn Bhd Suite 23-3, Level 23, Office Suite, Menara 1MK 1, Jalan Kiara, Mont' Kiara 50480 Kuala Lumpur Wilayah Persekutuan Malaysia  Tel. No.: (603) 6211 2121
<b>ISSUING HOUSE</b>	:	Malaysian Issuing House Sdn Bhd Level 6, Symphony House Pusat Dagangan Dana 1 Jalan PJU 1A/46 47301 Petaling Jaya Selangor Darul Ehsan Malaysia  Tel. No.: (603) 7841 8000 Fax No.: (603) 7841 8150
<b>SHARE REGISTRAR</b>	:	Sunway Management Sdn Bhd Level 16, Menara Sunway Jalan Lagoon Timur Bandar Sunway 47500 Subang Jaya Selangor Darul Ehsan Malaysia  Tel. No.: (603) 5639 8889 Fax. No.: (603) 5639 9507
<b>LISTING SOUGHT</b>	:	Main Market of Bursa Securities
<b>SHARIAH STATUS</b>	:	Approved by the SAC of the SC

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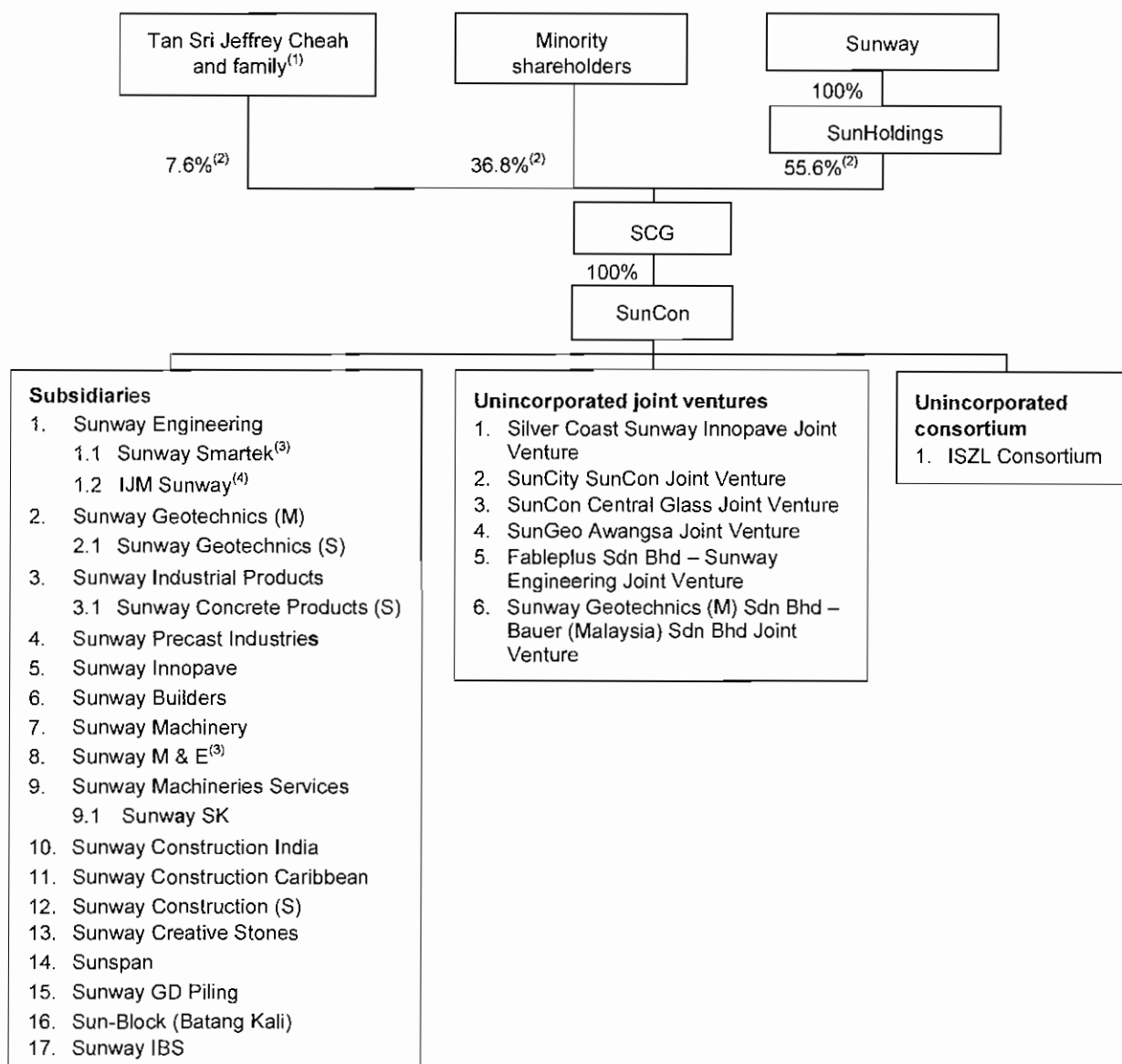
## 2. INFORMATION SUMMARY

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

### 2.1 OUR HISTORY

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

Our Group structure upon Listing is set out below:



## 2. INFORMATION SUMMARY (CONT'D)

### Notes:

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

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

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

## 2.2 OWNERSHIP AND MANAGEMENT

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

### 2.2.1 Promoters and/or Substantial Shareholders

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

### 2.2.2 Directors

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

## 2. INFORMATION SUMMARY (CONT'D)

### 2.2.3 Key Management and Technical Personnel

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

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

## 2.3 PRINCIPAL ACTIVITIES

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

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

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

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

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

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



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## 2. INFORMATION SUMMARY (CONT'D)

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### 2.4 TECHNOLOGIES USED

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

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

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

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

### 2.5 COMPETITIVE STRENGTHS AND ADVANTAGES

The following are our competitive strengths and advantages:

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

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

## 2. INFORMATION SUMMARY (CONT'D)

### 2.6 FUTURE PLANS AND BUSINESS STRATEGIES

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

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

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

### 2.7 PRINCIPAL STATISTICS RELATING TO OUR LISTING

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

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

**Note:**

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

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

## 2. INFORMATION SUMMARY (CONT'D)

### 2.8 UTILISATION OF PROCEEDS

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

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

### 2.9 FINANCIAL HIGHLIGHTS

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

#### 2.9.1 Selected Historical Audited Combined Financial Information

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

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

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

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

**2. INFORMATION SUMMARY (CONT'D)**

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

**Notes:**

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

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

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

- (2) Based on the SCG Share Capital.

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

## 2. INFORMATION SUMMARY (CONT'D)

### 2.9.2 Pro Forma Consolidated Statement of Financial Position

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

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

**2. INFORMATION SUMMARY (CONT'D)**

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

**Notes:**

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

**2.10 RISK FACTORS**

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

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

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

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## 2. INFORMATION SUMMARY (CONT'D)

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- (ii) Risks relating to our industry
- Dependence on the property market and government infrastructure spending;
  - Competition risks;
  - Dependence on foreign workers;
  - Workplace safety and health matters;
  - Adequacy of insurance coverage;
  - Uncertainty in securing new contracts and maintaining order book;
  - Political, economic and regulatory risk; and
  - Vulnerability to changes in government regulations.
- (iii) Risks relating to our Listing
- No prior market for our Shares and possible volatility of our Share prices;
  - Trading price and volume of our Shares;
  - Continued control by our Promoters;
  - Payment of dividend is not assured;
  - Delay in or abortion of our Listing;
  - Delay between admission and trading of the Listing Shares;
  - Future fund raising may dilute shareholders' equity or restrict our operations; and
  - Forward-looking statements.

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

### 2.11 DIVIDEND POLICY

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

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

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

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

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

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### 3. DETAILS OF THE LISTING

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#### 3.1 INTRODUCTION

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

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

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

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

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

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

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



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### 3. DETAILS OF THE LISTING (CONT'D)

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

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

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

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

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

#### 3.2 OPENING AND CLOSING APPLICATIONS

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

### 3. DETAILS OF THE LISTING (CONT'D)

#### 3.3 INDICATIVE TIMETABLE

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

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

**Note:**

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

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

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

#### 3.4 PURPOSES OF THE LISTING

The purposes of the Listing are as follows:

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

### 3. DETAILS OF THE LISTING (CONT'D)

#### 3.5 SHARE CAPITAL

Upon Listing, our share capital would be as follows:

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

**Note:**

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

#### 3.5.1 Classes of Shares and Rights

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

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

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

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

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**3. DETAILS OF THE LISTING (CONT'D)**

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**3.6 DETAILS OF THE LISTING****3.6.1 Distribution**

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

The Distribution Shares were distributed free from encumbrances.

**3.6.2 Offer for Sale**

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

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

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

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

**3. DETAILS OF THE LISTING (CONT'D)**

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

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

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

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

**Notes:**

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

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

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

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

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

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

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

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**3. DETAILS OF THE LISTING (CONT'D)**

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

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

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**3. DETAILS OF THE LISTING (CONT'D)**

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

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

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**3. DETAILS OF THE LISTING (CONT'D)**

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**3.6.3 Over-allotment Option**

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

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

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

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



### 3. DETAILS OF THE LISTING (CONT'D)

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

#### 3.6.4 Clawback and Reallocation

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

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

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

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

#### 3.6.5 Minimum Subscription Level

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

### 3. DETAILS OF THE LISTING (CONT'D)

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

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

#### 3.7 UNDERWRITING COMMISSION, BROKERAGE AND PLACEMENT FEES

##### 3.7.1 Underwriting Commission

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

##### 3.7.2 Brokerage Fee

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

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

##### 3.7.3 Placement Fee

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

##### 3.7.4 Salient Terms of the Retail Underwriting Agreement

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

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**3. DETAILS OF THE LISTING (CONT'D)**

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

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

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

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**3. DETAILS OF THE LISTING (CONT'D)**

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

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

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

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3. DETAILS OF THE LISTING (CONT'D)

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

**3. DETAILS OF THE LISTING (CONT'D)**

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

### 3. DETAILS OF THE LISTING (CONT'D)

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

#### 3.7.5 Salient Terms of the Placement Agreement

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

#### 3.7.6 Salient Terms of the Lock-up Deeds

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

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

### 3. DETAILS OF THE LISTING (CONT'D)

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

#### 3.8 SELLING SHAREHOLDER

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

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

#### 3.9 BASIS OF ARRIVING AT THE PRICE OF THE OFS SHARES

##### 3.9.1 Institutional Price

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

##### 3.9.2 Retail Price

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

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



### 3. DETAILS OF THE LISTING (CONT'D)

#### **Determination of the Final Retail Price**

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

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

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

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

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

#### **3.10 MARKET CAPITALISATION UPON LISTING**

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

#### **3.11 UTILISATION OF PROCEEDS**

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

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

#### **3.12 DILUTION**

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

#### 4. RISK FACTORS

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

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

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

#### 4.1 RISKS RELATING TO OUR OPERATIONS

##### 4.1.1 Reliance on Approvals, Licences and Permits

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

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

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

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

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#### 4. RISK FACTORS (CONT'D)

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

##### 4.1.2 Project Risks

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

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

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#### **4. RISK FACTORS (CONT'D)**

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##### **4.1.3 Possible Delays in Completion of Construction Projects**

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

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

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

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

##### **4.1.4 Availability and Fluctuations in Prices of Raw Materials**

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

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

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**4. RISK FACTORS (CONT'D)**

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**4.1.5 Dependence on the Services of Our Subcontractors**

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

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

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

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

**4.1.6 Dependence on Directors and Key Management**

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

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

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

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**4. RISK FACTORS (CONT'D)**

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

**4.1.8 Borrowings and Financing Risks**

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

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

**4.1.9 We are Exposed to Overseas Business Risks**

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

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

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## 4. RISK FACTORS (CONT'D)

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### 4.1.10 Fluctuations in Gross Profit Margin

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

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

## 4.2 RISKS RELATING TO OUR INDUSTRY

### 4.2.1 Dependence on the Property Market and Government Infrastructure Spending

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

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

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

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**4. RISK FACTORS (CONT'D)**

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**4.2.2 Competition Risks**

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

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

**4.2.3 Dependence on Foreign Workers**

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

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



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#### 4. RISK FACTORS (CONT'D)

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##### 4.2.4 Workplace Safety and Health Matters

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

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

#### 4. RISK FACTORS (CONT'D)

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

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

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

##### 4.2.5 Adequacy of Insurance Coverage

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

##### 4.2.6 Uncertainty in Securing New Contracts and Maintaining Order Book

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

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**4. RISK FACTORS (CONT'D)**

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

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

**4.2.7 Political, Economic and Regulatory Risk**

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

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

**4.2.8 Vulnerability to Changes in Government Regulations**

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

#### 4. RISK FACTORS (CONT'D)

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

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

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

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

#### 4.3 RISKS RELATING TO OUR LISTING

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

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

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

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**4. RISK FACTORS (CONT'D)**

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**4.3.2 Trading Price and Volume of Our Shares**

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

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

**4.3.3 Continued Control by Our Promoters**

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

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

**4.3.4 Payment of Dividend is Not Assured**

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

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

#### 4. RISK FACTORS (CONT'D)

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

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

##### 4.3.5 Delay in or Abortion of Our Listing

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

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

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

##### 4.3.6 Delay Between Admission and Trading of the Listing Shares

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

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

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#### 4. RISK FACTORS (CONT'D)

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

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

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

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

##### 4.3.8 Forward-Looking Statements

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

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

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## 5. INFORMATION ON OUR GROUP

### 5.1 Our History and Business

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

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

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

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



## 5. INFORMATION ON OUR GROUP (CONT'D)

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

### 5.1.1 Rationale for the Listing of Our Company

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

### Malaysia

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

### Singapore

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

### 5.2 Share Capital and Changes in Share Capital

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

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.3 Transfer of SunCon

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

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

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

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

**Notes:**

- (1) *Comprises the following:*

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

**Note:**

- \* Negligible.

