

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)****10.1.2 Non-Recurrent Related Party Transactions**

Save as disclosed below, there are no other non-recurrent related party transactions, existing or proposed, entered or to be entered into by our Group which involves the interest, direct or indirect, of our Directors and major shareholders, and/or persons connected with them for the past three financial years up to the FYE 31 December 2014.

Our Directors confirmed that the non-recurrent related party transactions set out below were carried out on an arm's length basis and on commercial terms which are not more favourable to the related parties than those generally available to third parties.

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
7 November 2014	Our Company and SunHoldings	SunHoldings is our Company's major shareholder. Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and major shareholders of Sunway.	Acquisition by our Company of the entire equity interest in SunCon pursuant to a Share Sale Agreement dated 7 November 2014.	RM258,580,000
31 October 2014	SunCon and SunHoldings	Puan Sri Susan Cheah, Evan Cheah, Sungei Way Corporation and Active Equity are major shareholders of Sunway. SunHoldings is our Company's major shareholder. SunCon is our Company's wholly-owned subsidiary. Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and major shareholders of Sunway. Puan Sri Susan Cheah, Evan Cheah, Sungei Way Corporation and Active Equity are major shareholders of Sunway.	Acquisition by SunHoldings of the entire equity interest held by SunCon in Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd pursuant to a Share Sale Agreement dated 31 October 2014.	RM21,100,001

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Date of transaction	Transacting parties	Nature of relationship	Nature of transaction	Transaction value
5 November 2014	Sunway Concrete Products (S) and SunHoldings	<p>SunHoldings is our Company's major shareholder. Sunway Concrete Products (S) is our Company's indirect wholly-owned subsidiary.</p> <p>Tan Sri Jeffrey Cheah and Sarena Cheah are Directors and major shareholders of Sunway.</p> <p>Puan Sri Susan Cheah, Evan Cheah, Sungei Way Corporation and Active Equity are major shareholders of Sunway.</p>	Acquisition by SunHoldings of the entire equity interest held by Sunway Concrete Products (S) in Hoi Hup Sunway Development Pte Ltd pursuant to a Share Sale Agreement dated 5 November 2014.	SGD300,000 (equivalent to approximately RM816,030*)

**Note:**

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

Our Directors are of the opinion that all the above transactions were carried out on an arm's length basis, on normal commercial terms which are not more favourable to the related parties than those generally available to the public and not to the detriment to our minority shareholders.

Upon our Listing, our Audit Committee will review the terms of all related party transactions, and our Directors will report such transactions, if any, annually in our Company's annual report. In the event that there are any proposed related party transactions that involve the interest, direct or indirect, of our Directors, the interested Director(s) shall disclose his interest to our Board, of the nature and extent of his interest including all matters in relation to the proposed related party transactions that he is aware or should reasonably be aware of, which is not in our best interest. The interested Director(s) shall also abstain from any Board deliberation and voting on the relevant resolution(s) in respect of such proposed related party transactions.

In the event that there are any proposed related party transactions that require the prior approval of our shareholders, the Directors, major shareholders and/or persons connected with a Director or major shareholder, which have any interest, direct or indirect, in the proposed related party transactions will also abstain from voting in respect of his direct and/ or indirect shareholdings. Such interested Director and/or major shareholder will also undertake to ensure that the person connected with him will abstain from voting on the resolution approving the proposed related party transaction at the general meeting.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)****10.2 TRANSACTIONS THAT ARE UNUSUAL IN THEIR NATURE OR CONDITIONS**

Our Directors have confirmed that there are no transactions that are unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which our Company and/ or any of our subsidiaries was a party in respect of the past three FYEs 31 December 2012, 2013 and 2014.

**10.3 OUTSTANDING LOANS (INCLUDING GUARANTEES OF ANY KIND)**

Our Directors have confirmed that save as disclosed in Section 10.1.1 of this Prospectus, there are no outstanding loans (including guarantees of any kind) that have been granted by our Company and/or any of our subsidiaries to or for the benefit of the related parties in respect of the past three FYEs 31 December 2012, 2013 and 2014 respectively.

**10.4 INTEREST IN SIMILAR BUSINESSES**

Save as disclosed below and in Section 8.2.3 of this Prospectus, none of our Directors or substantial shareholders has any interest, direct or indirect, in any other businesses and corporations carrying on a similar trade as our Group.

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
Sunway	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 <sup>(1)</sup>
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 <sup>(2)</sup>
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 <sup>(3)</sup>
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	-	100 <sup>(3)</sup>
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 <sup>(3)</sup>
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(4)</sup>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect <sup>(5)</sup>
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(5)</sup>
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(5)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(5)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(6)</sup>
<b>SunHoldings</b>	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	100	-
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	100	-
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	100	-
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(7)</sup>
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(8)</sup>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(8)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(8)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(9)</sup>
Active Equity	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 <sup>(10)</sup>
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 <sup>(11)</sup>
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 <sup>(12)</sup>
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	-	100 <sup>(12)</sup>
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 <sup>(12)</sup>
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(13)</sup>
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(14)</sup>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(14)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(14)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(15)</sup>
Sungei Way Corporation	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 <sup>(16)</sup>
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 <sup>(17)</sup>
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 <sup>(18)</sup>
	Sunway Paving Solutions Sdn Bhd	Manufacture and marketing of concrete pavers, hollow concrete blocks and eurotiles, undertakes contracts for paving work and the hiring of heavy machinery	-	100 <sup>(18)</sup>
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 <sup>(18)</sup>
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(19)</sup>
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(20)</sup>

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(20)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(20)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(21)</sup>
Tan Sri Jeffrey Cheah	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 <sup>(22)</sup>
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 <sup>(23)</sup>
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 <sup>(24)</sup>
	Sunway Paving Solutions Sdn Bhd	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	-	100 <sup>(24)</sup>
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 <sup>(24)</sup>
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(25)</sup>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(26)</sup>
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(26)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(26)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(27)</sup>
Puan Sri Susan Cheah	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 <sup>(28)</sup>
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 <sup>(28)</sup>
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 <sup>(28)</sup>
	Sunway Paving Solutions Sdn Bhd	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	-	100 <sup>(28)</sup>
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 <sup>(28)</sup>



## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(28)</sup>
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(28)</sup>
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(28)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(28)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(28)</sup>
Sarena Cheah	Deco Style Sdn Bhd	Specialist contractor in renovation of commercial and residential projects	-	100 <sup>(29)</sup>
	Sunway Design Sdn Bhd	Interior decorators and contractors	-	80 <sup>(30)</sup>
	Sunway Quarry Industries Sdn Bhd	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	-	100 <sup>(31)</sup>
	Sunway Paving Solutions Sdn Bhd	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machinery	-	100 <sup>(31)</sup>

## 10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)

Substantial shareholders	Name of company	Principal activities	% of equity interest	
			Direct	Indirect <sup>(31)</sup>
	Sunway Quarry (Kuala Kangsar) Sdn Bhd	To sell or otherwise deal in stones, aggregates, premix or other construction related products	-	100 <sup>(31)</sup>
	Sunway GD Foundation Engineering Co Ltd/ Macau, People's Republic of China	To carry out foundation and construction works	-	60 <sup>(32)</sup>
	Shanghai Xinhetai Construction Ltd/ People's Republic of China	To undertake the business of foundation engineering	-	70 <sup>(33)</sup>
	Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd/ People's Republic of China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	100 <sup>(33)</sup>
	PT Sunway Construction Engineering/ Indonesia	To carry out foundation and construction works	-	55 <sup>(33)</sup>
	Shanghai Sunway Geotechnics Engineering Co Ltd/ People's Republic of China	Undertake geotechnical and foundation engineering through contracting construction projects; installation, leasing and renting of machineries and equipment; marketing and distribution of building materials related products	-	100 <sup>(34)</sup>

**Notes:**

- (1) Deemed interested by virtue of Section 6A of the Act held through SunCity.
- (2) Deemed interested by virtue of Section 6A of the Act held through SunCity and Deco Style Sdn Bhd.
- (3) Deemed interested by virtue of Section 6A of the Act held through SunHoldings.
- (4) Deemed interested by virtue of Section 6A of the Act held through SunHoldings and Sunway Global Limited.
- (5) Deemed interested by virtue of Section 6A of the Act held through SunHoldings, Sunway Global Limited and Sunway GD Foundation Engineering Co. Ltd..
- (6) Deemed interested by virtue of Section 6A of the Act held through SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co. Ltd. and Shanghai Xinhetai Construction Ltd.
- (7) Deemed interested by virtue of Section 6A of the Act held through Sunway Global Limited.
- (8) Deemed interested by virtue of Section 6A of the Act held through Sunway Global Limited and Sunway GD Foundation Engineering Co. Ltd.
- (9) Deemed interested by virtue of Section 6A of the Act held through Sunway Global Limited, Sunway GD Foundation Engineering Co. Ltd. and Shanghai Xinhetai Construction Ltd.
- (10) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunCity.
- (11) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunCity and Deco Style Sdn Bhd.
- (12) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway and SunHoldings.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

- (13) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunHoldings and Sunway Global Limited.
- (14) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited and Sunway GD Foundation Engineering Co. Ltd.
- (15) Deemed interested by virtue of Section 6A of the Act held through Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co. Ltd. and Shanghai Xinhetai Construction Ltd.
- (16) Deemed interested by virtue of Section 6A of the Act held through Sunway and SunCity.
- (17) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunCity and Deco Style Sdn Bhd.
- (18) Deemed interested by virtue of Section 6A of the Act held through Sunway and SunHoldings.
- (19) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunHoldings and Sunway Global Limited.
- (20) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunHoldings Sunway Global Limited and Sunway GD Foundation Engineering Co Ltd.
- (21) Deemed interested by virtue of Section 6A of the Act held through Sunway, SunHoldings Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd. and Shanghai Xinhetai Construction Ltd.
- (22) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity and children.
- (23) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, Deco Style Sdn Bhd and children.
- (24) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings and children.
- (25) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited and children.
- (26) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd and children.
- (27) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd., Shanghai Xinhetai Construction Ltd and children.
- (28) Deemed interested by virtue of Section 6A of the Act held through spouse and children.
- (29) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, spouse and parent.
- (30) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunCity, Deco Style Sdn Bhd, spouse and parent.
- (31) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, spouse and parent.
- (32) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, spouse and parent.
- (33) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd., spouse and parent.
- (34) Deemed interested by virtue of Section 6A of the Act held through Active Equity, Sungei Way Corporation, Sunway, SunHoldings, Sunway Global Limited, Sunway GD Foundation Engineering Co Ltd., Shanghai Xinhetai Construction Ltd., spouse and parent.