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

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

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

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

**Note:**

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

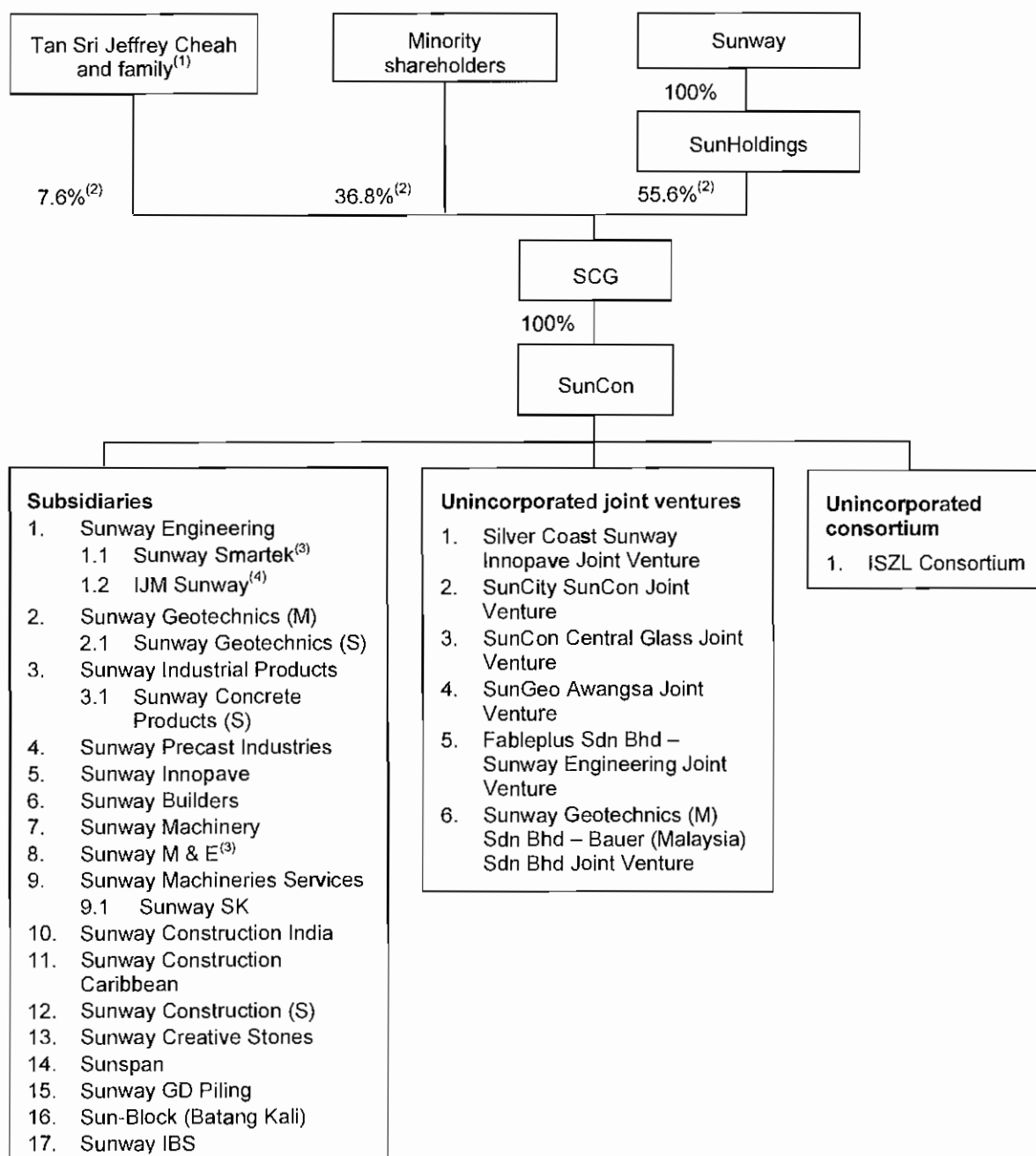
- (ii) the future prospects of the SunCon Group; and
- (iii) potential growth of the construction industry in Malaysia and Singapore.

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.4 Group Structure

Our Group structure upon Listing is set out below:



**Notes:**

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

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

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

(4) Jointly controlled entity.



## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

**Notes:**

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

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## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5 Subsidiaries

#### 5.5.1 SunCon

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

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

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

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

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

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

#### 5.5.2 Sunway Innopave

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

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

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

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

### 5.5.3 Sunway M & E

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

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

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5.4 Sunway Machinery

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

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

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

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

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

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

### 5.5.5 Sunway Engineering

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

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

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

### 5.5.6 Sunway Smartek

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

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

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

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

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

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



## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5.7 Sunway Builders

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

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

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

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

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

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

### 5.5.8 Sunway Geotechnics (M)

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

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

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

### 5.5.9 Sunway Geotechnics (S)

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

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

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5.10 Sunspan

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

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

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

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

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

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

### 5.5.11 Sunway Industrial Products

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

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

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5.12 Sunway Concrete Products (S)

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

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

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

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

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

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

### 5.5.13 Sunway Machineries Services

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

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

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5.14 Sunway SK

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

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

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

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

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

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

### 5.5.15 Sunway Construction India

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

### 5.5.16 Sunway Creative Stones

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

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

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

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

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

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

### 5.5.17 Sunway GD Piling

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

### 5.5.18 Sunway Precast Industries

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

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

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

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

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

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

### 5.5.19 Sunway Construction Caribbean

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

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

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

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

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

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

### 5.5.20 Sun-Block (Batang Kali)

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

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

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

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

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

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



## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.5.21 Sunway IBS

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

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

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

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

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

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

### 5.5.22 Sunway Construction (S)

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

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

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

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

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

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

## 5. INFORMATION ON OUR GROUP (CONT'D)

### 5.6 Jointly Controlled Entity of Sunway Engineering

#### IJM Sunway

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

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

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

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

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

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

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## 6. BUSINESS OF OUR GROUP

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### 6.1 OVERVIEW AND HISTORY OF OUR BUSINESS

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

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

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

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

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

#### 6.1.1 Building and Civil/Infrastructure Construction Services

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

**6.1.2 Manufacturing and Sale of Precast Concrete Products**

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

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

**6.1.3 Mechanical, Electrical and Plumbing Services**

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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**6.1.4 Foundation and Geotechnical Engineering Services**

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

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

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

**6.1.5 Machinery and Logistics Support**

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

During its early years, Sunway Machinery operated from a 4,800 m<sup>2</sup> workshop in Bandar Sunway. As at the LPD, Sunway Machinery operates from a 62,769.9 m<sup>2</sup> fully-equipped workshop with yard facilities situated in Batang Kali and Subang Jaya, Selangor, comprising 43,559.6 m<sup>2</sup> and 19,210.4 m<sup>2</sup> respectively.

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

**6.1.6 International Expansion**

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

**Notes:**

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

### 6.2 KEY MILESTONES, AWARDS AND RECOGNITIONS

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

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

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

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

#### 6.2.1 Key Milestones

Our key milestones since inception are set out below:

Year	Key milestones
1981	• SunCon commenced active operations as Sungei Way Quarry & Construction Sdn Bhd
1984	• Sungei Way Quarry & Construction Sdn Bhd changed its name to Sungei Way Construction Sdn Bhd
1992	• Incorporated Sunway Precast Industries (incorporated as Aktiviti Setia (M) Sdn Bhd) for the manufacture and sale of precast concrete products
1994	• Incorporated Sunway Concrete Products (S) for the manufacture and sale of precast concrete products

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

### 6.2.2 Key Awards and Recognitions

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

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



## 6. BUSINESS OF OUR GROUP (CONT'D)

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

**6. BUSINESS OF OUR GROUP (CONT'D)**

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

**6.3 PRINCIPAL ACTIVITIES**

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

For the FYE 31 December 2014, we have invested in 22 boring rigs, 23 hydraulic excavators, 16 tower cranes, five launching girders and 13 crawler cranes. We have also invested in approximately 30,000 m<sup>2</sup> of system formworks that enable faster construction times as well as allowing us to undertake multiple large-scale projects concurrently.

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

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

### 6.3.1 Provision of Construction Services

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

### (i) Building and Civil/Infrastructure Construction Services

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

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



## 6. BUSINESS OF OUR GROUP (CONT'D)

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

**Notes:**

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

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

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

**6. BUSINESS OF OUR GROUP (CONT'D)**

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

**Note:**

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

**(ii) Foundation and Geotechnical Engineering Services**

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

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

**(a) Bored Piles**

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

### (b) Earth Retaining Systems

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

**Note:**

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

### (iii) Mechanical, Electrical and Plumbing Services

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

**Note:**

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

### 6.3.2 Manufacturing and Sale of Precast Concrete Products

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

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

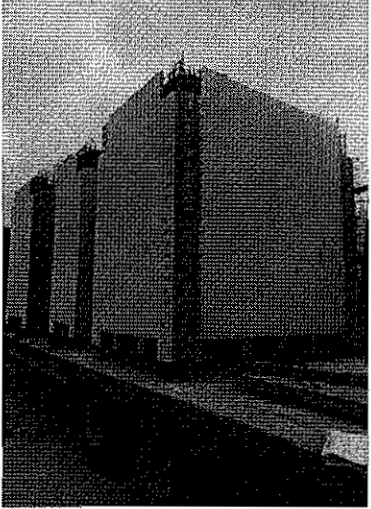
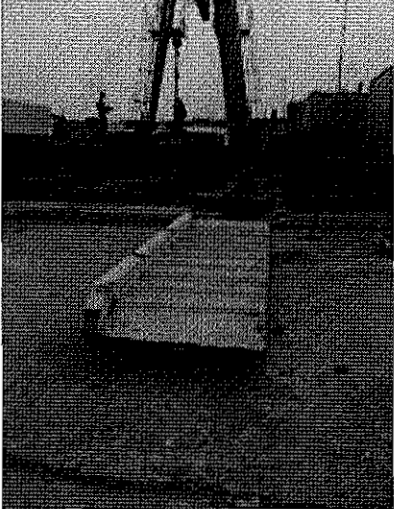
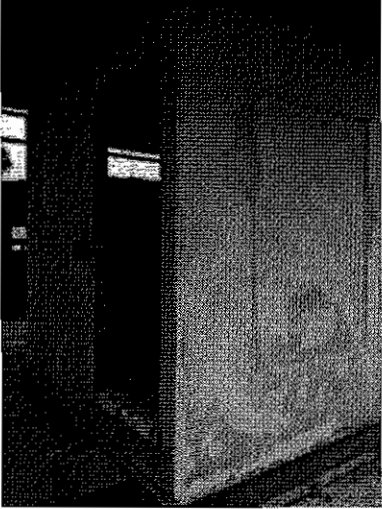
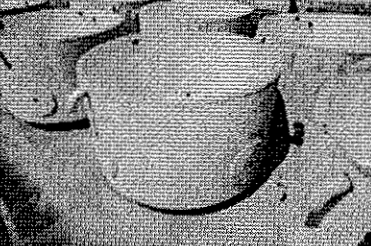
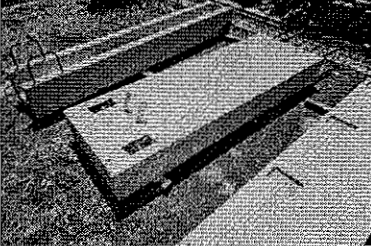
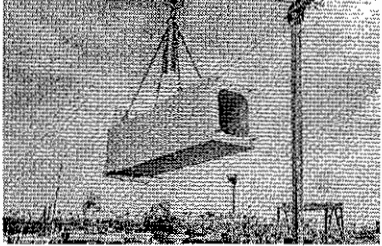
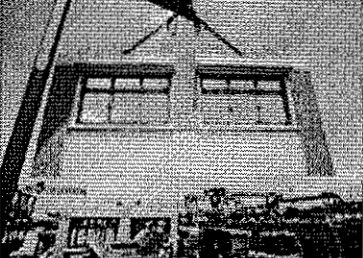


Our subsidiary in Singapore, Sunway Concrete Products (S), manufactures and supplies precast concrete products for the building sector in Singapore, primarily for the HDB public housing projects as well as for private sector development projects. We have also been involved as a supplier of precast IBS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

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

**6. BUSINESS OF OUR GROUP (CONT'D)**

**6.3.2.1 Our Precast Concrete Products**

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

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



**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

**Note:**

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

**Note:**

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

### 6.4 COMPETITIVE STRENGTHS AND ADVANTAGES

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

#### 6.4.1 We are one of the largest construction companies in Malaysia

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

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

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

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

**6.4.5 We have strong brand recognition**

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

### 6.4.6 We have strong synergies with our holding company, Sunway

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

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

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

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## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

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



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## 6. BUSINESS OF OUR GROUP (CONT'D)

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### 6.5 FUTURE PLANS AND BUSINESS STRATEGIES

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

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

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

We also intend to grow our precast concrete business in Malaysia. With our track record and experience in precast IBS in Singapore, we intend to expand our presence in Malaysia by leveraging on the growth in the precast concrete market. We intend to expand our precast concrete operations to Sunway Iskandar in 2015, where we will be establishing a precast concrete production plant with nine production lines and total annual capacity of 93,150 m<sup>3</sup>. The construction of this plant will be carried out in two phases, where the first phase consisting of four production lines is targeted to commence commercial operations by February 2016 and have an annual production capacity of 41,400 m<sup>3</sup>. The second phase of construction will equip this plant with the remaining five production lines with an annual production capacity of 51,750 m<sup>3</sup> and is targeted for commercial operations by August 2016. We intend to manufacture facades, parapets, air-conditioner ledges, walls, refuse chutes, service ducts, roof fascias, non-prestressed planks, beams, columns, and household shelters in this plant.