**Deco Style Sdn Bhd, Sunway Design Sdn Bhd, Sunway Quarry Industries Sdn Bhd, Sunway Paving Solutions Sdn Bhd and Sunway Quarry (Kuala Kangsar) Sdn Bhd**

The above-mentioned companies have similar business activities in respect of products, services and/or activities. However, our Group and the above companies are unlikely to compete with one another in view that none of the above companies are general construction contractors. Deco Style Sdn Bhd and Sunway Design Sdn Bhd are involved in renovation and interior design work for completed commercial and residential projects, which our Group is not involved in on a stand-alone basis (i.e. independent from its end-to-end construction services activities). Deco Style Sdn Bhd and Sunway Design Sdn Bhd carry out such renovation and interior design work activities as an extension of the property development activities of the Sunway Group and the Sunway Group does not have any other construction businesses other than that carried out by the SGFE Group (as defined below), which the Sunway Group is in the midst of disposing and which operates in different geographical regions from our Group. The SGFE Group has historically primarily carried out operations in the People's Republic of China, Macau and Indonesia.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

Insofar as Sunway Quarry Industries Sdn Bhd, Sunway Paving Solutions Sdn Bhd and Sunway Quarry (Kuala Kangsar) Sdn Bhd are concerned, such entities carry out the manufacturing, supply and/or sale of specific building materials and the carrying out of construction related works by such entities utilising such building materials arises from the existing businesses of such entities, which do not directly compete with the existing principal business activities of our Group.

**Sunway GD Foundation Engineering Co Ltd ("SGFE"), Shanghai Xinhetai Construction Ltd, Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co Ltd, PT Sunway Construction Engineering and Shanghai Sunway Geotechnics Engineering Co Ltd (collectively, the "SGFE Group")**

As at the LPD, Sunway has an equity interest of 60% in SGFE ("**SGFE Shares**"). The SGFE Group is principally involved in construction and piling services, which is a similar business as our Group.

Sunway's presence via the SGFE Group in the construction industry will not give rise to a conflict of interest situation between the construction businesses of our Group and the Sunway Group, for the following reasons:

- (i) As the equity interest held in the SGFE Group does not form a core or strategic part of the business of the Sunway Group, it is the intention of Sunway to dispose of such interest. Sunway Group has already initiated the disposal of the SGFE Group in 2012. The sale and purchase agreements in relation to the said disposal have been executed and the transfer of the SGFE Shares to one Yu De Mao ("**YDM**") is expected to be completed in due course. The current status of the disposal transaction is as follows:
  - (a) Via an Equity Sale and Purchase Agreement dated 12 July 2012 ("**Equity SPA**") entered into between Sunway Global Ltd ("**Sunway Global**") and YDM, Sunway Global agreed to transfer its equity interest in SGFE to YDM in consideration of YDM discharging all the SGFE Group's liabilities of approximately RMB47,922,302 (equivalent to approximately RM28,358,501.43\*) ("**SGFE's Liabilities**");
  - (b) YDM defaulted in the payment of the SGFE Liabilities, with an outstanding sum remaining unpaid of RMB31,532,782.02 (equivalent to approximately RM18,659,839.09\*) ("**Outstanding Sum**"). Sunway Global subsequently entered into a Sale and Purchase Agreement dated 12 August 2013 ("**2013 SPA**") with YDM and GD Capital Holdings Sdn Bhd ("**GD Capital**") which if completed, would see Sunway Global acquire 8.83% of the issued share capital of GD Capital Pte Ltd, which would, if the 2013 SPA had been completed in accordance with its terms, have become the ultimate holding company of GD Properties (XuanCheng) Co Ltd, a company established under the laws of the People's Republic of China and the land use rights holder of a plot of land known as Plot 8-1-1709 located at Xuancheng Economic and Technology Development, People's Republic of China, for the development of Plot 8-1-1709 into residential units;

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

- (c) Prior to the completion of the 2013 SPA, GD Capital had in March 2014 assigned its rights, interests and responsibilities and obligations as contained in the Joint Venture Agreement dated 27 October 2010 between GD Capital and Xuancheng Management Committee on Economic and Technical Development relating to the development of, amongst others, Plot 8-1-1709 to Sociedade De Investimento E Desenvolvimento Glory, Limitada ("**Macau Glory**"). Macau Glory incorporated MGlory Pte Ltd which then became the ultimate holding company of GD Properties (XuanCheng) Co Ltd through the acquisition of 90% of the shares in GD Properties and Holding (Macau) Co Ltd (the holding company of GD Properties (XuanCheng) Co Ltd). The remaining 10% of the shares in GD Properties and Holding (Macau) Co Ltd is held by Tong Sao Cheng, a substantial shareholder of Macau Glory, as Macau laws require a minimum of 2 shareholders.
- (d) Consequently, Sunway Global entered into a Sale and Purchase Agreement on 24 October 2014 ("**2014 SPA**") with Macau Glory relating to the sale and purchase of 3,932 shares in its subsidiary, MGlory Pte Ltd ("**MGlory Sale Shares**") in consideration of a cash payment of RMB12,000,000 (equivalent to approximately RM7,101,120\*) payable in US Dollars and Sunway Global providing advice and assistance to GD Properties (XuanCheng) Co Ltd. The purchase consideration has been fully settled and the transfer of the MGlory Sale Shares has been completed. Following the completion of the acquisition of the MGlory Sale Shares, Sunway Global holds a 39.32% equity interest in MGlory Pte Ltd; and
- (e) Sunway Global, YDM and GD Capital have entered into a Termination Agreement dated 17 December 2014 for the purpose of terminating the 2013 SPA which also stipulates that the transfer of SGFE Shares to YDM shall be completed and the parties will be discharged from further observance and performance, outstanding liabilities and obligations, in connection with the Equity SPA upon the completion of the 2014 SPA.

**Note:**

\* Based on exchange rate of RMB1.00 : RM0.59176 as at 29 May 2015 (Source: Bloomberg L.P.)

- (ii) Based on the principal activities of the SGFE Group as disclosed in the latest available audited financial statements of the SGFE Group, the non-dormant subsidiaries of SGFE are involved in providing construction and piling services in Indonesia, Macau and the People's Republic of China, where our Group presently has no presence. It is the intention of Sunway to see through the completion of the disposal of SGFE (whether to YDM or, if the disposal to YDM is ultimately unsuccessful, to such other third party/parties as may be identified). Furthermore, even if the disposal of SGFE does not complete, Sunway has no intention to continue with the businesses of the SGFE Group. In this respect, it is noted that the value of Sunway's entire investment in the SGFE Group has been fully written down in the accounts of the Sunway Group.

In view of the above, our Board is of the opinion that, at present, there are either no existing or potential conflict of interest situation arising from the shareholdings and directorship of the Directors and/or substantial shareholders of our Group in the above-mentioned companies or any such conflict of interest are mitigated.

Our Audit Committee will supervise any conflict of interest or potential conflict of interest situations and the Directors of our Company will disclose such conflict of interest situations, if any, for resolution as and when they arise.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

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**10.5 INTERESTS IN OTHER BUSINESSES OR CORPORATIONS WHICH ARE CUSTOMERS OR SUPPLIERS OF OUR GROUP**

Save as disclosed under Sections 10.1.1 and 10.1.2, to the best knowledge and belief of our Directors and substantial shareholders, none of our Directors and substantial shareholders is interested directly and/or indirectly in any other business or corporation which is a customer or supplier of our Group as at the LPD.

**10.6 CONTRACTS OR ARRANGEMENTS IN WHICH OUR DIRECTORS OR SUBSTANTIAL SHAREHOLDERS ARE INTERESTED AND SIGNIFICANT IN RELATION TO OUR BUSINESS**

Save as disclosed under Sections 10.1.1 and 10.1.2, none of our Directors and/or substantial shareholders has interest in any contract or arrangement, which is significant in relation to the business of our Group.

**10.7 DECLARATION BY THE ADVISERS FOR OUR LISTING**

**(i) RHB Investment Bank**

RHB Investment Bank and/or its related companies ("**RHB Banking Group**") form a diversified financial group and may extend credit facilities or engage in private banking, commercial banking and investment banking transactions including, *inter-alia* brokerage, securities trading, asset and fund management and credit transaction service businesses in its ordinary course of business with our Company and its persons acting in concert. Furthermore, any member of the RHB Banking Group may at any time offer or provide its services to or engage in any transactions (on its own account or otherwise) with our Company and/or our affiliates, hold long or short positions, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of our Company and/or our affiliates.

As at the LPD, RHB Banking Group has via its subsidiary, RHB Bank Berhad (a company related to RHB Investment Bank), extended credit facilities to our Group. RHB Investment Bank, as part of the RHB Banking Group, has confirmed that the abovementioned extension of credit facilities does not result in a conflict of interest situation in its capacity as the Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our Listing as:

- (i) the total credit facilities are not material when compared to the audited total assets of the RHB Banking Group as at 31 December 2014;
- (ii) the credit facilities were provided by RHB Bank Berhad in the ordinary course of its business and RHB Investment Bank does not receive or derive any financial interest or benefit from the Listing, save for the fees received in relation to its appointment as Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter;
- (iii) the team in charge of our Listing in RHB Banking Group is independent from the team handling the credit facilities; and
- (iv) the conduct of RHB Banking Group in its banking business is strictly regulated by the Financial Services Act 2013 and RHB Banking Group's own internal controls and checks.

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**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)**

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RHB Investment Bank has also confirmed that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner and Joint Underwriter for our Listing.

**(ii) Maybank IB**

Maybank IB and its related and associated companies ("**Maybank Group**") form a diversified financial group and are engaged in a wide range of investment and commercial banking, brokerage, securities trading, asset and fund management and credit transaction services businesses. The Maybank Group has engaged and may in the future, engage in transactions with and perform services for our Company and/or our affiliates, in addition to the roles set out in this Prospectus. In addition, in the ordinary course of business, any member of the Maybank Group may at any time offer or provide its services to or engage in any transaction (on its own account or otherwise) with any member of our Group and/or our affiliates, our shareholders and/or their affiliates and/or any other entity or person, hold long or short positions in securities issued by us and/or our affiliates, and may trade or otherwise effect transactions for its own account or the account of its other customers in debt or equity securities or senior loans of any member of our Group and/or our affiliates. This is a result of the businesses of the Maybank Group generally acting independently of each other, and accordingly, there may be situations where parts of the Maybank Group and/or its customers now have, or in the future, may have interest or take actions that may conflict with the interest of our Group. Nonetheless, the Maybank Group is required to comply with applicable laws and regulations issued by the relevant authorities governing its advisory business, which require, amongst others, segregation between dealing and advisory activities and Chinese wall between different business divisions.

As at the LPD, our Group has credit facilities with the Maybank Group. The said credit facilities have been extended by the Maybank Group in its ordinary course of business.

Notwithstanding this, Maybank IB has confirmed that the aforesaid lending relationship would not give rise to a conflict of interest situation in its capacity as the Joint Global Coordinator and Joint Bookrunner for the Offering as well as the Joint Underwriter for the Retail Offering as:

- (i) the extension of credit facilities is part of the ordinary course of business of the Maybank Group;
- (ii) the conduct of the Maybank Group in its banking business is strictly regulated by the Financial Services Act 2013 and the Maybank Group's own internal controls and checks;
- (iii) the total outstanding amount owed by our Group is not material when compared to the audited total assets of the Maybank Group as at 31 December 2014; and
- (iv) the team in charge of the listing in Maybank Group is independent from the team handling the credit facilities.

Maybank IB has also confirmed that it is not aware of any circumstance that exists or is likely to exist to give rise to a possible conflict of interest situation in its capacity as the Joint Global Coordinator and Joint Bookrunner for our Offering as well as the Joint Underwriter for the Retail Offering.

**10. RELATED PARTY TRANSACTIONS AND CONFLICT OF INTEREST (CONT'D)****(iii) HSBC**

HSBC Holdings Plc and its subsidiaries including HSBC Bank Malaysia Berhad and HSBC Amanah Malaysia Berhad (collectively, "HSBC Group") may engage in transactions with, and perform services for our Group, the Selling Shareholder and their respective affiliates and some of the other Promoters in the ordinary course of business and have engaged, and/or may in the future engage, in commercial banking and investment banking transactions, including providing loans or entering into other financing arrangements, with our Group, the Selling Shareholder and their respective affiliates and some of the other Promoters, for which HSBC Group has received, or may in future received, customary compensation.

HSBC is of the view that, notwithstanding the above, there is no conflict of interest which prevents HSBC from acting in its capacity as a Joint Bookrunner in relation to the Offering to foreign institutional and selected investors outside of Malaysia.

**(iv) Messrs Mah-Kamariyah & Philip Koh**

Messrs Mah-Kamariyah & Philip Koh has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Solicitors for our Listing.

**(v) Rodyk & Davidson LLP**

Rodyk & Davidson LLP has given its confirmation that there is no conflict of interest in its capacity as the Solicitors to our Company as to Singapore Law, in relation to our Offering.

**(vi) Kadir Andri & Partners**

Messrs Kadir Andri & Partners has given its confirmation that there is no conflict of interest in its capacity as the Solicitors to the Joint Global Coordinators, Joint Bookrunners and Joint Underwriters as to Malaysian law, in relation to our Offering.

**(vii) Herbert Smith Freehills**

Herbert Smith Freehills has given its confirmation that there is no conflict of interest in its capacity as the Solicitors to the Joint Global Coordinators, Joint Bookrunners and Joint Underwriters as to U.S. Federal securities law, in relation to our Offering.

**(viii) Messrs Ernst & Young**

Messrs Ernst & Young has given its confirmation that there is no existing or potential conflict of interest in its capacity as the Auditors and the Reporting Accountants in relation to our Offering.

**(ix) Smith Zander**

Smith Zander has given its confirmation that there is no conflict of interest in its capacity as the Independent Market Researcher, in relation to our Offering.



## 11. FINANCIAL INFORMATION

### 11.1 HISTORICAL FINANCIAL INFORMATION

#### 11.1.1 Selected Historical Combined Financial Information

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

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

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

	-----Audited-----		
	-----FYE 31 December-----		
	2012	2013	2014
	RM'000	RM'000	RM'000
Revenue	1,448,475	1,839,593	1,880,707
Cost of sales	(1,166,619)	(1,501,572)	(1,485,297)
<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 interests	8,746	(846)	(50)
	<b>63,534</b>	<b>66,080</b>	<b>124,769</b>

## 11. FINANCIAL INFORMATION (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
<b>PAT</b>	<b>63,534</b>	<b>66,080</b>	<b>124,769</b>
Income tax expense	18,351	23,732	26,495
<b>PBT</b>	<b>81,885</b>	<b>89,812</b>	<b>151,264</b>
Amortisation and depreciation	27,594	42,826	41,642
Finance costs	2,756	2,256	3,339
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Share of results of joint ventures	(29,226)	(45,382)	(30,374)
<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 SCG Share Capital.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.1.2 Pro Forma Consolidated Statement of Financial Position

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

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and Offering RM'000
<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>

## 11. FINANCIAL INFORMATION (CONT'D)

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and Offering RM'000
<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>-</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>-</b>	<b>1,254,198</b>	<b>1,252,998</b>
Number of Shares ('000)	(2) -	1,292,900	1,292,900
NA/(NL) (RM'000)	(76)	315,433	314,233
NA/(NL) per Share (RM)	(4)(7,600)	0.24	0.24
NTA/(NTL) (RM'000)	(76)	311,786	310,586
NTA/(NTL) per Share (RM)	(4)(7,600)	0.24	0.24

**Notes:**

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

**11. FINANCIAL INFORMATION (CONT'D)****11.1.3 Audited Combined Statement of Cash Flows**

The following table sets out a summary of the audited combined statement of cash flows of our Group based on our audited combined financial statements for the past three financial years up to the FYE 31 December 2014.

	-----Audited----->		
	-----FYE 31 December----->		
	2012	2013	2014
	RM'000 (Restated)	RM'000 (Restated)	RM'000
<b>Cash flows from operating activities</b>			
PBT	81,885	89,812	151,264
Adjustments for:			
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Finance costs	2,756	2,256	3,339
Amortisation and depreciation of property, plant and equipment	27,594	42,826	41,642
Net gain on disposal of property, plant and equipment	(611)	(6,978)	(2,443)
Property, plant and equipment written off	1,180	211	1,740
Unrealised foreign exchange gain	(5,186)	(87)	(565)
Allowance for inventory obsolescence	-	921	-
Employees' share option scheme	-	7,730	5,726
Impairment loss on goodwill	-	8	-
Bad debts written off	1,078	5,090	53
Allowance for impairment losses on receivables	21,421	30,527	4,764
Reversal of allowance for impairment losses on receivables	(8,267)	(62)	(330)
Reversal of impairment losses on property, plant and equipment	-	-	(845)
Gain on derivatives	-	(347)	(142)
Loss on derivatives	3	-	489
Gain on disposal of a subsidiary	(404)	-	-
Gain on liquidation of subsidiaries	(48)	-	(869)
Share of results of joint ventures	(29,226)	(45,382)	(30,374)
Changes in working capital:			
Inventories	2,180	(4,531)	5,315
Trade receivables	(134,829)	41,547	(100,816)
Other receivables	(4,412)	15,122	(2,695)
Trade payables	98,733	(44,230)	56,687
Other payables	33,289	(74,721)	3,656
Amount due from joint ventures	16,732	28,120	-
Amount due to ultimate holding company	1,543	436	7,721
Amount due to immediate holding company	(900)	(3)	-
Amounts due from/(to) other related companies	(28,942)	(29,019)	43,241
Amounts due from related parties	6	(1,010)	1,010
Cash flow generated from operations	68,328	53,908	183,513
Dividend received from joint ventures	-	47,212	28,171
Interest and distribution income received	7,247	4,328	4,055
Interest paid	(2,756)	(2,256)	(3,339)
Tax refunded	2,624	3,912	2,078
Tax paid	(24,402)	(23,966)	(30,549)
<b>Net cash flow generated from operating activities</b>	<b>51,041</b>	<b>83,138</b>	<b>183,929</b>