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

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

**6.5.5 Selectively pursue growth opportunities overseas and enter new markets**

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

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

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

**6.5.6 Enhance profitability through effective, ongoing cost reduction initiatives**

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

### 6.6 PRINCIPAL MARKETS

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

### 6.7 MAJOR CUSTOMERS

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

The following are the revenue contributions from our major customers:

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

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## **6. BUSINESS OF OUR GROUP (CONT'D)**

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### **6.8 MAJOR SUPPLIERS**

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

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

### **6.9 TYPES, SOURCES AND AVAILABILITY OF RAW MATERIALS**

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

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

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

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

We maintain long term relationships with most of our suppliers.



**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

**Note:**

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

**(a) Tenders**

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

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

**(b) Pre-construction**

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

**(c) Procurement**

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

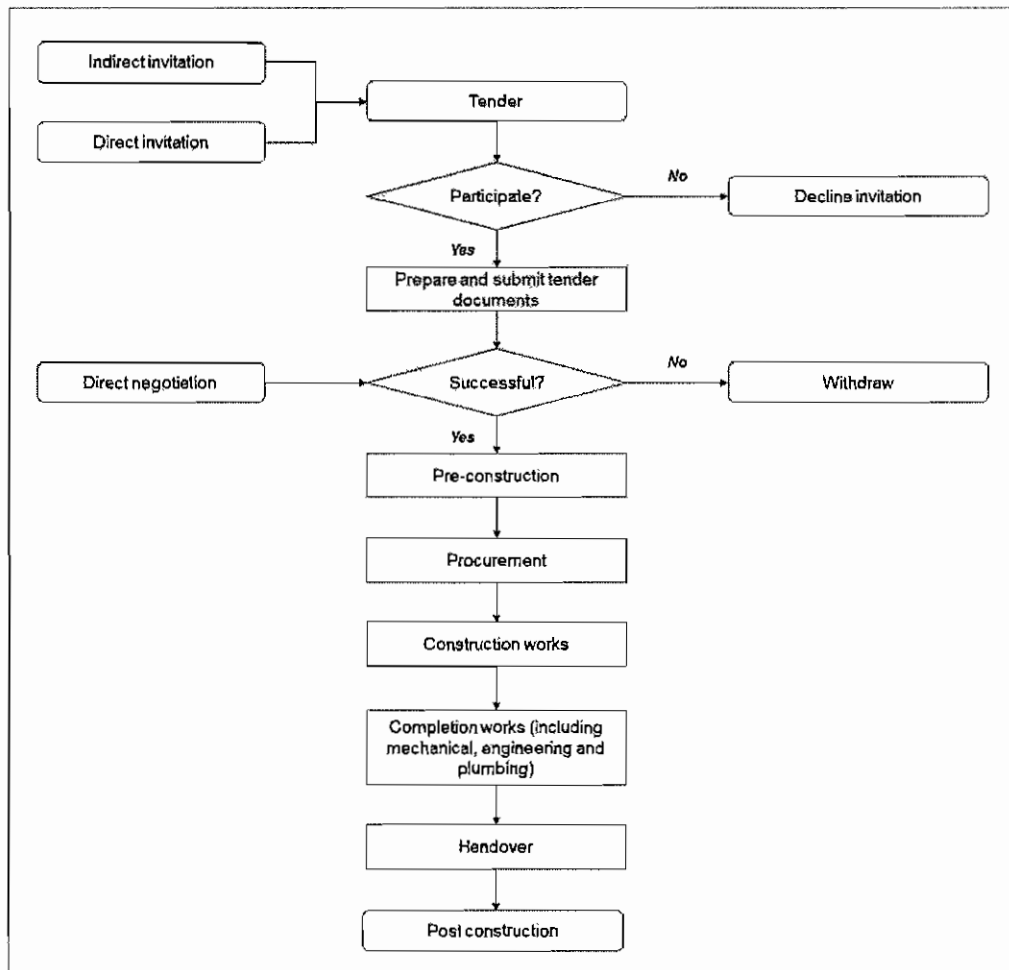
6. BUSINESS OF OUR GROUP (CONT'D)

(d) Construction Works

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

(e) Post Construction

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



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**6. BUSINESS OF OUR GROUP (CONT'D)**

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**(ii) Manufacturing of Precast Concrete Products**

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

**(a) Mould Preparation and Reinforcement**

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

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

**(b) Concrete Slump Test**

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

**(c) Casting**

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

**(d) Demoulding**

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

**(e) Quality Control Inspection**

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

**(f) Storage**

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

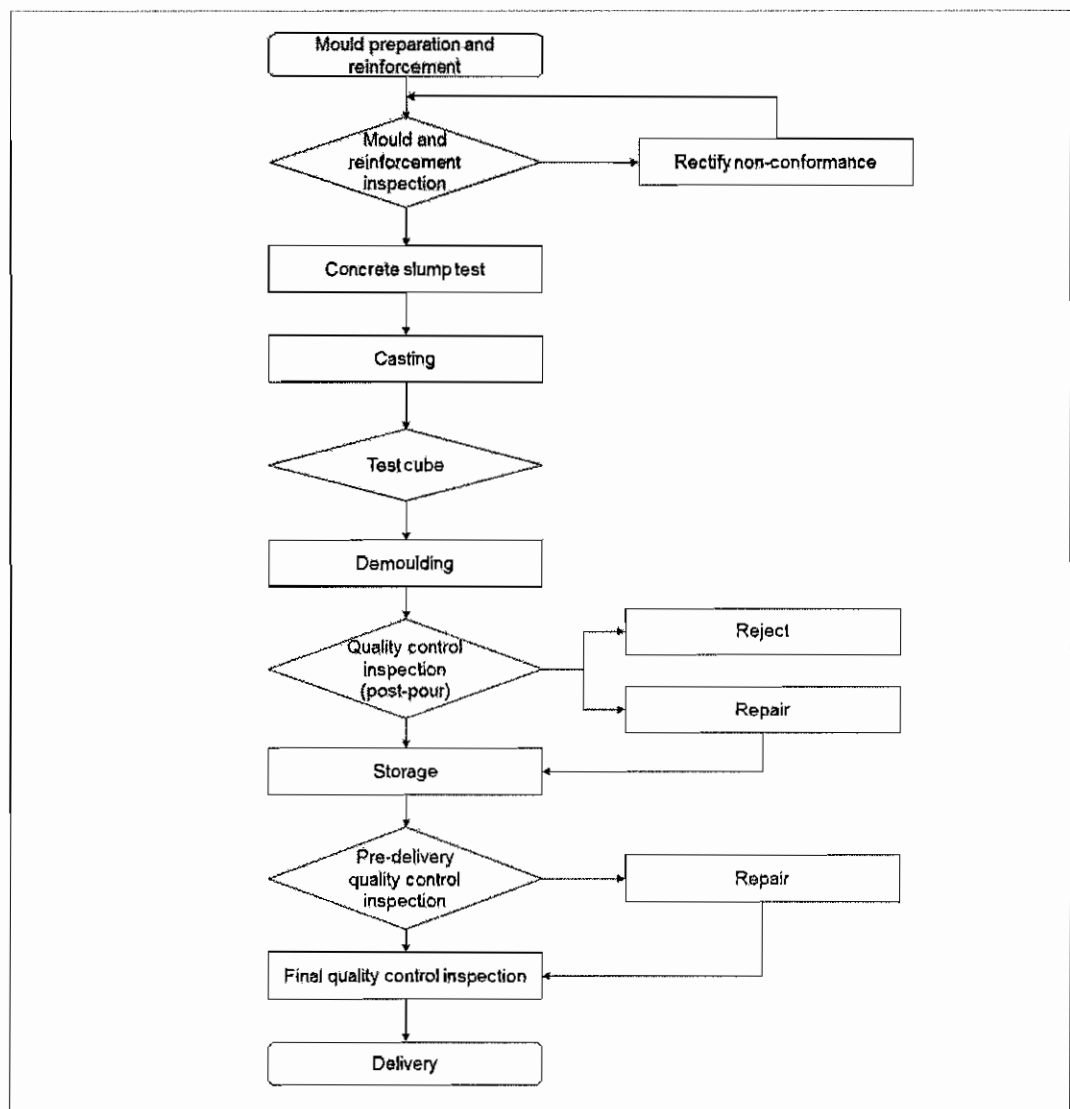
## 6. BUSINESS OF OUR GROUP (CONT'D)

### (g) Pre-delivery and Final Quality Control Inspection

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

### (h) Delivery

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



## 6. BUSINESS OF OUR GROUP (CONT'D)

### 6.11 PRODUCTION CAPACITY AND UTILISATION RATES

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

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

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

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

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

**Maximum average annual capacity assumptions:**

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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We have expanded our precast concrete manufacturing capacity in Senai, Johor, through the installation of an additional three production lines that commenced commercial operations in October 2014. This is expected to raise the maximum average annual capacity for this plant to approximately 76,000 m<sup>3</sup> in the FYE 31 December 2015. These additional three lines in our precast concrete plant in Senai, Johor, have replaced the Tampines plant in the production of selected products. Our plants in Senai and Tampines are intended to manufacture different precast concrete components. However, depending on demand, our plants in Senai and Tampines may manufacture similar products.

We are expanding our precast concrete operations to Sunway Iskandar in 2015, where we will be establishing a precast concrete production plant with nine production lines and total annual capacity of 93,150 m<sup>3</sup>. The construction of this plant will be carried out in two phases, where the first phase consisting of four production lines is targeted to commence commercial operations by February 2016 and have an annual production capacity of 41,400 m<sup>3</sup>. The second phase of construction will equip this plant with the remaining five production lines with an annual production capacity of 51,750 m<sup>3</sup> and is targeted for commercial operations by August 2016. We intend to manufacture facades, parapets, air-conditioner ledges, walls, refuse chutes, service ducts, roof fascias, non-prestressed planks, beams, columns, and household shelters in this plant.

**6.12 QUALITY ASSURANCE MANAGEMENT**

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

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

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

**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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



**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

**6.13 OCCUPATIONAL SAFETY, HEALTH AND ENVIRONMENT**

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**


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

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

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

### 6.14 R&D

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

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

### 6.15 TECHNOLOGIES USED

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

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

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

**6. BUSINESS OF OUR GROUP (CONT'D)**

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

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

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

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

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

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

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

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



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**6. BUSINESS OF OUR GROUP (CONT'D)**

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**6.16 BUSINESS DEVELOPMENT, MARKETING AND SALES**

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

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

**6.17 CYCLICALITY AND SEASONALITY**

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

The construction industry in Malaysia is not seasonal in nature.