**11. FINANCIAL INFORMATION (CONT'D)**

	←----- Audited ----->		
	←----- FYE 31 December ----->		
	2012	2013	2014
	RM'000 (Restated)	RM'000 (Restated)	RM'000
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	14,278	9,360	7,944
Proceeds from disposal of shares in a subsidiary company	780	-	-
Acquisition of property, plant and equipment	(56,811)	(49,404)	(45,732)
Acquisition of equity interest from non-controlling interest	(9,247)	(35,976)	-
Net cash flow from disposal of a subsidiary company	(837)	-	-
Advances (to)/from other related companies	51,800	(11,994)	320,694
Advances (to)/from an associate	(19,938)	(9,358)	4,875
Redemption of preference shares in a related company	12,800	-	25,300
Increase in equity contribution by parent	-	-	21,782
Withdrawal of deposits with licensed banks	20,273	4,527	4,550
Net cash flow from placements	(46,700)	23,700	9,800
<b>Net cash (used in)/ generated from investing activities</b>	<b>(33,602)</b>	<b>(69,145)</b>	<b>349,213</b>
<b>Cash flows from financing activities</b>			
Drawdown of term loans	7,949	5,423	-
Drawdown of revolving credits	10,000	50,000	50,168
Drawdown of other bank borrowings	87,572	-	231,300
Repayment of term loans	(3,471)	(1,107)	(16,470)
Repayment of revolving credits	-	(10,000)	(50,000)
Repayment of other bank borrowings	(76,373)	(9,818)	(161,048)
Repayment of hire purchase and finance lease liabilities	(7,540)	(5,271)	(7,418)
Dividend paid	(12,800)	(14,453)	(427,958)
Dividend paid to non-controlling interests of subsidiaries	(2,250)	(5,070)	(676)
<b>Net cash generated from/ (used in) financing activities</b>	<b>3,087</b>	<b>9,704</b>	<b>(382,102)</b>
<b>Net increase in cash and cash equivalents</b>	<b>20,526</b>	<b>23,697</b>	<b>151,040</b>
<b>Effects of foreign exchange rate changes</b>	<b>15,468</b>	<b>8,214</b>	<b>640</b>
Cash and cash equivalents at beginning of financial year	58,027	94,021	125,932
<b>Cash and cash equivalents at end of financial year*</b>	<b>94,021</b>	<b>125,932</b>	<b>277,612</b>

**11. FINANCIAL INFORMATION (CONT'D)****Note:**

- \* Components of cash and cash equivalents as at 31 December 2012, 31 December 2013, 31 December 2014, respectively:

	-----Audited-----		
	-----FYE 31 December-----		
	2012	2013	2014
	RM'000 (Restated)	RM'000 (Restated)	RM'000
Cash at banks and on hand	75,380	57,160	65,909
Deposits with:			
Licensed banks	18,742	75,925	4,852
Other financial institutions	13,500	-	207,656
Placement in cash funds	46,700	23,000	13,200
<b>Cash and bank and short term funds balances</b>	<b>154,322</b>	<b>156,085</b>	<b>291,617</b>
Less: Bank overdraft	(3,719)	(1,798)	-
Deposits with licensed banks with maturity of more than 3 months	(9,882)	(5,355)	(805)
Placement in cash funds	(46,700)	(23,000)	(13,200)
<b>Total cash and cash equivalents</b>	<b>94,021</b>	<b>125,932</b>	<b>277,612</b>

See Accountants' Report in Section 12 of this Prospectus for the notes to the audited combined financial statements of our Group for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**11.2 MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion and analysis should be read in conjunction with the Accountants' Report included in Section 12 of this Prospectus. Our combined financial statements have been prepared in accordance with MFRS and IFRS for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014.

**11.2.1 Overview of Operations**

Our Group is principally involved in the building and civil/infrastructure construction services, foundation and geotechnical engineering services, mechanical, electrical and plumbing services, and the manufacturing and sale of precast concrete products in Malaysia and Singapore.

For the FYE 31 December 2014, we had total assets of RM1,272.2 million. For the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014, we generated revenues of RM1,448.5 million, RM1,839.6 million and RM1,880.7 million, respectively and PAT of RM63.5 million, RM66.1 million and RM124.8 million, respectively.

**(i) Revenue**

We derive our revenue primarily from the building and civil/infrastructure construction services, foundation and geotechnical engineering services, mechanical, electrical and plumbing services, and the manufacturing and sale of precast concrete products businesses. Our revenue is presently derived from two main geographical markets, namely Malaysia and Singapore. For the FYE 31 December 2014, approximately 86.4% of our total revenue is derived from Malaysia while the remaining 13.6% of our total revenue is derived from Singapore.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to our Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**Construction contracts**

Revenue from construction contracts are accounted for by the stage of completion method.

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to-date in proportion to the estimated total contract costs or by reference to the physical completion of the contract.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.



**11. FINANCIAL INFORMATION (CONT'D)**

When the total costs incurred on construction contracts plus recognised profits (less recognised losses) exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

For the financial years under review, our revenue was derived from the following businesses:

**(a) Building construction services**

Revenue from building construction services refers to revenue derived from our construction services for all types of buildings as described in Section 6.3.1(i) of this Prospectus, which include amongst others, foundation and geotechnical engineering services, mechanical, electrical and plumbing services, sub-structures and superstructures construction works, and architectural works in Malaysia and UAE. Our revenue from building construction services was derived from internal and external contracted jobs. Some of our notable projects during the financial years under review include:

- Ministry of Women, Family and Community Development and Ministry of Housing and Local Government buildings, Putrajaya, Malaysia
- The Everly Hotel Putrajaya, Putrajaya, Malaysia
- Impiana KLCC Hotel Extension, Kuala Lumpur, Malaysia
- KLCC North East Carpark, Kuala Lumpur, Malaysia
- KLCC Package II, Kuala Lumpur, Malaysia
- Sunway Velocity Phase 1A (service apartments and offices), Kuala Lumpur, Malaysia
- Sunway Velocity Shopping Mall, Kuala Lumpur, Malaysia
- Sunway Putra Mall, Kuala Lumpur, Malaysia
- Sunway Pyramid Phase 3, Bandar Sunway, Malaysia
- New academic block for Sunway University, Bandar Sunway, Malaysia
- Sunway Pinnacle office tower, Bandar Sunway, Malaysia
- Legoland Malaysia Theme Park, Johor, Malaysia
- Bio-XCell Central Utilities Facility, Johor, Malaysia
- Pinewood Iskandar Malaysia Studios facility, Johor, Malaysia
- Legoland Water Theme Park, Johor, Malaysia
- Afiniti Medini, Johor, Malaysia
- Universiti Teknologi MARA campus expansion, Shah Alam, Malaysia
- Phase 1A, Plot H of the Rihan Heights project, Abu Dhabi, UAE

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**11. FINANCIAL INFORMATION (CONT'D)**

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**(b) Civil/infrastructure construction services**

Revenue from civil/infrastructure construction services refers to revenue derived from construction services for all types of civil/infrastructure projects as described in Section 6.3.1(i) of this Prospectus, which includes, amongst others, infrastructure and civil engineering works, foundation and geotechnical engineering services and mechanical, electrical and plumbing services in Malaysia. Our revenue from civil/infrastructure construction services was mostly derived from external jobs. Some of our notable projects in Malaysia during the financial years under review include:

- Klang Valley MRT Package V4
- LRT Package B (Kelana Jaya Line Extension)
- BRT - Sunway Line

**(c) Foundation and geotechnical engineering services**

Revenue from foundation and geotechnical engineering services refers to revenue derived from services as described in Section 6.3.1(ii) of this Prospectus. We undertake foundation and geotechnical engineering services for internal and external projects. Some of our notable projects during the financial years under review include foundation and geotechnical engineering solutions for:

- Tropicana Gardens, Selangor, Malaysia
- Tropicana Avenue, Selangor, Malaysia
- Sunway Velocity Shopping Mall, Kuala Lumpur, Malaysia
- Sunway Velocity Phase 3 (mixed development), Kuala Lumpur, Malaysia
- Commercial developments at Sunway South Quay, Bandar Sunway, Malaysia
- Sunway Pinnacle office tower, Bandar Sunway, Malaysia
- Sunway Pyramid Phase 3, Bandar Sunway, Malaysia

**(d) Mechanical, electrical and plumbing services**

Revenue from mechanical, electrical and plumbing services refers to revenue derived from services as described in Section 6.3.1(iii) of this Prospectus. We undertake mechanical, electrical and plumbing services for internal and external projects. Some of our notable projects during the financial years under review include mechanical, electrical and plumbing engineering solutions for:

- Gas District Cooling Plant, Putrajaya, Malaysia
- Chilled Water Reticulation Network and Energy Transfer Station at KLIA, Kuala Lumpur, Malaysia
- Sunway Putra Mall, Kuala Lumpur, Malaysia
- Sunway Velocity Phase 1A (service apartment and offices), Kuala Lumpur, Malaysia
- Sunway Pinnacle office tower, Bandar Sunway, Malaysia
- Monash University Malaysia campus extension, Bandar Sunway, Malaysia
- Penang International Airport development and upgrading works, Penang, Malaysia
- Phase 1A, Plot H of the Rihan Heights project, Abu Dhabi, UAE

**11. FINANCIAL INFORMATION (CONT'D)****(e) Manufacturing and sale of precast concrete products**

In respect of our manufacturing and sale of concrete products business, our revenue was mostly derived from supply of concrete products to HDB developments including DBSS public housing projects such as City View @ Boon Keng, The Peak @ Toa Payoh and Lake Vista @ Yuan Ching in Singapore. In addition, we also supply concrete products to property development projects undertaken by Sunway Group joint ventures and other private developers. Our key products are as described in Section 6.3.2.1 of this Prospectus.

**(f) Others**

Revenue derived from other businesses includes revenue from the provision of machinery rental and logistic services, and the supply and installation of decorative stones. The revenue contributed is mainly from our subsidiaries namely Sunway Machinery and Sunway Creative Stones.

**(ii) Cost of sales**

Cost of sales comprises subcontractor costs, raw materials costs, staff costs, hire of plant and machinery costs, and depreciation of plant and equipment. Our contract expenses are accounted for by the stage of completion method.

**(a) Subcontractor costs**

We engage our subcontractors for various labour-intensive works and specialist trade work. By engaging our subcontractors for the various jobs mentioned above, we are able to focus on our competitive strengths as a turnkey contractor. As subcontractor costs constitute a major component in our costs of sales, we practice a prudent selection process before engaging with our subcontractors.

**(b) Raw materials costs**

Our Group's raw materials mainly consist of steel bars, ready-mixed concrete, diesel, electrical cables and fittings. These raw materials are generally widely available in Malaysia and from a large base of suppliers. We generally purchase our raw materials based on projects' requirements. These raw materials were mainly sourced from local suppliers, selected based on the pricing, availability and lead time for delivery. Whilst we have maintained long term business relationships with our suppliers, we also source for our raw materials from alternative suppliers, if the need arises.

**(c) Staff costs**

Our staff costs mainly comprise salaries, bonuses and other staff-related cost for employees who are directly involved in our manufacturing and sale of precast concrete products business.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**(d) Hire of plant and machinery costs**

Our hire of plant and machinery costs mainly comprise cost incurred on rental payable to external suppliers, repair, replace parts and tools and routine maintenance of machinery and equipment such as boring machine, excavator, launcher, tower crane and formwork to ensure that they are properly and adequately maintained so as to achieve minimal breakdowns and operational efficiency at our work sites.

**(e) Depreciation of plant and equipment**

Depreciation of plant and equipment consists of depreciation charges on our plant and equipment over the estimated useful lives of these assets directly attributed to our projects.

**(f) Others**

Others include contribution made to CIDB, professional and consultation fees, office site rental, utilities, insurance paid and other miscellaneous expenses.

**(iii) Gross profit and gross profit margins**

Our Group's gross profit is determined after deducting the cost of sales from our revenue. Hence, the key determinants of gross profit are the revenue generated from our various businesses less cost of sales. The gross profit and gross profit margin may fluctuate for each financial year as each project differs in terms, *inter-alia* of project scope of work, technical specifications, project duration and costs.

**(iv) Other income**

Our other income consists primarily of rental income of plant and machinery, reversal of allowance for impairment, bad debts recovered, gains on disposal of property, plant and equipment and foreign exchange gains.

**(v) Total operating expenses**

Our total operating expenses include distribution costs, administrative expenses and other operating expenses.

Distribution costs mainly comprise sales and marketing staff and staff related cost.

Administrative expenses mainly comprise staff costs relating to salaries, bonuses, allowances and travelling, depreciation of property, plant and equipment, and management fees.

Other operating expenses mainly comprise losses on foreign exchange transactions, allowance for impairment, loss on disposal of property, plant and equipment, and bad debts written off.

**11. FINANCIAL INFORMATION (CONT'D)****(vi) Finance costs, and finance income and other distribution income**

Our finance costs comprise mainly of interest expense on bank borrowings and hire purchase obligations, and our finance income and other distribution income comprises mainly of interest income from deposits with licensed banks and placement in cash funds with Sunway Treasury.

**(vii) Share of results of joint ventures**

Our share of results of joint ventures mainly reflects the results from our SunCon Central Glass Joint Venture for the Pinewood Iskandar Malaysia Studios project in Johor, Malaysia and the Ministry of Women, Family and Community Development and Ministry of Housing and Local Government buildings in Putrajaya Malaysia, our Silver Coast-Sunway Innopave Joint Venture for the Rihan Heights project in Abu Dhabi, UAE and our SunCity-SunCon Joint Venture for the Sunway Alam Suria development in Shah Alam, Malaysia.

**(viii) Taxation**

For the past three financial years up to the FYE 31 December 2014, the applicable statutory tax rate is 25% in Malaysia and 17% in Singapore. Profits derived from Abu Dhabi, UAE are non-taxable.

**11.2.2 Review of Results of Operations****(i) Segmental information by revenue**

The following tables set forth the breakdown of our segmental revenue by business and as a percentage of our total revenue for the financial years indicated.

**(a) Segmental revenue by business**

	-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Building construction services	680,908	47.0	809,582	44.0	816,717	43.4
Civil/infrastructure construction services	181,686	12.6	440,840	24.0	632,149	33.6
Foundation and geotechnical engineering services	384,403	26.5	404,071	22.0	278,267	14.8
Mechanical, electrical and plumbing	328,621	22.7	300,650	16.3	305,083	16.2
Manufacturing and sale of precast concrete	204,284	14.1	252,486	13.7	300,906	16.0
Others	19,038	1.3	46,674	2.5	1,211	0.1
Consolidated adjustments <sup>(1)</sup>	(350,465)	(24.2)	(414,710)	(22.5)	(453,626)	(24.1)
	<b>1,448,475</b>	<b>100.0</b>	<b>1,839,593</b>	<b>100.0</b>	<b>1,880,707</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (CONT'D)****(b) Revenue by subsidiaries**

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
SunCon	860,799	59.5	1,293,624	70.3	1,448,867	77.1
Sunway Geotechnics	384,403	26.5	403,510	21.9	278,267	14.8
Sunway Engineering	328,622	22.7	300,650	16.3	305,083	16.2
Sunway Concrete Products	201,519	13.9	229,133	12.5	254,554	13.5
Others	23,597	1.6	27,386	1.5	47,562	2.5
Consolidated adjustments <sup>(1)</sup>	(350,465)	(24.2)	(414,710)	(22.5)	(453,626)	(24.1)
	<b>1,448,475</b>	<b>100.0</b>	<b>1,839,593</b>	<b>100.0</b>	<b>1,880,707</b>	<b>100.0</b>

**(c) Revenue by geographical**

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	1,226,806	84.7	1,553,530	84.4	1,625,825	86.4
Singapore	201,519	13.9	267,906	14.6	254,882	13.6
UAE	20,150	1.4	18,157	1.0	-	-
Others <sup>(1)</sup>	-	-	-	-	-	-
	<b>1,448,475</b>	<b>100.0</b>	<b>1,839,593</b>	<b>100.0</b>	<b>1,880,707</b>	<b>100.0</b>

**(ii) Segmental information by gross profit and gross profit margin****(a) Segmental gross profit by business**

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Building construction services	99,178	35.2	97,250	28.8	90,083	22.8
Civil/infrastructure construction services	9,841	3.5	43,155	12.8	102,995	26.0
Foundation and geotechnical engineering services	54,285	19.3	73,854	21.8	54,723	13.8
Mechanical, electrical and plumbing	67,645	24.0	61,232	18.1	38,282	9.7
Manufacturing and sale of precast concrete	40,722	14.4	61,541	18.2	108,170	27.4
Others	10,641	3.8	(137)	(0.0)	1,157	0.3
Consolidated adjustments <sup>(1)</sup>	(456)	(0.2)	1,126	0.3	-	-
	<b>281,856</b>	<b>100.0</b>	<b>338,021</b>	<b>100.0</b>	<b>395,410</b>	<b>100.0</b>

## 11. FINANCIAL INFORMATION (CONT'D)

	FYE 31 December					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
<b>Overall gross profit margin</b>		<b>19.5</b>		<b>18.4</b>		<b>21.0</b>
<b>Gross profit margin:</b>						
Building construction services		14.6		12.0		11.0
Civil/infrastructure construction services		5.4		9.8		16.3
Foundation and geotechnical engineering services		14.1		18.3		19.7
Mechanical, electrical and plumbing		20.6		20.4		12.5
Manufacturing and sale of precast concrete		19.9		24.4		35.9
Others		55.9		(0.3)		95.5

## (b) Gross profit by subsidiaries

	FYE 31 December					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
SunCon	105,052	37.3	137,599	40.7	191,900	48.5
Sunway Geotechnics	53,949	19.1	73,814	21.8	54,723	13.8
Sunway Engineering	67,645	24.0	61,232	18.1	38,282	9.7
Sunway Concrete Products	39,723	14.1	55,020	16.4	91,165	23.1
Others	15,943	5.7	9,230	2.7	19,340	4.9
Consolidated adjustments <sup>(1)</sup>	(456)	(0.2)	1,126	0.3	-	-
	<b>281,856</b>	<b>100.0</b>	<b>338,021</b>	<b>100.0</b>	<b>395,410</b>	<b>100.0</b>
<b>Overall gross profit margin</b>		<b>19.5</b>		<b>18.4</b>		<b>21.0</b>
<b>Gross profit margin:</b>						
SunCon		12.2		10.6		13.2
Sunway Geotechnics		14.0		18.3		19.7
Sunway Engineering		20.7		20.4		12.5
Sunway Concrete Products		19.7		24.0		35.8
Others		67.6		33.7		40.7

## 11. FINANCIAL INFORMATION (CONT'D)

## (c) Gross profit by geographical

	<-----FYE 31 December----->					
	2012		2013		2014	
	RM'000	%	RM'000	%	RM'000	%
Malaysia	231,955	82.3	261,010	77.2	302,954	76.6
Singapore	40,059	14.2	55,060	16.3	91,165	23.1
UAE	13,323	4.7	21,754	6.4	<sup>(2)</sup> 1,291	0.3
Others <sup>(1)</sup>	(3,481)	(1.2)	197	0.1	-	-
	<b>281,856</b>	<b>100.0</b>	<b>338,021</b>	<b>100.0</b>	<b>395,410</b>	<b>100.0</b>
<b>Overall gross profit margin</b>		<b>19.5</b>		<b>18.4</b>		<b>21.0</b>
<b>Gross profit margin:</b>						
Malaysia		18.9		16.8		18.6
Singapore		19.9		20.6		35.8
UAE		66.1		119.8		-
Others		-		-		-

**Notes:**

(1) Comprising gross profit/(loss) from India, Trinidad and Tobago, and China

(2) Being reversal of over accrual of costs in prior years

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## 11. FINANCIAL INFORMATION (CONT'D)

## (iii) FYE 31 December 2012 compared to FYE 31 December 2013

The table below presents our combined statements of income and such amounts are expressed as a percentage of our total revenue and their percentage of change for the years indicated.