**6.18 INTERRUPTION TO BUSINESS**

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

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**6. BUSINESS OF OUR GROUP (CONT'D)**

**6.19 APPROVALS, MAJOR LICENCES AND PERMITS OBTAINED**

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

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No	Conditions Imposed	Status of Compliance
SunCon	Ministry of Finance	15.9.2012 – 14.9.2015	Certificate of registration of contractor in the field of supply/service under the following heads/sub-heads: 080101, 090101, 100101, 110201, 110302, 130101, 130201, 130202, 140101 and 221401	K22084254101 050498/357-02139310	Not applicable	Not applicable
	Construction Industry Development Board Malaysia	4.2.2013 – 3.2.2016	Certificate of registration as a contractor under Grade G7, categories B, CE, and ME: (a) B – B02, B04, B01, B10, B24, B05, B13 (b) CE – CE03, CE11, CE06, CE08, CE34, CE30, CE43, CE42, CE31, CE 36, CE05, CE23, CE02, CE01, CE17, CE24, CE04, CE10, CE19, CE20, CE21 (c) ME – M15, E10, M01, M19, M18, M03	080801A/1960319- WP000698	Not applicable	Not applicable
	Construction Industry Development Board Malaysia	4.2.2013 – 3.2.2016	Certificate of registration for the procurement of Government Projects as a contractor under Grade G7, categories B, CE, and ME	A068357/1960319- WP000698	Not applicable	Not applicable

**6. BUSINESS OF OUR GROUP (CONT'D)**

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

## 6. BUSINESS OF OUR GROUP (CONT'D)

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

**6. BUSINESS OF OUR GROUP (CONTD)**

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	National Water Services Commission	23.12.2014 – 22.12.2015	Permit IPA Type C1 (Water Supply) to carry out works in Peninsula Malaysia, Wilayah Persekutuan Putrajaya and Labuan	53416/SPAN/ EKS/(PT)/800 - 2C/1/10/1526	Not applicable	Not applicable
	Energy Commission	10.2.2014 – 9.2.2016	Certificate of registration as an electrical contractor to carry out works at Level 9, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 46150 Petaling Jaya, Selangor under Class A	3702/(TKL)K E/341887W/2 014	Not applicable	Not applicable
Sunway Concrete Products (S)	Building and Construction Authority	23.8.2012 - 1.9.2015	1. General Building – C3	1. CWO1	Not applicable	Not applicable
			2. Civil Engineering – C3	2. CW02		
			3. Concrete Repairs – L1	3. CR05		
			4. Pre-cast Concrete work – L6	4. CR10		
			Ready-Mix Concrete – L6	5. SY01B		
	Building and Construction Authority	15.7.2012 – 15.7.2015	Certificate of Licence for General Builder Class 2	Not applicable	Not applicable	Not applicable
	Building and Construction Authority	15.7.2012 – 15.7.2015	Certificate of Licence for Specialist Builder (Pre-cast Concrete Work)	Not applicable	Not applicable	Not applicable
	Building and Construction Authority	5.12.2013 – 4.12.2018	Periodical Inspection of Building	Not applicable	Not applicable	Not applicable

## 6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	Energy Market Authority	19.4.2015 – 18.4.2016	Electrical Installation Licence	E/84405	This licence is to be displayed in a conspicuous position on the switchboard or in the switch room.	Not applicable
	Ministry of Manpower	2.6.2015 – 2.6.2017	Certificate of registration to act as Workplace safety and health officer	028-073-00705	Not applicable	Not applicable
	Ministry of Manpower	31.8.2014 – 31.8.2016	Certificate of registration to operate the crane	084-007-00268	Not applicable	Not applicable
	National Environmental Agency	28.3.2008 – 30.4.2017	Licence for us of scheduled premises to operate a concrete batching plant	A-2008/-009	The emission of air impurities shall comply with the standards stipulated in the Environmental Protection and Management (Air Impurities) Regulations.  The occupier shall maintain the control equipment installed in or on the premises in good order. The occupier shall operate any control equipment installed in or on the premises in good manner during the production process.	

6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					<p>The occupier shall use fuel with sulphur content not exceeding 0.005% by weight.</p> <p>The occupier shall not, without the written permission of the Director of Environmental Protection:</p> <p>(a) alter the method of operation of any trade, industry, process, fuel burning equipment or control equipment or industrial plant in or on the premise;</p> <p>(b) install, alter or replace any fuel burning equipment or control equipment or industrial plant in or on the premises; and</p> <p>(c) Erect or alter the height or dimension of any chimney through which air impurities may be emitted from the premises.</p>	



6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
					<p>In addition, Sunway Concrete Products (S) Pte Ltd shall:</p> <p>(a) install and operate an efficient dust extraction and collection systems for the removal of dust from the silos during the cement pumping operation such that it would not have emission into the atmosphere.</p> <p>(b) maintain and operate the dust extraction and collection systems in an efficient manner at all times.</p> <p>(c) wrap the concrete discharge area with canvas sheets; and</p> <p>(d) install water sprinkler nozzles at the concrete discharge area.</p>	

## 6. BUSINESS OF OUR GROUP (CONT'D)

Company	Approving Authority/ Issuer	Validity	Type of Licence and Certificate	Certificate No./ Registration No.	Conditions Imposed	Status of Compliance
	Singapore Civil Defence Force	1.11.2014 – 31.10.2015	Licence to store petroleum and inflammable materials and respective quantity  Petroleum (Diesel) – 15,000 litres Flammable Materials (Gases) – 105 kg	FS24182012	The licence is granted subject to the Fire Safety Act 1993 and the regulations relating to the purpose of the storage of petroleum and inflammable materials.	Not applicable
	TUV SUD PSB Pte Ltd	8.10.2012 – 7.10.2015	Certificate for the compliance for the establishment and appliance of an Occupational Health & Safety Management System for Design, Production and Supply of Precast Components	BS OHSAS 18001:2007	Not applicable	Not applicable
	TUV SUD PSB Pte Ltd	12.11.2013 – 11.11.2016	Certificate for the compliance for the establishment and appliance of an Quality Management System for Design, Production and Supply of Precast Components	ISO 9001:2008	Not applicable	Not applicable
	TUV SUD PSB Pte Ltd	7.2.2015 – 6.2.2018	Certificate for the compliance for the establishment and appliance of an Environmental Management System for Design, Production and Supply of Precast Components	ISO14001:2004	Not applicable	Not applicable
	TUV SUD PSB Pte Ltd	11.12.2013 – 30.3.2017	Certificate of Conformity (Ready-Mixed Concrete Certification)	RMC0004	Not applicable	Not applicable
Sunway Innopave	Department of Municipal Affairs of Abu Dhabi, UAE	18.11.2013 – 17.11.2015	Certificate of Classification of Contractors – Category sixth	20757/5078	Not applicable	Not applicable

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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**6.20 BRAND NAMES, PATENTS, TRADEMARKS, TECHNICAL ASSISTANCE AGREEMENTS, FRANCHISES AND OTHER INTELLECTUAL PROPERTY RIGHTS**

Save as disclosed below, as at the LPD, we do not have any other brand names, patents, trademarks, technical assistance agreements, franchises and other intellectual property rights for our business operations:

- (a) Our Company has on 7 November 2014 entered into a trade mark licence agreement (as varied and supplemented by a supplemental letter agreement dated 29 December 2014) with Sunway where Sunway has agreed to grant us a non-exclusive licence for our Company and our subsidiaries (including subsidiaries to be incorporated or acquired in the future) to use the trademarks as set out in the table below in connection with our business in respect of the goods/services registered/applied for, whichever is relevant, in all countries and territories worldwide, in perpetuity unless otherwise terminated pursuant to the terms contained therein.

The annual licence fee of RM2,000 is subject to annual review by Sunway, and exclusive of goods and services tax and such goods and services tax shall be paid by our Company in addition to the licence fee of RM2,000 at the same time as the payment of the licence fee.

Sunway is entitled to terminate the trade mark licence agreement upon 30 days' written notice to our Company in the event of Sunway ceasing to hold less than 51% of our issued and paid-up share capital.

In addition, any party shall be entitled to issue a notice to the other party terminating the trade mark licence agreement upon the occurrence of the following events and the party has (i) failed to remedy that material breach within 30 days following its receipt of written notice of such breach or (ii) if the material breach is not amenable to remedy within 30 days, failed to remedy such breach within 45 days following its receipt of written notice of such breach, provided that such party is using diligent good faith efforts to remedy such breach during such period:




- (a) such party has committed a material breach of the trade mark licence agreement;
- (b) if a receiver, receiver and manager, trustee, judicial manager or similar official is appointed over any of the assets or undertaking of such party;
- (c) if such party enters into or resolves to enter into any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them; or
- (d) if an application or order is made for the winding up or dissolution of such party or a resolution is passed or any steps are taken to pass a resolution for the winding up or dissolution of such party otherwise than for the purpose of an amalgamation or reconstruction.

Sunway does not have any right to refuse to renew the licence if there is no subsisting breach on the part of our Company of the terms of the trade mark licence agreement.




## 6. BUSINESS OF OUR GROUP (CONT'D)

No.	Trade Mark	Description	Class	Region	Applicant / Proprietor
1.		<p>Services relating to financial and monetary affairs, lease and hire-purchase, financing services, insurance services, general insurance underwriting services, capital investment services, property investment and investment holding services (financial services), real estate agency, rental and lease of real estate, sale of commercial house properties, administration and management of properties, all included in Class 36.</p> <p>Quarrying services, asphaltting, mining extraction, construction of building, building construction supervision, undertaking piling and structural works, electric appliance installation and repair, installation, repair and maintenance of computer hardware &amp; computers, installation and repair of machinery and site equipment used in construction of buildings, property development, repairs and installation services, property maintenance, construction, renovation, refurbishment, maintenance and repair of buildings, houses, condominiums, apartments, flats, residential, industrial and commercial properties, development of properties, land and buildings, landscaping (construction), building project management on site building project management, on site project management relating to the construction of buildings, civil engineering construction, consultancy and advisory services relating to all aforesaid services, all included in Class 37.</p>	36 & 37	Malaysia	Sunway
2.	SUNCON	<p>Real estate services comprising management and rental of properties, included in class 36.</p> <p>Property and housing development services; construction of building, building construction supervision, undertaking piling and structural works; electric appliance installation and repair; mechanical engineering works, installation and repair services; rental of machinery and site equipment used in construction of buildings, all included in class 37.</p>	36 & 37	Malaysia	Sunway

## 6. BUSINESS OF OUR GROUP (CONT'D)

No.	Trade Mark	Description	Class	Region	Applicant / Proprietor
3.	  	Quarrying services; asphaltting; mining extraction; construction of building; building construction supervision; undertaking piling and structural works; electric appliance installation and repair; installation, repair and maintenance of computer hardware & computers; installation and repair of mechanical engineering equipment; rental of machinery and site equipment used in construction of buildings; property development, repairs and installation services; commercial retail property development services; property maintenance; construction, renovation, refurbishment, maintenance and repair of buildings, houses, condominiums, apartments, flats, residential, industrial and commercial properties; development of properties, land and buildings; landscaping construction; building project management; on site building project management; on site project management relating to the construction of buildings; civil engineering construction; consultancy and advisory services relating to all the aforesaid services in Class 37.	37	India	Sunway
4.	SUNCON	<p>Real estate services comprising management and rental of properties, included in Class 36.</p> <p>Property and housing development services; construction of building, building construction supervision, undertaking piling and structural works; electric appliance installation and repair; mechanical engineering works, installation and repair services; rental of machinery and site equipment used in construction of buildings, all included in Class 37.</p>	36 & 37	Singapore	Sunway

**6. BUSINESS OF OUR GROUP (CONT'D)**

No.	Trade Mark	Description	Class	Region	Applicant / Proprietor
5.	  	<p>Services relating to financial and monetary affairs, lease and hire-purchase, financing services, insurance services, general insurance underwriting services, capital investment services, property investment and investment holding services (financial services), real estate agency, rental and lease of real estate, sale of commercial house properties, administration and management of properties, all included in Class 36.</p> <p>Quarrying services, asphaltting, mining extraction, construction of building, building construction supervision, undertaking piling and structural works, electric appliance installation and repair, installation, repair and maintenance of computer hardware &amp; computers, installation and repair of machinery and site equipment used in construction of buildings, property development, repairs and installation services, property maintenance, construction, renovation, refurbishment, maintenance and repair of buildings, houses, condominiums, apartments, flats, residential, industrial and commercial properties, development of properties, land and buildings, landscaping (construction), building project management on site building project management, on site project management relating to the construction of buildings, civil engineering construction, consultancy and advisory services relating to all aforesaid services, all included in Class 37.</p>	36 & 37	Singapore	Sunway

**6.21 DEPENDENCY ON PATENTS, LICENCES, INDUSTRIAL, COMMERCIAL OR FINANCIAL CONTRACTS OR ARRANGEMENTS**

Save for the licences as disclosed in Sections 6.19 and 6.20 of this Prospectus, we are not dependent on any other patents, licences, industrial, commercial or financial contracts or arrangements that could materially affect our business or profitability.