	<-----Audited----->				% change
	FYE 31 December 2012		FYE 31 December 2013		
	RM'000	% of revenue	RM'000	% of revenue	
<b>Revenue</b>	1,448,475	100.0	1,839,593	100.0	27.0
Cost of sales	(1,166,619)	(80.5)	(1,501,572)	(81.6)	28.7
<b>Gross profit</b>	<b>281,856</b>	<b>19.5</b>	<b>338,021</b>	<b>18.4</b>	<b>19.9</b>
Other income	21,134	1.5	13,888	0.7	(34.3)
Distribution costs	(168)	(0.0)	(3)	(0.0)	(98.2)
Administrative expenses	(200,426)	(13.8)	(261,755)	(14.2)	30.6
Other operating expenses	(54,228)	(3.7)	(47,793)	(2.6)	(11.9)
<b>Operating profit</b>	<b>48,168</b>	<b>3.3</b>	<b>42,358</b>	<b>2.3</b>	<b>(12.1)</b>
Finance income and other distribution income	7,247	0.5	4,328	0.2	(40.3)
Finance costs	(2,756)	(0.2)	(2,256)	(0.1)	(18.1)
Share of results of joint ventures	29,226	2.0	45,382	2.5	55.3
<b>PBT</b>	<b>81,885</b>	<b>5.7</b>	<b>89,812</b>	<b>4.9</b>	<b>9.7</b>
Income tax expense	(18,351)	(1.3)	(23,732)	(1.3)	29.3
<b>PAT</b>	<b>63,534</b>	<b>4.4</b>	<b>66,080</b>	<b>3.6</b>	<b>4.0</b>

**Revenue**

Our revenue increased by 27.0% from RM1,448.5 million in 2012 to RM1,839.6 million in 2013. The increase was mainly due to higher revenue from our building construction services business which increased by 18.9% from RM680.9 million in 2012 to RM809.6 million in 2013, higher revenue from our civil/infrastructure construction services business which increased by 142.6% from RM181.7 million in 2012 to RM440.8 million in 2013 and higher revenue from our manufacturing and sale of precast concrete business which increased by 23.6% from RM204.3 million in 2012 to RM252.5 million in 2013.

The following table sets forth the breakdown of our revenue by our businesses and as a percentage of our total revenue for the years indicated.

	<-----FYE 31 December----->			
	2012		2013	
	RM'000	% of revenue	RM'000	% of revenue
Building construction services	680,908	47.0	809,582	44.0
Civil/infrastructure construction services	181,686	12.6	440,840	24.0
Foundation and geotechnical engineering services	384,403	26.5	404,071	22.0
Mechanical, electrical and plumbing	328,621	22.7	300,650	16.3
Manufacturing and sale of precast concrete	204,284	14.1	252,486	13.7
Others	19,038	1.3	46,674	2.5
Consolidated adjustments	(350,465)	(24.2)	(414,710)	(22.5)
<b>Total revenue</b>	<b>1,448,475</b>	<b>100.0</b>	<b>1,839,593</b>	<b>100.0</b>

**11. FINANCIAL INFORMATION (CONT'D)**

The increase in revenue for FYE 31 December 2013 amounting to RM391.1 million was mainly attributable to the revenue from the following projects in the building construction services, civil/infrastructure construction services, and manufacturing and sale of precast concrete business, as set out below:

Project	Location	Industry	Revenue 2012 RM'000	Revenue 2013 RM'000	Movement RM'000
<b>Building construction services</b>					
Pinewood Iskandar Malaysia Studios	Nusajaya, Johor, Malaysia	Media studio facility	109,984	<sup>(2)</sup> 186,249	76,265
Sunway Pinnacle	Bandar Sunway, Malaysia	Office building	34,689	<sup>(2)</sup> 108,700	74,011
<b>Civil/infrastructure construction services</b>					
LRT Package B (Kelana Jaya Line Extension)	Subang Jaya to Putra Heights, Malaysia	Infrastructure	81,658	<sup>(2)</sup> 160,740	79,082
Klang Valley MRT Package V4	S17 to Jalan Semantan, Malaysia	Infrastructure	25,948	<sup>(2)</sup> 154,377	128,429
BRT – Sunway Line	USJ16 to Federal Highway, Malaysia	Infrastructure	-	<sup>(1)</sup> 110,700	110,700
<b>Manufacturing and sale of precast products</b>					
Segar Palmview	Bukit Panjang, Singapore	HDB	640	<sup>(2)</sup> 43,550	42,910

**Notes:**

(1) Project commenced in 2013.

(2) Higher revenue as project was at the highest level of activity in 2013.

**11. FINANCIAL INFORMATION (CONT'D)****Cost of sales**

Our cost of sales increased by 28.7% from RM1,166.6 million in 2012 to RM1,501.6 million in 2013 in tandem with the increase in revenue. The increase was mainly due to an increase in the subcontractor costs by 26.0% from RM816.5 million in the FYE 31 December 2012 to RM1,028.4 million in the FYE 31 December 2013, an increase in the purchase of raw materials by 30.1% from RM243.3 million in the FYE 31 December 2012 to RM316.4 million in the FYE 31 December 2013 and increase in the hire of plant and machinery costs by 99.9% from RM49.1 million in the FYE 31 December 2012 to RM98.1 million in the FYE 31 December 2013. The increase in subcontractor costs, raw materials costs and hire of plant and machinery costs is in line with the increase in new projects that we have been awarded in 2013 such as Sunway Putra Mall, Sunway University new academic block, Legoland Water Park and BRT Sunway Line.

The following table sets forth the breakdown of our cost of sales and as a percentage of our total cost of sales for the years indicated.

	<-----FYE 31 December----->			
	2012		2013	
	RM'000	% of cost of sales	RM'000	% of cost of sales
Subcontractor costs	816,461	70.0	1,028,428	68.5
Raw materials costs	243,254	20.9	316,395	21.1
Staff costs	7,322	0.6	10,881	0.7
Hire of plant and machinery	49,094	4.2	98,146	6.5
Depreciation of plant and equipment	5,642	0.5	5,368	0.4
Others	44,846	3.8	42,354	2.8
<b>Total cost of sales</b>	<b>1,166,619</b>	<b>100.00</b>	<b>1,501,572</b>	<b>100.00</b>

**Gross profit and gross profit margins**

As a result of the factors discussed above, our gross profit for the FYE 31 December 2013 increased by 19.9% to RM338.0 million, compared to RM281.9 million for the FYE 31 December 2012. Our overall gross profit margin decreased to 18.4% in 2013, compared to 19.5% in 2012 due to additional profits recognised as a result of more finalisation of accounts in the FYE 31 December 2012 for building construction services, mechanical, electrical and plumbing businesses and others. Finalisation of accounts refers to the final claim or certification to be issued by the client on the physical handover of the project.

The decrease in the gross profit margins for the above businesses in 2013 was mitigated by the higher gross profit margin for the civil/infrastructure construction services, foundation and geotechnical engineering services, and the manufacturing and sale of precast concrete products businesses as shown in Section 11.2.2(ii)(a) above.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Other income**

Our other income decreased by 34.3% from RM21.1 million in 2012 to RM13.9 million in 2013, mainly due to a reversal of allowance for impairment amounting to RM7.8 million recognised in 2012 from our project in Trinidad and Tobago. In addition, we had a foreign exchange gain of RM5.3 million in 2012 compared to RM0.3 million in 2013 mainly due to unrealised foreign exchange gains on funds from Abu Dhabi, UAE and Trinidad and Tobago. The decrease in other income is offset by the increase in the gain on disposal of property, plant and equipment of RM5.8 million.

**Total operating expenses**

Our total operating expenses increased by 21.5% from RM254.8 million in 2012 to RM309.6 million in 2013 mainly due to staff costs which increased by RM25.7 million from RM137.2 million in 2012 to RM162.9 million in 2013. The increase in staff cost is in line with the increase in the number of staff, salary increment and ESOS expenses in 2013.

The increase in our total operating expenses is also due to provision for advances ("**Advances**") made to the ISZL Consortium, an unincorporated joint venture for the Al-Reem project in Abu Dhabi, UAE of RM24.4 million in 2013. Our Group decided to make a provision for the Advances as there is uncertainty on the recovery of the Advances due to the inability of ISZL Consortium to collect its trade debt from its client after a long period.

There was also an increase in administrative cost attributable to the depreciation charge from RM27.6 million in 2012 to RM42.8 million in 2013 due to property, plant and equipment acquired in 2013 amounting to RM75.5 million and change in the depreciation policy from 10 years to five years for system formwork.

**Finance costs, and finance income and other distribution income**

Our finance costs decreased by 18.1% from RM2.8 million in 2012 to RM2.3 million in 2013 due to repayment of borrowings in 2013.

Our finance income and other distribution income decreased by 40.3% from RM7.2 million in 2012 to RM4.3 million in 2013, mainly due to a reduction in interest income received from RM1.8 million in 2012 to RM1.1 million in 2013 in line with the reduction in placements with Sunway Treasury (a central treasury management company of Sunway) and a reduction in interest income from licensed banks from RM3.4 million in 2012 to RM1.5 million in 2013. The average interest rate on deposits placed with licensed banks reduced from 4.0% in 2012 to 3.6% in 2013, contributing to the reduction in finance income and other distribution income.

**11. FINANCIAL INFORMATION (CONT'D)****Share of results of joint ventures**

Our share of results of joint ventures increased by 55.3% from RM29.2 million in 2012 to RM45.4 million in 2013 as a result of an increase in the contributions from the projects undertaken by SunCon Central Glass Joint Venture, Silver Coast-Sunway Innopave Joint Venture and SunCity-SunCon Joint Venture of RM0.7 million, RM4.7 million, and RM10.7 million respectively.

The largest contributor to the share of results of joint ventures is Silver Coast-Sunway Innopave Joint Venture from its Phase 1A, Plot H of Rihan Heights project, Abu Dhabi, UAE which contributed profits of RM34.8 million following the finalisation of accounts where majority of its revenue and costs were ascertained. SunCity-SunCon Joint Venture recognised a profit contribution from Sunway Alam Suria development of RM9.2 million due to the completion of one phase of the project for the FYE 31 December 2013. SunCon Central Glass Joint Venture, which was formed for the delivery of glass facades for building projects, contributed its share of profits of RM1.4 million from the Pinewood Iskandar Malaysia Studio project and the Ministry of Women, Family and Community Development and Ministry of Housing and Local Government buildings in Putrajaya.

**Taxation**

Our income tax expense increased by 29.3% from RM18.4 million in 2012 to RM23.7 million in 2013 due to an increase in PBT from RM81.9 million in 2012 to RM89.8 million in 2013. The effective tax rate increased from 22.4% in 2012 to 26.4% in 2013, mainly due to higher expenses not deductible for tax purposes in 2013.