**6. BUSINESS OF OUR GROUP (CONT'D)**

**6.22 INFORMATION ON LAND AND BUILDINGS**

**6.22.1 Summary of Property Owned by Our Group**

A summary of the material property owned by our Group is as follows:

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of land use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Sunway Precast Industries	(a) Title no. H.S. (D) 61810, Lot no. PTD 103226, Mukim Senai, Daerah Kulajaya, Johor Darul Takzim (Lot no. PTD 103226)	18, Jalan Idaman 1/1, Taman Perindustrian Senai, 81400 Senai, Johor Bahru, Johor	Freehold	Open yard with production line, workers' canteen and power substation for precast manufacturing activity and storage of precast concrete products	Category of land use: Manufacturing/ Industrial  Express conditions:  <b>For Lot no. PTD 103226:</b> Tanah ini hendaklah digunakan sebagai kawasan Industri Sederhana untuk tujuan perusahaan Concrete Casting Yard dan kegunaan lain berkaitan dengannya, mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan.	7.1.2015	3 years	Built up area: 262,231 Land area: 475,409	15,547,455	Nil

6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of land use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
	(b) Geran 232953, Lot no. 39632, Mukim Senai, Daerah Kulajaya, Johor Darul Takzim (Lot no. 39632)				For Lot no. 39632 and Lot no. 39633: Tanah ini hendaklah digunakan sebagai kawasan Industri untuk Perusahaan Ringan sebanyak 1 ½ tingkat dan lain-lain kegunaan yang berkaitan dengannya, dibina mengikut pelan yang diluluskan oleh Pihak Berkuasa Tempatan yang berkenaan.					
	(c) Geran 232958, Lot no. 39633, Mukim Senai, Daerah Kulajaya, Johor Darul Takzim (Lot no. 39633)				For Lot no. PTD 103226, Lot no. 39632 and Lot no. 39633: (i) Segala kekotoran dan pencemaran akibat aktiviti ini hendaklah disalurkan ke tempat-tempat yang telah ditentukan oleh Pihak Berkuasa Berkenaan.					



6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of land use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Tamouh Investments LLC*	Sector: RT1 Plot No.: C1 Building No.: 12 (A2) Unit No.: 501 Floor No.: 5	Unit 501, Level 5, Tamouh Tower, Marina Square, Al Reem Island, Abu Dhabi	Freehold	Description: A whole office unit located on level 5 of the office tower. The unit is currently unoccupied  Use: It is a commercial property with intention to rent or sell by Sunway Engineering	(i) Segala dasar dan syarat yang ditetapkan dikuatkuasakan dari semasa ke semasa oleh Pihak Berkuasa Berkenaan hendaklah dipatuhi.	9.2.2011	4 years	16,759 (entire floor)	AED18,434,900 <sup>A</sup> (equivalent to approximately RM18,339,038 <sup>#</sup> )	Nil

6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Tamouh Investments LLC*	Sector: RT1 Plot No.: C1 Building No.: 12 (A2) Unit No.: 701 Floor No.: 7	Unit 701, Level 7, Tamouh Tower, Marina Square, Al Reem Island, Abu Dhabi	Freehold	Description: A whole office unit located on level 7 of the office tower. The unit is currently unoccupied  Use: It is a commercial property with intention to rent or sell by Sunway Engineering	For office use only	9.2.2011	4 years	16,759 (entire floor)	AED18,434,900* (equivalent to approximately RM18,339,038#)	Nil

## 6. BUSINESS OF OUR GROUP (CONT'D)

Registered owner	Title details	Postal address	Tenure/ Expiry of lease	Description and existing use	Category of land use/express conditions	Date of issuance of certificate of fitness for occupation/ certificate of completion and compliance	Approximate age of building	Total built up area and land area (sq. ft.)	Net book value as at 31 December 2014 (RM) (unless otherwise stated)	Major encumbrances
Tamouh Investments LLC*	Sector: RT1 Plot No.: C1 Building No.: 12 (A2) Unit No.: 901 Floor No.: 9	Unit 901, Level 9, Tamouh Tower, Marina Square, Al Reem Island, Abu Dhabi	Freehold	Description: A whole office unit located on level 9 of the office tower. The unit is currently unoccupied  Use: It is a commercial property with intention to rent or sell by Sunway Engineering	For office use only	9.2.2011	4 years	16,759 (entire floor)	AED18,434,900 <sup>^</sup> (equivalent to approximately RM18,339,038 <sup>#</sup> )	Nil

## Notes:

\* Sunway Engineering is currently the beneficial owner of the office units. The office units were obtained through a settlement arrangement between ISZL Consortium and Al Tamouh Investments LLC vide a settlement agreement dated 23 April 2014 entered between IJM Construction Sdn Bhd, Sunway Builders, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd, collectively as the holders of the entire interest of ISZL Consortium and Al Tamouh Investments LLC and the respective sale and purchase agreements all dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC. Such sale and purchase transactions were completed on 29 January 2015 in accordance with the terms of the sale and purchase agreements referred to in Section 15.4(iv) of this Prospectus.

<sup>^</sup> For information purposes, the purchase consideration amount stated therein is extracted from the relevant sale and purchase agreements referred to in Section 15.4(iv) of this Prospectus.

<sup>#</sup> Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015 (Source: Bloomberg L.P.).

## 6. BUSINESS OF OUR GROUP (CONT'D)

### 6.22.2 Summary of Properties Leased or Tenanted by Our Group

A summary of the material properties leased or tenanted by our Group for our operations are as follows:

Tenant	Registered owner	Postal address	Tenure / Expiry of lease	Description and existing use	Total built up area and land area (sq. ft.)	Yearly rental (RM) (unless otherwise stated)
SunCon	RHB Trustees Berhad as trustee for Sunway Real Estate Investment Trust	1.2A, 7.3, 8.3 and 9.3A, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor	2 years / 1.1.2014 – 31.12.2015	1 office unit each at the 1 <sup>st</sup> floor, 7 <sup>th</sup> floor, 8 <sup>th</sup> floor and 9 <sup>th</sup> floor of a 20-storey office block for office use	Aggregate built up area for 4 office units: 25,735 Land area: Not applicable	1,569,342.00 (aggregate rental for 4 office units)
SunCon	6 individual owners <sup>(1)</sup>	A-01-03, A-01-06, A-01-07, A-02-03, A-02-3A, A-02-05, A-02-07, A-02-08, A-02-09, A-03-03 and A-03-07, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur	3 years / 1.10.2012 – 30.9.2015	3 office units at the 1 <sup>st</sup> floor, 6 office units at the 2 <sup>nd</sup> floor and 2 office units at the 3 <sup>rd</sup> floor of a 4-storey office block for office use	Aggregate built up area for 11 office units: 18,989 Land area: Not applicable	543,600.00 (aggregate rental for 11 office units)
SunCon	6 individual owners <sup>(2)</sup>	A-01-3A, A-01-05, A-03-3A, A-03-05, A-03-06 and A-03-08, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur	1 year with an option to renew for another year / 1.10.2014 – 30.9.2015	2 office units at the 1 <sup>st</sup> floor and 4 office units at the 3 <sup>rd</sup> floor of a 4-storey office block for office use	Aggregate built up area for 6 office units: 10,358 Land area: Not applicable	356,880 (aggregate rental for 6 office units)
SunCon	3 joint owners <sup>(3)</sup>	A-02-06, Glomac Damansara, Jalan Damansara, 60000 Kuala Lumpur	1 year / 1.10.2014 – 30.9.2015	1 office unit at the 2 <sup>nd</sup> floor of a 4-storey office block for office use	Built up area: 1,726 Land area: Not applicable	57,600

## 6. BUSINESS OF OUR GROUP (CONT'D)

Tenant	Registered owner	Postal address	Tenure / Expiry of lease	Description of existing use and area	Total built up area and land area (sq. ft.)	Yearly rental (RM) (unless otherwise stated)
SunCon	Sunway Paving Solutions Sdn Bhd	Lot 10071, Mukim of Batang Kali, 44300 Daerah Hulu Selangor, Selangor	2 years / 1.1.2015 – 31.12.2016	A portion of a parcel of industrial land for purpose of storage of system formwork	Built up area: Not applicable Land area: 468,871.1	843,968.40
Sunway Geotechnics (M)	Sunway Paving Solutions Sdn Bhd	Lot 10071, Mukim of Batang Kali, 44300 Daerah Hulu Selangor, Selangor	2 years / 1.1.2015 – 31.12.2016	A portion of a parcel of industrial land for purpose of storage of plant and machinery	Built up area: Not applicable Land area: 280,666	505,198.80
SunCon	Sunway Lagoon Sdn Bhd	Lot PT. 11, Jalan Subang 1, Off Persiaran Subang, 47600 Subang Jaya, Selangor	3 years / 1.7.2014 – 30.6.2017	A parcel of industrial land for purpose of machinery storage and maintenance	Built up area: Not applicable Land area: 77,537	163,680.00
SunCon	Sunway Integrated Properties Sdn Bhd	Lot PT. 897, Jalan Subang 1, Off Persiaran Subang, 47600 Subang Jaya, Selangor	2 years with an option to renew for another 2 years / 1.6.2014 – 31.5.2016	A parcel of industrial land for purpose of machinery storage and maintenance	Built up area: Not applicable Land area: 128,981.2	272,400.00
Sunway Concrete Products (S)	The Housing and Development Board	Lot MK29-1896V, 4, Tampines Industrial Street 62, Singapore 528817	Private Estate: Commencement date: 1.5.2007 Tenure: 10 years less 1 day / 1.5.2007 – 30.4.2017 Reversionary Estate: Commencement date: 1.5.1997 Tenure: 20 years - Expires on 30.4.2017	Yard for precast manufacturing activity and storage of precast concrete products	Built up area: Not applicable Land area: 163,772.9	SGD532,101.00 (RM1,447,367.93 <sup>(4)</sup> )

Company Number : 1108506-W

**6. BUSINESS OF OUR GROUP (CONT'D)**

Tenant	Registered owner	Postal address	Tenure / Expiry of lease	Description and existing use	Total built up area and land area (sq. ft.)	Yearly rental (RM) (unless otherwise stated)
Sunway Concrete Products (S)	The Housing and Development Board	Lot MK29-1897P, 4, Tampines Industrial Street 62, Singapore 528817	Private Leasehold Estate: Commencement date: 1.5.2007 Tenure: 10 years less 1 day / 1.5.2007 – 30.4.2017 Reversionary Estate: Commencement date: 1.5.1997 Tenure: 20 years - Expires on 30.4.2017	Yard for precast manufacturing activity and storage of precast concrete products	Built up area: Not applicable Land area: 163,772.9	SGD532,101.00 (RM1,447,367.93 <sup>(4)</sup> )

**Notes:**

- (1) Six individual owners are Tan Jwin Hxen, Lai Hoong Sung & Yap Lee Koon (joint owners), LIC Industries Sdn Bhd, Chan Swee Lan, Dasa Sentosa Sdn Bhd and Sarabjeet Singh respectively.
- (2) Six individual owners are Loo Man Shong, Lim Tong Seng, Mong Lap Chee, Simon Ling Siang Hock, Heng Chip Hian and Leong Choon Meng respectively.
- (3) Three joint owners are Teh Tsui Ling, Tommy Lee Chee Yeow and Choo Yang Yee respectively.
- (4) Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015. (Source: Bloomberg L.P.)

The above properties leased or tenanted by our Group have been issued with the relevant certificate of fitness for occupation or equivalent (where applicable) as at the date of this Prospectus.

As at the date of this Prospectus, our Group is not in breach of any law, rules and building regulations in relation to the use of the properties above. Our Directors wish to highlight that, with respect to the land and buildings owned and leased by our Group as stated above, there are no environmental issues that may materially affect our Group's operations and utilisation of the above properties.

**6. BUSINESS OF OUR GROUP (CONT'D)****6.22.3 Material Tangible Fixed Assets Other than Property**

Save as disclosed below, as at the date of this Prospectus, our Group does not have any other material tangible fixed assets:

No.	Description	No. of Units	Date of Acquisition	Depreciation rate No. of Years	Net Book Value as at 31 December 2014 RM'000
1.	Boring machine	23	Since July 2007 to January 2014	7	42,896
2.	Launcher	5	Since October 2012 to 2014	10	18,630
3.	Tower crane	16	Since December 2011 to May 2013	10	12,416
4.	Excavator	25	Since December 2011 to November 2014	10	6,579
5.	Formwork	25,000 m <sup>2</sup>	Since October 2008 to 2014	5	14,827
				<b>Total</b>	<b>95,348</b>

**6.22.4 Material Plans to Construct, Expand or Improve Facilities**

As at the date of this Prospectus, our Group does not have any other material plans to construct, expand or improve our facilities.

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**6. BUSINESS OF OUR GROUP (CONT'D)**

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**6.23 INSURANCE**

Our Group maintains insurance coverage at levels that are customary in the businesses in which we operate to protect against various losses and liabilities that may arise from the risks of our construction projects. These risks include physical loss of, or damage to, our equipment and equipment belonging to third parties, physical injuries suffered by our employees as a result of accidental work hazards, and any liabilities arising from our operation. We generally maintain relevant insurance policies such as contractors' all risk insurance, fire insurance, workers' insurance and public liability insurance in Malaysia and in other jurisdictions in which we operate. We also review our insurance policies and coverage regularly to ensure there is adequate coverage on our assets, employees and construction projects in order to manage any losses which may arise for our project needs.

For the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, we incurred an aggregate of RM6.9 million, RM10.2 million and RM8.2 million respectively in insurance policy premiums.

**6.24 PROSPECTS OF OUR GROUP**

Premised on our key competitive strengths and advantages highlighted in Section 6.4 of this Prospectus, our future plans and strategies highlighted in Section 6.5 and the prospects and outlook of the construction industry as set out in Section 7 of this Prospectus, our Board is of the view that we will enjoy positive growth and favourable prospects in the long-term.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT**

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*(Prepared for inclusion in this Prospectus)*

SMITH ZANDER INTERNATIONAL SDN BHD (1058128-V)  
Suite 23-3, Level 23, Office Suite, Menara 1MK,  
1 Jalan Kiara, Mont' Kiara,  
50480 Kuala Lumpur, Malaysia.  
T +603 6211 2121

SMITH ZANDER

9 JUN 2015

The Board of Directors  
**SUNWAY CONSTRUCTION GROUP BERHAD**  
Level 16, Menara Sunway  
Jalan Lagoon Timur, Bandar Sunway  
47500 Selangor Darul Ehsan  
Malaysia

Dear Sirs,

**Executive Summary of the Independent Market Research Report on the Construction and Precast Concrete Industries in Malaysia and Singapore in relation to the Proposed Offering of SCG Shares ("Offering") and its Listing of and Quotation for the Entire Issued and Paid-up Ordinary Share Capital of SCG on the Main Market of Bursa Malaysia Securities Berhad**

---

This Executive Summary of the Independent Market Research Report on the Construction and Precast Concrete Industries in Malaysia and Singapore is prepared by SMITH ZANDER INTERNATIONAL SDN BHD ("SMITH ZANDER") for inclusion in the Prospectus of SUNWAY CONSTRUCTION GROUP BERHAD.

For and on behalf of SMITH ZANDER:



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DENNIS TAN  
MANAGING PARTNER

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

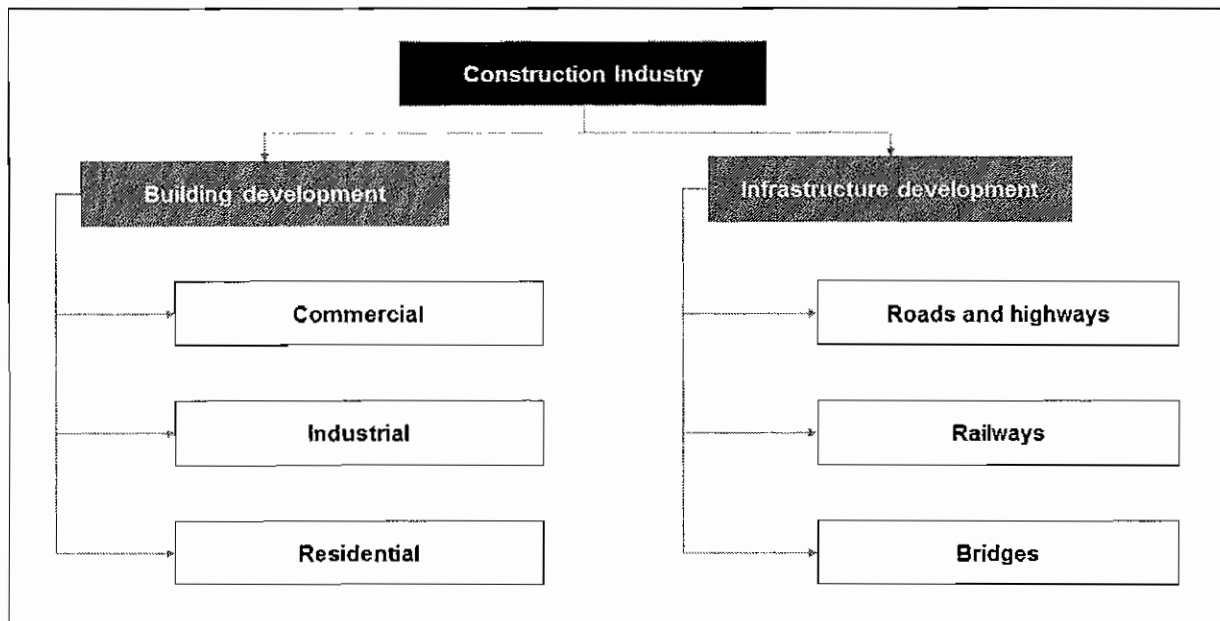
# 1 DEFINITION AND SEGMENTATION

The construction industry can broadly be divided into two (2) key major segments, namely the construction of buildings and infrastructure, where the construction of buildings is then further categorised into three (3) categories, namely commercial, residential and industrial:

- Commercial buildings are used for business purposes and this includes office buildings, warehouses, hotels, retail outlets and other institutional or purpose-built buildings such as convention centres, resorts (including theme parks), and educational and medical institutions;
- Industrial properties are buildings or structures where industrial or manufacturing activities are carried out, and includes factories and production plants; and
- Residential buildings are intended for dwelling purposes.

The construction of infrastructure refers to any form of development of public assets used for purposes such as transportation, utilities management and communication, recreation and community use. This includes road and highway networks, jetties, transportation transit systems (i.e. commuter rail systems, mass rapid transit, light rail transit, subways and bus transportation) and drainage systems.

## Construction industry – industry segmentation <sup>a</sup>



<sup>a</sup> The examples above are not exhaustive

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Typically, the construction industry constitutes civil works, structural works, and mechanical, electrical and plumbing ("MEP") works. Civil and structural works comprises all design and build activities, including foundation and geotechnical works. Design and build activities include, but are not restricted to, design development, foundation and geotechnical works, construction and installation works, quality control, safety, health and environmental monitoring, finishing works including MEP and commissioning and

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**

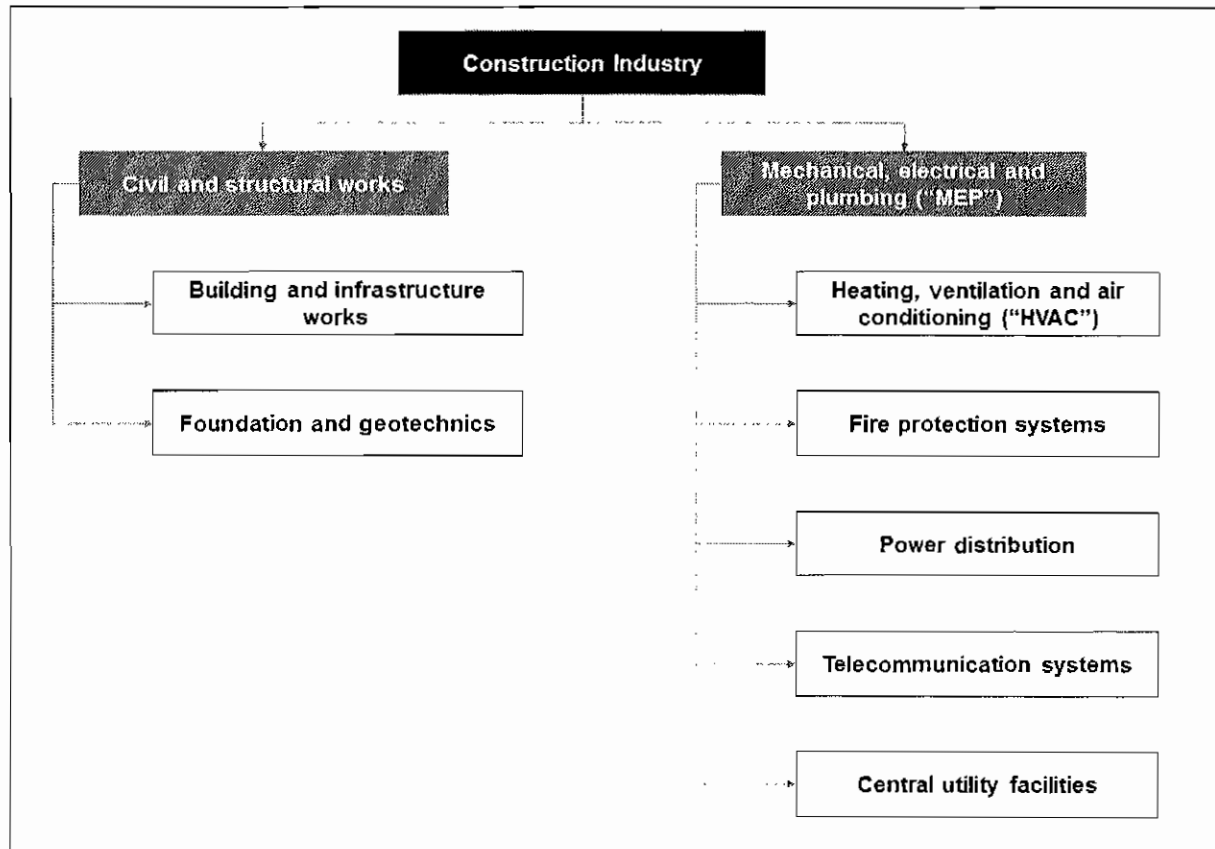
**SMITH ZANDER**

handover. The main building materials utilised in civil and structural works include cement and concrete, and steel due to its durability and resistance as well as cost-effectiveness.

Foundation and geotechnical works pertain to the groundwork and foundation building based on a study of the geological structure and earth materials on the construction site and its influence on foundation and geotechnical works, and the study of groundwater regime and its influence on wall stability and integrity of the foundation and geotechnical works. Foundations are designed and constructed for structures of various sizes, including high-rise buildings, bridges, and medium to large commercial buildings. Shallow and deep foundations are built for above-ground structures depending on load bearing capacity, soil settlement and ground movement beneath the foundations. Retaining structures include earth-filled dams and retaining walls.

MEP works is a significant component in construction, and industry players that provide this service are trade specialists. MEP specialists are involved in the design and/or installation of heating, ventilation and air conditioning ("HVAC"), fire protection systems, power distribution, telecommunication systems and central utility facilities. Central utility facilities are erected for utility generation, transmission and distribution, and utilities produced and distributed here can include compressed air, chilled water, steam, hot water and electricity. Central utility facilities may also be erected to manage the collection and disposal of solid waste.

**Construction industry – key components and building blocks <sup>a</sup>**



<sup>a</sup> The examples above are not exhaustive

Source: Extracted from the independent market research report prepared by SMITH ZANDER

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**

**SMITH ZANDER**

The construction industry is supported by a strong and robust building materials industry. The production of building materials is typically an established and stable growth industry owing to the fact that demand for building and infrastructure development is driven by public and private expenditure. Building materials encompass natural substances such as clay, rock, wood and sand, and manufactured materials such as cement, concrete, glass, metals and plastics. Building materials from both natural substances and manufactured materials are used for the purposes of building, infrastructure and social amenities development.

Concrete is typically made from Portland cement that is combined with aggregates. While concrete has high compressive strength, it also exhibits low tensile strength. Thus in the application for construction, concrete is generally reinforced with steel bars or rods which provides it with strong tensile properties. The resultant concrete is known as reinforced concrete. Concrete is typically produced in the five (5) basic forms of ready-mix concrete, precast concrete, masonry, tilt-up and cement-based materials.

**Precast concrete industry – definition and segmentation**

<p><b>READY-MIX</b></p>	<ul style="list-style-type: none"> <li>▪ Concrete that is batched for delivery from a central plant instead of being mixed on the job site.</li> <li>▪ Each batch of ready-mixed concrete is tailor-made according to the specifics of the contractor and is delivered to the contractor in cement mixers.</li> <li>▪ The most common form of concrete.</li> </ul>
<p><b>PRECAST CONCRETE</b></p>	<ul style="list-style-type: none"> <li>▪ Cast in a reusable mould in a factory setting under high quality control before transported to the construction site for installation.</li> <li>▪ There are two (2) types of precast products. standard products and specialty products</li> <li>▪ Standard products such as beams, decks, and railroad ties are can be produced in large volumes and stocked as inventory while awaiting sale.</li> <li>▪ Specialty products are designed specifically and customised to order.</li> </ul>
<p><b>MASONRY</b></p>	<ul style="list-style-type: none"> <li>▪ Standard rectangular concrete blocks measuring 8 inches x 8 inches x 16 inches (200 millimeters (”mm”) x 200 mm x 400 mm).</li> <li>▪ Widely used to construct small and large structures that are economical, energy efficient, fire-resistant, and involve minimal maintenance.</li> </ul>
<p><b>TILT-UP</b></p>	<ul style="list-style-type: none"> <li>▪ Also known as tilt-slab or tilt-wall.</li> <li>▪ Concrete walls, columns or structural supports are formed horizontally on a concrete slab, and once cured, are tilted to a vertical position by a crane and braced into position while other structural components such as roofs, intermediate floors and walls are secured.</li> </ul>
<p><b>CEMENT-BASED MATERIALS</b></p>	<ul style="list-style-type: none"> <li>▪ Represent products that defy the label of concrete but share many of its qualities</li> <li>▪ Includes mortar, grout, terrazzo, soil-cement, roller-compacted concrete, flowable fill and cement-treated base.</li> </ul>

*Source: Extracted from the independent market research report prepared by SMITH ZANDER*

Ready-mix concrete is the most common of concrete types, generally because it was the earliest to be introduced to the construction industry. Ready-mix concrete does not only act as a binder, it also allows for on-site casting of concrete products such as concrete slabs and tilt-ups. Prior to the introduction of ready-mix concrete, end-users used to purchase their own cement and other raw materials for the production of concrete on-site.