**(iv) FYE 31 December 2013 compared to FYE 31 December 2014**

The table below presents our combined statements of income and such amounts are expressed as a percentage of our total revenue and their percentage of change for the years indicated.

	-----Audited-----				% change
	FYE 31 December 2013		FYE 31 December 2014		
	RM'000	% of revenue	RM'000	% of revenue	
<b>Revenue</b>	1,839,593	100.0	1,880,707	100.0	2.2
Cost of sales	(1,501,572)	(81.6)	(1,485,297)	(79.0)	(1.1)
<b>Gross profit</b>	<b>338,021</b>	<b>18.4</b>	<b>395,410</b>	<b>21.0</b>	<b>17.0</b>
Other income	13,888	0.7	12,850	0.7	(7.5)
Distribution costs	(3)	(0.0)	-	(0.0)	(100.0)
Administrative expenses	(261,755)	(14.2)	(271,685)	(14.4)	3.8
Other operating expenses	(47,793)	(2.6)	(16,401)	(0.9)	(65.7)
<b>Operating profit</b>	<b>42,358</b>	<b>2.3</b>	<b>120,174</b>	<b>6.4</b>	<b>183.7</b>
Finance income and other distribution income	4,328	0.2	4,055	0.2	(6.3)
Finance costs	(2,256)	(0.1)	(3,339)	(0.2)	48.0
Share of results of joint ventures	45,382	2.5	30,374	1.6	(33.1)
<b>PBT</b>	<b>89,812</b>	<b>4.9</b>	<b>151,264</b>	<b>8.0</b>	<b>68.4</b>
Income tax expense	(23,732)	(1.3)	(26,495)	(1.4)	11.6
<b>PAT</b>	<b>66,080</b>	<b>3.6</b>	<b>124,769</b>	<b>6.6</b>	<b>88.8</b>

## 11. FINANCIAL INFORMATION (CONT'D)

## Revenue

Our revenue increased by 2.2% from RM1,839.6 million in the FYE 31 December 2013 to RM1,880.7 million in the FYE 31 December 2014. The increase was mainly due to higher revenue from our civil/infrastructure construction services business which increased by 43.4% from RM440.8 million in 2013 to RM632.1 million in 2014, higher revenue from manufacturing and sale of precast concrete business which increased by 19.2% from RM252.5 million in 2013 to RM300.9 million in 2014. This increase was offset by lower revenue from our foundation and geotechnical engineering services business which decreased by 31.1% from RM404.1 million in 2013 to RM278.3 million in 2014.

The following table sets forth the breakdown of our revenue by our businesses and as a percentage of our total revenue for the years indicated.

	←----- FYE 31 December ----->			
	2013		2014	
	RM'000	% of revenue	RM'000	% of revenue
Building construction services	809,582	44.0	816,717	43.4
Civil/infrastructure construction services	440,840	24.0	632,149	33.6
Foundation and geotechnical engineering services	404,071	22.0	278,267	14.8
Mechanical, electrical and plumbing	300,650	16.3	305,083	16.2
Manufacturing and sale of precast concrete	252,486	13.7	300,906	16.0
Others	46,674	2.5	1,211	0.1
Consolidated adjustments	(414,710)	(22.5)	(453,626)	(24.1)
<b>Total revenue</b>	<b>1,839,593</b>	<b>100.0</b>	<b>1,880,707</b>	<b>100.0</b>

The increase in revenue for the FYE 31 December 2014 amounting to RM41.1 million was mainly attributable to the increase in revenue from the following civil/infrastructure projects and mitigated by the decrease in contribution from the foundation and geotechnical engineering services projects, as set out below:

Project	Location	Industry	Revenue 2013 RM'000	Revenue 2014 RM'000	Movement RM'000
<b>Civil/infrastructure construction services</b>					
LRT Package A piling works (Kelana Jaya Line Extension)	Along Jalan Jengka and Keras Highway, Malaysia	Infrastructure	1,318	25,970	24,652
MRT Package V4	S17 to Jalan Semantan, Malaysia	Infrastructure	154,377	210,269	55,892

## 11. FINANCIAL INFORMATION (CONT'D)

Project	Location	Industry	Revenue 2013 RM'000	Revenue 2014 RM'000	Movement RM'000
BRT – Sunway Line	USJ 16 to Federal Highway, Malaysia	Infrastructure	110,699	222,734	112,035
<b>Foundation and geotechnical engineering services</b>					
Tropicana Avenue	Petaling Jaya, Selangor, Malaysia	Township/Mixed-developments	21,843	-	(21,843)
Sunway Pyramid 3	Bandar Sunway, Subang Jaya, Malaysia	Township/Mixed-developments	25,853	6,899	(18,954)
Phase 3, Sunway Velocity	Sunway Velocity, Kuala Lumpur, Malaysia	Township/Mixed-developments	80,944	35,838	(45,106)
Phase 2, Sunway Velocity	Sunway Velocity, Kuala Lumpur, Malaysia	Township/Mixed-developments	53,078	39,082	(13,966)
Tropicana Garden	Petaling Jaya, Malaysia	Township/Mixed-developments	38,176	3,521	(34,655)
<b>Manufacturing and sale of precast concrete</b>					
Waterway Cascadia	Punggol, Singapore	HDB	-	51,941	51,941

**11. FINANCIAL INFORMATION (CONT'D)****Cost of sales**

Our cost of sales decreased by 1.1% from RM1,501.6 million in the FYE 31 December 2013 to RM1,485.3 million in the FYE 31 December 2014. The decrease in cost of sales was mainly due to the decrease in subcontractor costs by 6.2% from RM1,028.4 million in FYE 31 December 2013 to RM964.6 million in the FYE 31 December 2014. The overall decrease in cost of sales is offset by the increase in hire of plant and machinery costs by 59.9% from RM98.1 million in the FYE 31 December 2013 to RM157.0 million in the FYE 31 December 2014. The decrease in subcontractor costs was due to our Group relying on own workers as opposed to hiring subcontractors for the building construction services and civil/infrastructure construction services while the increase in hire of plant and machinery costs was due to acceleration work for civil/infrastructure construction services such as BRT Sunway Line, MRT Package V4 and LRT Package A piling works (Kelana Jaya Line Extension).

The following table sets forth the breakdown of our cost of sales and as a percentage of our total cost of sales for the years indicated.

	<-----FYE 31 December----->			
	2013		2014	
	RM'000	% of cost of sales	RM'000	% of cost of sales
Subcontractor costs	1,028,428	68.5	964,606	64.9
Raw materials costs	316,395	21.1	305,302	20.6
Staff costs	10,881	0.7	8,604	0.6
Hire of plant and machinery costs	98,146	6.5	156,973	10.6
Depreciation of plant and equipment	5,368	0.4	3,225	0.2
Others	42,354	2.8	46,587	3.1
<b>Total cost of sales</b>	<b>1,501,572</b>	<b>100.00</b>	<b>1,485,297</b>	<b>100.00</b>

**Gross profit and gross profit margins**

Our gross profit for the FYE 31 December 2014 increased by 17.0% to RM395.4 million, compared to RM338.0 million for the FYE 31 December 2013. Our overall gross profit margin has also increased to 21.0% in 2014, compared to 18.4% in 2013 mainly due to higher margin from civil/infrastructure construction services and additional profits recognised as a result of more finalisation of accounts from the manufacturing and sale of precast concrete business in the FYE 31 December 2014. Finalisation of accounts refers to the final claim or certification to be issued by the client on the physical handover of the project.

**Other income**

Our other income decreased by 7.5% from RM13.9 million in 2013 to RM12.9 million in 2014, mainly due to the lower gain on disposal of plant and equipment of RM2.4 million in 2014 compared to RM7.0 million in 2013. The decrease in other income is offset by the recognition of gain on disposal of property stock of RM1.4 million in 2014 (2013: Nil) and recognition of reversal of impairment losses on property, plant and equipment of RM0.8 million in 2014 (2013: Nil).



## 11. FINANCIAL INFORMATION (CONT'D)

### Total operating expenses

Our total operating expenses decreased by 6.9% from RM309.5 million in 2013 to RM288.1 million in 2014 mainly due to provision of advances made to ISZL Consortium, an unincorporated consortium for Al-Reem project in Abu Dhabi, UAE of RM24.4 million in 2013 and professional fees and agency fees incurred of RM17.2 million for Rihan Heights project, Abu Dhabi, UAE in 2013.

The decrease in our operating expenses is offset by the increase in staff costs by RM26.7 million as there was an overall salary increase as well as higher bonus provision for 2014.

### Finance costs, and finance income and other distribution income

Our finance costs increased by 48.0% from RM2.3 million in 2013 to RM3.3 million in 2014 mainly due to increase in interest expense on bank borrowings which have increased from RM90.5 million in 2013 to RM135.2 million in 2014.

Our finance income and other distribution income decreased by 6.3% from RM4.3 million in 2013 to RM4.1 million in 2014 due to the lower receipt of interest income from deposit with licensed bank and others but offset by increase in interest and distribution income from advances to other related company and placement in cash funds.

### Share of results of joint ventures

Our share of results of joint ventures decreased by 33.1% from RM45.4 million in 2013 to RM30.4 million in 2014 as a result of decrease in the contributions from the projects undertaken by Silver Coast – Sunway Innopave Joint Venture for Rihan Heights project, Abu Dhabi, UAE of RM10.9 million and SunCity-SunCon Joint Venture of RM19.5 million.

### Taxation

Our income tax expense increased by 11.6% from RM23.7 million in 2013 to RM26.5 million in 2014 in tandem with the increase in PBT from RM89.8 million in 2013 to RM151.3 million in 2014. The effective tax rate has decreased from 26.4% in 2013 to 17.5% in 2014 due to lower expenses not deductible for tax purposes in 2014.

### 11.2.3 Significant Factors Affecting Our Group's Financial Condition and Results of Operations

Our Groups' financial condition and results of operations have been, and will continue to be affected by, amongst others, the following key factors:

#### (i) Project risk

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

- (a) Clients may delay or cancel their projects. Delays may arise from changes in client's requirements or delay in approval by the relevant authorities. In the event that the delay is prolonged, clients may resort to cancellation, postponement or scaling down of their projects. Project delays may affect profit margins and may delay the recognition of revenues. Additional costs may also be incurred as a result of these delays.