With the constant evolution of the construction industry, precast concrete was later introduced to end-users. While ready-mix concrete still requires end-users to cast concrete products on-site, precast concrete

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



provides end-users with concrete products which have been casted off-site in a factory setting either according to their specifications or to standard specifications. There are many advantages in which precast concrete holds over other types of concrete, such as faster construction times, easier management of construction sites without having to monitor on-site production as well as lower transportation costs.

**Precast concrete industry - advantages of precast concrete**

<b>Faster construction time</b>	<ul style="list-style-type: none"><li>&gt; Quicker erection of structural and ornamental parts as these parts can be produced in advance according to the specification required for each construction site</li><li>&gt; Construction schedule is less dependent on weather conditions as curing of concrete is not needed in this case</li></ul>
<b>Easier management of construction site</b>	<ul style="list-style-type: none"><li>&gt; The volume of construction waste is reduced as the need for on-site precast concrete production operations have been eliminated</li><li>&gt; Elimination of the need for scaffoldings and temporary support structures and thus, reducing costs as well as health and safety hazards</li><li>&gt; More focus can be placed on other construction activities and thus, improving quality and labour costs</li></ul>
<b>East of logistics and transportation</b>	<ul style="list-style-type: none"><li>&gt; Concrete, in its ready-mixed form, must be delivered within 90 minutes from its mixing, which limits the area a ready-mixed concrete plant can service</li><li>&gt; Concrete, in its ready-mixed form, must also be transported in a transit-mix truck, which is heavier than a lorry transporting precast concrete products and thus, transportation is kept to bare minimum to avoid hauling heavy loads on the road over longer distances</li></ul>

Source: Extracted from the independent market research report prepared by SMITH ZANDER

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## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

## 2 ANALYSIS OF THE CONSTRUCTION INDUSTRY IN MALAYSIA

## Industry Performance, Outlook and Prospects

**Economic Contribution**

The construction industry in Malaysia is largely influenced by the nation's economic development as the construction of buildings and infrastructure are essential for national development and progress. With economic development comes an increase in demand for residential, commercial and industrial properties due to the increase in the average income of the population as well as the increase in business activities. As these construction sub-segments (i.e. residential, commercial and industrial) develop, the infrastructure and social amenities supporting these developments must be likewise built or improved.

The mark of a country's economic development is reflected by its gross domestic production ("GDP") and employment rate achievements. From 2009 to 2013, the GDP for the construction industry in Malaysia increased from about RM19.3 billion to about RM29.6 billion, recording a compound annual growth rate ("CAGR") of 11.3%. Between 2009 and 2014, the construction industry contributed to between 3.0% and 4.0% of Malaysia's total GDP, increasing from 3.1% in 2009 to 3.9% in 2014, signifying its importance to overall economic development.

**Construction industry in Malaysia – key economic statistics**

Year	National GDP (RM million)	Construction industry GDP (RM million)	Construction industry's contribution to national GDP (%)
2009	629,885	19,270	3.1
2010	676,653	21,459	3.2
2011	711,351	22,464	3.2
2012	751,471	26,531	3.5
2013	787,611	29,554	3.8
2014 <sup>p</sup>	835,040	32,984	3.9
<b>CAGR 2009 – 2013</b>	<b>5.7%</b>	<b>11.3%</b>	Not applicable

<sup>p</sup> - preliminary

Source: Extracted from the independent market research report prepared by SMITH ZANDER

The construction industry is a vital building block for the development of other economic activities in the country, including manufacturing, finance and business services as well as wholesale and retail trade, hotels and restaurants. In 2013, the manufacturing sector contributed approximately 24.5% to Malaysia's total GDP, while wholesale trade, retail trade, accommodation and restaurants collectively contributed approximately 16.9%, and finance, insurance, real estate and business services collectively contributed approximately 14.8%. In 2014, the manufacturing sector contributed approximately 24.6% to Malaysia's total GDP, while wholesale trade, retail trade, accommodation and restaurants collectively contributed approximately 15.4%, and finance, insurance, real estate and business services collectively contributed approximately 14.5%. In order for these economic activities to operate and thrive, buildings and structures such as industrial parks, office buildings, retail malls, hotels and restaurants must be erected.

**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)****SMITH ZANDER**

Globally, crude oil prices began witnessing a drop below the USD100 per barrel mark in September 2014 after nearly five (5) years of stability, raising concerns on the impact of lower oil prices on the construction industry in Malaysia. The combination of robust world crude oil supply growth and weak global demand has contributed to rising global inventories and falling crude oil prices.

**Construction industry in Malaysia – global Brent crude oil prices**

Month, year	Brent crude oil price (USD per barrel)
January 2014	107.42
February 2014	108.81
March 2014	107.40
April 2014	107.79
May 2014	109.68
June 2014	111.87
July 2014	106.98
August 2014	101.92
September 2014	97.34
October 2014	87.27
November 2014	78.44
December 2014	62.33

Source: Extracted from the independent market research report prepared by SMITH ZANDER

In assessing the impact of falling crude oil prices on Malaysia's construction industry, a longer term view of the country's construction industry performance benchmarked against crude oil prices is necessary. Over the period of 1987 to 2014, Malaysia's construction GDP increased from RM2.8 billion to RM46.8 billion. Malaysia's construction industry has witnessed a steady upward growth trend between 1987 and 2014, save for the year 1998 when the construction industry was affected by the impact of the Asian financial crisis. While growth in the construction industry moderated between 1998 and 2006, the industry's performance picked up and registered stronger growth commencing the year 2006, reaching RM46.8 billion in 2014.

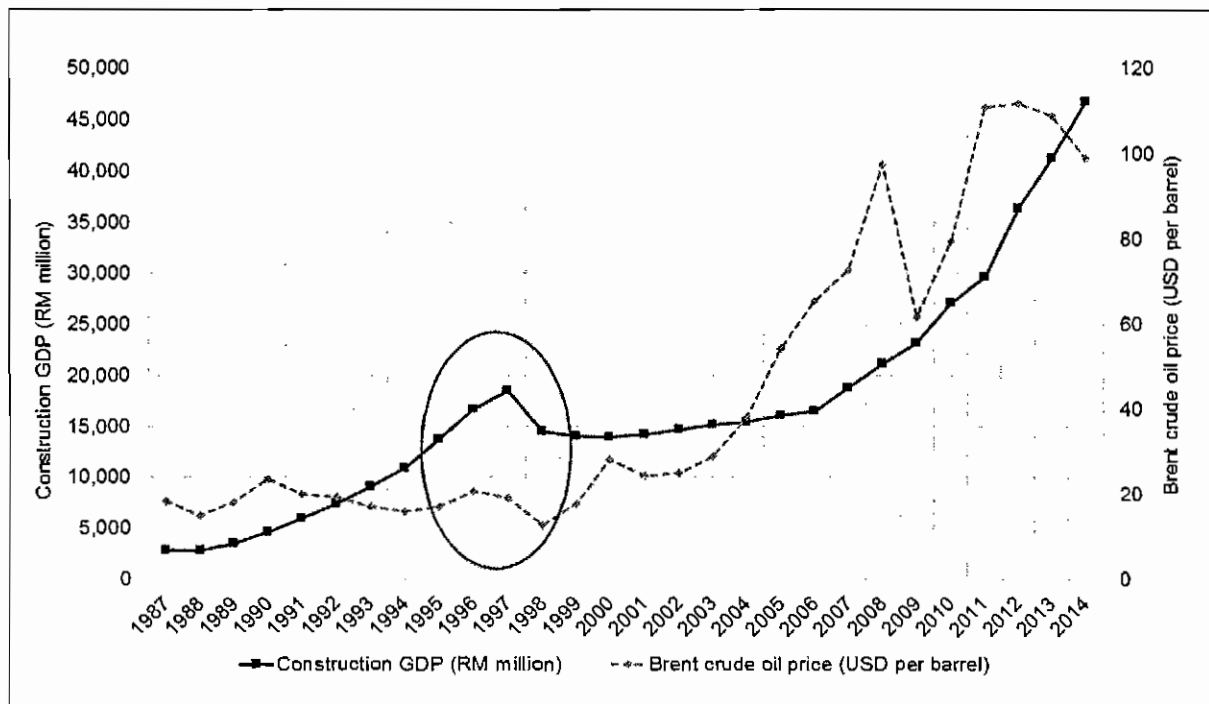
Over the same period between 1987 and 2014, Brent crude oil prices increased from USD18.34 in 1987 to USD98.94 in 2014. During this period, Brent crude oil prices have fluctuated more drastically than the performance of the construction industry in Malaysia, as a result of global demand and supply factors, with dips in 1988, 1991, 1998, 2001 and 2009 arising from major regional and/or global economic slowdowns. The only corresponding dip in the performance of the construction industry in Malaysia was in 1998 during the Asian financial crisis, when both construction GDP in Malaysia and Brent crude oil prices dropped in tandem. In 2009, when Brent crude oil prices decreased drastically to USD61.86 from USD97.64 in the year before due to the United States sub-prime crisis, construction GDP in Malaysia continued to rise.

Based on this historical trend, save for the period during the Asian financial crisis in 1998, the construction industry in Malaysia has been predominantly resilient to fluctuations in global crude oil prices.

7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)



Construction industry in Malaysia – impact of global Brent crude oil prices on the construction industry in Malaysia <sup>a</sup>



<sup>a</sup> Malaysia's construction GDP is based on current prices

Source: Extracted from the independent market research report prepared by SMITH ZANDER

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## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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**Employment**

The construction industry has also contributed to the socio-economic development of Malaysia in terms of employment. Employees in the construction industry increased from about 10.9 million persons in 2009 to an estimated 13.6 million persons in 2014, indicating a growing construction industry that is in line with a developing country's manpower requirements. The percentage of employment in the construction industry hovered between 9.0% and 9.5% of total employment in Malaysia over the period of 2009 to 2014.

**Construction industry in Malaysia – employment statistics**

Year	Total employment ('000)	Employment in the construction industry ('000)	Percentage employment of the construction industry (%)
2009	10,897.3	1,015.9	9.3
2010	11,899.5	1,082.7	9.1
2011	12,284.4	1,133.6	9.2
2012	12,723.2	1,163.7	9.1
2013	13,210.0	1,244.1	9.4
2014 <sub>p</sub>	13,576.3	1,225.6	9.0
<b>CAGR 2009 – 2013</b>	<b>4.9%</b>	<b>5.2%</b>	Not applicable

*p - preliminary*

*Source: Extracted from the independent market research report prepared by SMITH ZANDER*

**Value of Projects Awarded**

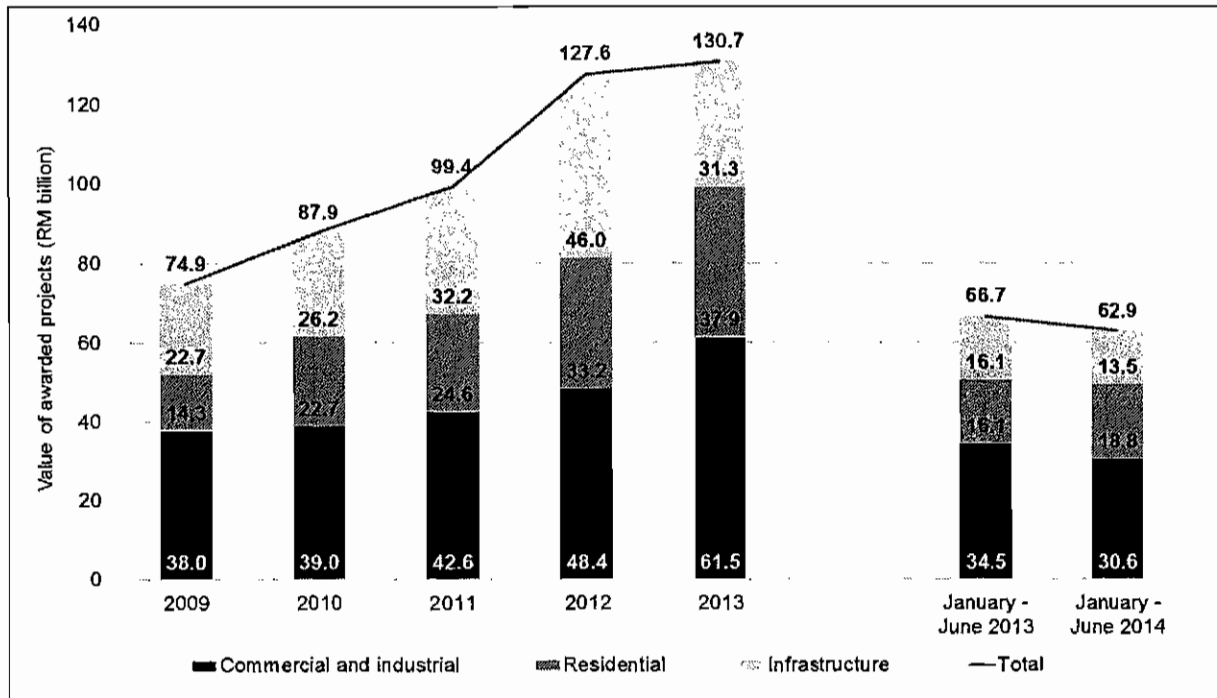
The vibrancy of the construction industry reflects the growth of a country's economy. The growth of the construction industry is typically cyclical as it follows relatively closely to the GDP growth of a country. A common measure of the construction industry is based on value of projects awarded during a certain period.

From 2009 to 2013, the construction industry in Malaysia, as measured by value of projects awarded, grew from RM74.9 billion to RM130.7 billion and recorded a CAGR of 14.9%. The industry experienced a slowdown in 2009 as public and private expenditure on construction activities were tightened due to the global financial crisis. However, the industry began rebounding in 2010 in a show of resilience as the Government of Malaysia and the private sector resumed spending on construction activities.

Residential construction activities registered the highest CAGR of 27.6%, increasing from RM14.3 billion in 2009 to RM37.9 billion in 2013 in terms of awarded project value. Commercial and industrial construction witnessed an impressive growth rate of 12.8% between 2009 and 2013 on the back of an increase in the supply of commercial office space.

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Construction industry in Malaysia – value of projects awarded <sup>a</sup><sup>a</sup> Latest available data as at 31 May 2015

Source: Extracted from the independent market research report prepared by SMITH ZANDER

The infrastructure development sector of the construction industry is typically reliant on public funding from the Government of Malaysia. In terms of awarded project value, this sector increased at a rate of 8.4% from RM22.7 billion in 2009 to RM31.3 billion in 2013. Infrastructure and social amenities development was adversely affected by the global financial crisis in 2008 which prevailed over the next two (2) years. Nevertheless, with the implementation of the 10<sup>th</sup> Malaysian Plan ("10MP") and the Economic Transformation Programme ("ETP"), infrastructure and social amenities construction recovered in 2011 and 2012. In 2013, the Government was largely focused on seeing through several of the transportation-related infrastructure projects awarded in 2011 and 2012, hence resulting in lower construction values in terms of awarded projects during the period of 2013.

Moving forward, infrastructure and social amenities construction is also expected to continue to be strongly driven by public expenditure. The 10MP identifies 52 high impact projects worth RM63.0 billion which include the Pahang-Selangor Raw Water Transfer Project with an estimated project value of RM9.0 billion, the Light Rail Transit ("LRT") extension from Kelana Jaya station to Putra Heights, Subang Jaya with a maximum contract value of RM7.0 billion and the construction of the new Low Cost Carrier Terminal ("LCCT") with a gross development value ("GDV") of RM2.0 billion.

With the aim of further developing the country, the Government of Malaysia also announced future development plans under the ETP in January 2011. These plans include the construction of the Klang Valley MRT system, which is estimated to cost about RM55.0 billion and KL International Financial District Development which has a GDV of RM26.0 billion. Other plans under the ETP include the development of the Pengerang Independent Deepwater Petroleum Terminal ("PIDPT") and the Refinery and Petrochemical Integrated Development ("RAPID") in Johor, with an estimated cost of over RM60.0 billion, as well as

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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several power utilities plant development in Pahang, Perak and Terengganu which have an estimated combined total project value of RM500.0 million.

The Government has further approved six (6) toll highways for Selangor, namely Kinrara – Damansara Expressway (“KIDEX”), East Klang Valley Expressway (“EKVE”), Sungai Besi – Ulu Klang Expressway (“SUKE”), Damansara – Shah Alam Highway, Serdang Kinrara Putrajaya Expressway (“SKIP”) and West Coast Highway (“LPB”), which collectively will require an investment of RM20.5 billion.

### Construction industry in Malaysia – selected on-going and upcoming major infrastructure development projects

Location	Project	Type of infrastructure development	Estimated project value (RM billion)
Pahang and Selangor	Pahang – Selangor Raw Water Transfer Project	Utilities	9.0
Negeri Sembilan	Low Cost Carrier Terminal	Transportation	2.0
Selangor	LRT Extension Project	Transportation	7.0
	Klang Valley MRT System	Transportation	55.0
	KL International Financial District Development (“KLIFD”)	Commercial	26.0
	KL bullet train to Singapore	Transportation	12.0
	Klang River Revitalisation	Commercial	18.0
	Kinrara – Damansara Expressway (“KIDEX”)	Transportation	2.4
	East Klang Valley Expressway (“EKVE”)	Transportation	1.6
	Sungai Besi – Ulu Klang Expressway (“SUKE”)	Transportation	4.2
	Damansara – Shah Alam Highway	Transportation	4.3
	Serdang Kinrara Putrajaya Expressway (“SKIP”)	Transportation	2.0
	West Coast Highway (“LPB”)	Transportation	6.0
Johor	Pengerang Independent Deepwater Petroleum Terminal (“PIDPT”)	Commercial	60.0
	Refinery and Petrochemical Integrated Development (“RAPID”)		
Pahang	Ulu Jelai Hydropower Project	Utilities	0.5
Perak	Manjung Extension Development	Utilities	
Terengganu	Hulu Terengganu Hydroelectric Project	Utilities	

Source: Extracted from the independent market research report prepared by SMITH ZANDER

Apart from the initiatives driven by the Government to further develop infrastructure based on the nation's socio-economic needs, the Government through the Construction Industry Development Board (“CIDB”) intends to further develop the construction industry in Malaysia to maintain its status as a healthy and self-sufficient industry. The CIDB implemented the Construction Industry Master Plan (2006-2015) in 2006, which includes seven (7) thrusts that aim to increase the industry's market size by expanding into new and unexplored foreign markets, and improve productivity, efficiency and cost-effectiveness of the domestic construction industry in order to provide comparative advantage to the economy.

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**7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)**

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With these opportunities created by the Government of Malaysia to drive industry growth and socio-economic development, the construction industry is expected to grow strongly, particularly in line with the rolling out of large infrastructure and social amenities development projects. SMITH ZANDER projects the construction industry to grow from RM130.7 billion in 2013 to RM191.1 billion in 2017, based on awarded project value, at a CAGR of 10.0%. SMITH ZANDER estimates that the percentage contribution of infrastructure, commercial and residential development projects will not significantly change over the forecast period.

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**Competitive Landscape**

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The construction industry in Malaysia is competitive owing to the large pool of diversified and pure play industry players that compete for public and private residential, commercial and industrial, and infrastructure construction projects in the country. Based on its revenue of approximately RM1.9 billion in the FYE 31 December 2014, Sunway Construction Group Berhad ranks among the top five (5) construction companies in Malaysia, and upon its Listing, will be the largest pure play public listed construction company in Malaysia. For the purposes of this research report, SMITH ZANDER has adopted the premise that a pure play construction player is a construction group and/or company that derives 90.0% or more of its revenue from construction and construction-related activities, while diversified groups and/or companies derive less than 90.0% of their revenue from construction and construction-related activities, and are involved in other core businesses, which include, among others, property development, oil palm, tolls and other concessions, manufacturing and trading. The ranking of Sunway Construction Group Berhad is based on a comparison of its revenue in the FYE 31 December 2014 against the latest available revenues of the companies listed on the Construction Sector of the Main Market of Bursa Malaysia Securities Berhad, with the latest available revenues of these companies ranging from the FYE 31 December 2013 to the FYE 31 December 2014.

The following sets out the latest available revenues of the major construction groups and/or companies in Malaysia, with classifications indicating if they are pure play construction groups and/or companies, or diversified groups and/or companies.

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## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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## Construction industry in Malaysia – financial performance of public listed construction industry players as at 31 May 2015

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities <sup>a, b</sup> (RM)
IJM Corporation Berhad <sup>b</sup>	Construction, property development, manufacturing and quarrying, plantation, infrastructure and investment holding	Diversified	31 March 2014	6,006,481,000	2,080,082,000
<i>Sunway Construction Group Berhad <sup>b</sup></i>	<i>Provision of construction services, manufacturing and sale of precast concrete products</i>	<i>Pure play</i>	<i>31 December 2014</i>	<i>1,880,707,000</i>	<i>1,880,707,000</i>
WCT Holdings Berhad <sup>b</sup>	Civil engineering and construction, property development, property investment and management	Diversified	31 December 2014	1,662,222,000	1,210,582,000
Gamuda Berhad <sup>b</sup>	Engineering and construction, property development and club operations, water and expressway concessions	Diversified	31 July 2014	2,229,572,000	1,180,137,000
MMC Corporation Berhad <sup>b</sup>	Ports and logistics, energy and utilities, engineering and construction, others	Diversified	31 December 2014	8,765,501,000	1,082,513,000
Kimlun Corporation Berhad <sup>b</sup>	Construction, manufacturing of concrete products and trading of building materials, property development, investments	Diversified	31 December 2014	1,206,398,768	967,195,134

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## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities <sup>a, b</sup> (RM)
Eversendai Corporation Berhad <sup>b</sup>	Construction contracts	Pure play	31 December 2013	965,050,000	965,050,000
Mudajaya Group Berhad <sup>b</sup>	Construction contracts, property development, trading and plant hiring, manufacturing, others	Diversified	31 December 2014	1,050,805,000	849,756,000
Bina Puri Holdings Berhad <sup>b</sup>	Construction, property development, quarry and readymix concrete, polyol manufacturing, power supply	Diversified	31 December 2014	1,053,478,000	833,226,000
Muhibbah Engineering (M) Berhad <sup>b</sup>	Infrastructure construction, cranes, marine ship building and ship repair, concessions	Diversified	31 December 2014	1,733,620,000	717,089,000
TRC Synergy Berhad <sup>c</sup>	Construction activity, property development	Diversified	31 December 2014	814,955,887	706,833,597
Ahmad Zaki Resources Berhad <sup>b</sup>	Construction, trading in oil and gas and other related products, cultivation, other operations	Pure play	31 December 2014	662,358,562	601,120,555
Hock Seng Lee Berhad <sup>b</sup>	Construction, property development, others	Pure play	31 December 2014	604,721,309	572,767,959
Gadang Holdings Berhad <sup>b</sup>	Construction, property, utility, investment holding and others, plantation	Diversified	31 May 2014	544,945,855	442,192,822
Econpile Holdings Berhad <sup>c</sup>	General construction and piling works, others	Pure play	30 June 2014	418,687,750	418,681,600

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

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Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities <sup>a, b</sup> (RM)
Mitrajaya Holdings Berhad <sup>b</sup>	Construction, property development, manufacturing and trading, healthcare industries, others	Diversified	31 December 2014	520,204,899	370,674,000
Gabungan AQRS Berhad <sup>b</sup>	Property development, construction, others	Diversified	31 December 2014	534,163,223	325,222,557
Sycal Ventures Berhad <sup>b</sup>	Construction, property development, manufacturing and trading	Diversified	31 December 2014	406,183,000	291,859,000
Pesona Metro Holdings Berhad <sup>b</sup>	Construction works, manufacturing and trading of polyurethane, others	Pure play	31 December 2013	296,887,419	283,120,770
Fajarbaru Builder Group Berhad <sup>b</sup>	Investment holding, property development, construction, trading	Diversified	30 June 2014	313,581,595	244,034,030
Zelan Berhad <sup>b</sup>	Engineering and construction, property and development, investment, others	Pure play	31 March 2014	250,207,000	242,999,000
Ireka Corporation Berhad <sup>b</sup>	Construction, property development, trading and services, hospitality and leisure, investment holding	Diversified	31 March 2014	289,676,087	231,972,773
MTD ACPI Engineering Berhad <sup>b</sup>	Construction, manufacturing and related services, others	Diversified	31 March 2014	328,185,000	222,546,000
Prinsiptek Corporation Berhad <sup>b</sup>	Construction, property development, trading and others	Diversified	31 December 2014	302,158,621	198,541,410

## 7. EXECUTIVE SUMMARY OF THE INDEPENDENT MARKET RESEARCH REPORT (CONT'D)

SMITH ZANDER

Industry player	Business activities	Classification	Latest available FYE	Group revenue (RM)	Segmental revenue for construction and construction-related activities <sup>a, b</sup> (RM)
Melati Ehsan Holdings Berhad <sup>b</sup>	Construction, trading, property development, others	Diversified	31 August 2014	323,143,107	168,388,471
Pintaras Jaya Berhad <sup>c</sup>	Piling, civil engineering and construction works, manufacturing	Diversified	30 June 2014	201,906,779	167,419,257
Protasco Berhad <sup>b</sup>	Construction contracts, engineering services, training and education, trading, property development, others	Diversified	31 December 2014	1,061,573,000	141,971,000
Zecon Berhad <sup>b</sup>	Construction, property development, toll concession, others	Diversified	30 June 2014	208,595,336	141,324,505
Ekovest Berhad <sup>b</sup>	Construction operations, property development, investment holding, toll operations	Diversified	30 June 2014	229,126,000	137,471,000
Jaks Resources Berhad <sup>b</sup>	Manufacturing, trading, construction, investment, property development	Diversified	31 December 2014	490,932,434	134,554,306
Ho Hup Construction Company Berhad <sup>b</sup>	Construction, property development, manufacturing, others	Diversified	31 December 2014	341,024,000	115,897,000
Merge Energy Berhad <sup>b</sup>	Investment holding, construction, property investment, trading, oil and gas, others	Pure play	31 January 2014	122,053,713	114,033,677