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**11. FINANCIAL INFORMATION (CONT'D)**

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

**(ii) Possible delays in completion of construction projects**

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

Further details are set out in Section 4.1.3 of this Prospectus.

**(iii) Availability and fluctuations in prices of raw materials**

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

Further details are set out in Section 4.1.4 of this Prospectus.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**(iv) Dependence on the services of our subcontractors**

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

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

Further details are set out in Section 4.1.5 of this Prospectus.

**(v) Borrowings and financing risks**

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

Further details are set out in Section 4.1.8 of this Prospectus.

**(vi) Competition risks**

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

Further details are set out in Section 4.2.2 of this Prospectus.

**(vii) Uncertainty in securing new contracts and maintaining order book**

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

Further details are set out in Section 4.2.6 of this Prospectus.

**(viii) Political, economic and regulatory risk**

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

Further details are set out in Section 4.2.7 of this Prospectus.

**11. FINANCIAL INFORMATION (CONT'D)****(ix) Exceptional / extraordinary items**

We accounted for exceptional / extraordinary items during the financial years under review to derive our core PAT as follows:

	<-----FYE 31 December----->		
	2012 RM'000	2013 RM'000	2014 RM'000
PAT	63,534	66,080	124,769
Share of profit from SunCity-SunCon Joint Venture <sup>(1)</sup>	1,469	(9,213)	(19,457)
Exceptional / Extraordinary items	<sup>(2)</sup> 12,406	<sup>(3)</sup> 36,762	<sup>(4)</sup> 8,837
<b>Core PAT</b>	<b>77,409</b>	<b>93,629</b>	<b>114,149</b>

**Notes:**

- (1) SunCity-SunCon Joint Venture, an unincorporated joint venture between SunCon and SunCity, is currently a property development company with its sole property development project being Sunway Alam Suria in Shah Alam, Malaysia. The construction of the last phase of the said project was completed in 2014 and upon the sale of the unsold units of the said joint venture, the SunCity-SunCon Joint Venture shall be dormant and will no longer contribute to SCG's profits.
- (2) In the FYE 31 December 2012, we incurred additional land compensation expenses due to the land acquisition required for the construction of SILK Highway amounting to RM10.6 million as awarded by the Land Administrator under the Land Acquisition Act 1960 in 2012, we made a provision for tax recoverable of RM7.0 million in India as a prudent basis as we have been pursuing the recoverability of various tax refunds in the past, and unrealised foreign exchange gains of RM5.2 million.
- (3) In the FYE 31 December 2013, our Group made provisions for advances totaling RM24.4 million made to our unincorporated consortium, ISZL Consortium, due to doubts on recoverability, an inter-company write-off of advances of RM4.7 million pursuant to the internal reorganisation within the SunCon Group, expenses incurred from ESOS of RM7.7 million and unrealised foreign exchange gains of RM0.1 million.
- (4) In the FYE 31 December 2014, we incurred additional land compensation expenses due to the land acquisition required for the construction of SILK Highway amounting to RM3.5 million as awarded by the Land Administrator under the Land Acquisition Act 1960, incurred expenses from ESOS of RM5.7 million and unrealised foreign exchange gain of RM0.6 million.

**11.2.4 Impact of Foreign Exchange/ Interest Rates/ Commodity Prices on Operating Profits**

In the FYE 31 December 2012, 31 December 2013 and 31 December 2014, we recorded revenue/ receipts from our projects in Malaysia, Singapore, UAE, Trinidad and Tobago, and India. Our foreign exchange rates losses for the FYE 31 December 2012, FYE 31 December 2013 and FYE 31 December 2014 were RM8.2 million, RM3.9 million and RM4.2 million respectively.

Our Group was also not materially affected by the movements in interest rates in Malaysia during the past three FYE 31 December 2012 to 2014. However, a major increase in interest rates would raise the cost of borrowings and our finance costs for our construction projects, which may have an adverse effect on the performance of our Group.

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**11. FINANCIAL INFORMATION (CONT'D)**

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Our Group's raw materials mainly consist of steel bars, ready-mixed concrete, diesel, electrical cables and fittings. These raw materials are generally widely available in Malaysia and from a large base of suppliers. As such, our financial performance for the past three FYE 31 December 2012 to 2014 had not been materially affected by any fluctuation in commodity prices save as disclosed in Section 4 of this Prospectus.

**11.2.5 Impact of Inflation on Our Group's Operations**

There was no material impact of inflation on our historical profits for the past three financial years up to the FYE 31 December 2014.

**11.2.6 Impact of Government/ Economic/ Fiscal or Monetary Policies on Our Group's Operations**

Risks relating to government, economic, fiscal or monetary policies or factors, which may materially affect our operations, are set out in Section 4 of this Prospectus.

There was no government, economic, fiscal or monetary policies or factors that have materially impacted our historical profits for the past three financial years up to the FYE 31 December 2014.

**11.2.7 Liquidity and Capital Resources****(i) Working capital**

Our working capital calculated as current assets less current liabilities amounts to RM403.9 million, RM392.3 million and RM118.6 million as at 31 December 2012, 31 December 2013 and 31 December 2014, respectively. Our Group has been financing our operations through cash generated from our operations and external sources of funds. Our Group's external sources of funds mainly comprise credit and loan facilities from financial institutions and advances from Sunway Treasury. The principal uses of these funds are for working capital requirements such as payment of trade payables, financing of trade receivables balances and operating expenses.

As at 31 December 2014, we have cash and bank and short term fund balances of RM291.6 million and bank borrowings of RM135.2 million. Further, as at 31 December 2014, the credit and loan facilities comprising amongst others, bank overdrafts, term loans, bills discounting and hire purchase available to our Group amounted to RM270.9 million, out of which RM135.7 million are unutilised. Based on the total borrowings, and cash and bank and short term funds balances as at 31 December 2014, our total net cash position is RM156.4 million.

Our Directors are of the opinion that, after taking into consideration the cash and cash equivalents, the expected funds to be generated from operating activities and amounts available under our existing credit facilities, our Group will have adequate working capital for our existing business for a period of 12 months from the date of this Prospectus.

**11. FINANCIAL INFORMATION (CONT'D)****(ii) Cash flows**

The table below sets forth a summary of our cash flows for the years indicated.

	-----Audited-----		
	-----FYE 31 December-----		
	2012	2013	2014
	RM'000 (Restated)	RM'000 (Restated)	RM'000
<b>Cash flows</b>			
Net cash generated from operating activities	51,041	83,138	183,929
Net cash (used in)/ generated from investing activities	(33,602)	(69,145)	349,213
Net cash generated from/ (used in) financing activities	3,087	9,704	(382,102)
<b>Net increase in cash and cash equivalents</b>	<b>20,526</b>	<b>23,697</b>	<b>151,040</b>
Effects of foreign exchange rate changes	15,468	8,214	640
Cash and cash equivalents at beginning of financial year	58,027	94,021	125,932
<b>Cash and cash equivalents at end of financial year</b>	<b>94,021</b>	<b>125,932</b>	<b>277,612</b>

Most of our cash and cash equivalents are denominated in RM. Our Board is of the opinion that as at the LPD, there are no legal, financial or economic restrictions on our subsidiaries' ability to transfer funds to our Company in the form of cash dividends, subject to availability of distributable reserves, and/or restrictive covenants imposed by the financiers in respect of the loans or advances granted to our Group. Further, other than customary bank restrictive covenants and any cross border transfer of funds restrictions applicable at any point of transfer, there are no restrictions on the abilities of our subsidiaries to transfer funds to our Company in the form of loans and advances.

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**11. FINANCIAL INFORMATION (CONT'D)**

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**Net cash generated from operating activities**

We had positive cash flows from operating activities for the FYE 31 December 2012, FYE 31 December 2013, and FYE December 2014.

*Net cash generated from operating activities in 2012 was RM51.0 million.*

For the FYE 31 December 2012, the operating cash flows before working capital changes were RM84.9 million. The decrease in working capital was mainly due to decrease in trade receivables of RM134.8 million, other receivables of RM4.4 million and amounts due to other related companies of RM28.9 million. The decrease in working capital was offset by increase in trade payables of RM98.7 million due to a general delay in payment to subcontractors and suppliers of raw materials caused by a general delay in collection from SunCon and Sunway Geotechnics' customers. In addition, the decrease in working capital was offset by other payables of RM33.3 million due to an increase in Sunway Concrete Products' accruals from its projects in Singapore.

*Net cash generated from operating activities in 2013 was RM83.1 million.*

For the FYE 31 December 2013, the operating cash flows before working capital changes were RM122.2 million. The decrease in working capital was mainly due to decrease in trade payables of RM44.2 million and other payables of RM74.7 million. The decrease in working capital was offset by increase in trade receivables of RM41.5 million and amount due from a joint venture of RM28.1 million. We also received dividend from our joint ventures of RM47.2 million due to repayment from our SunCity-SunCon Joint Venture for our share of land contribution.

*Net cash generated from operating activities in 2014 was RM183.9 million.*

For the FYE 31 December 2014, the operating cash flows before working capital changes were RM169.4 million. The increase in working capital was mainly due to increase in trade payables of RM56.7 million and amount due from other related companies of RM43.2 million. The increase in working capital has been offset by decrease in trade receivables of RM100.8 million. We have also received dividend of RM28.2 million from joint ventures namely SunCity-SunCon Joint Venture of RM16.9 million, Silver Coast – Sunway Innopave Joint Venture of RM10.2 million and Central Glass Joint Venture of RM1.1 million.

Our Group actively manages our operating cash flows and the availability of funding to ensure that all repayment and funding needs are met. Other than the funds generated from our operations, funds used in our Group's operating activities during the financial year was also sourced from the amount of cash and cash equivalents at the beginning of the financial year.

**Net cash (used in)/generated from investing activities**

For the FYE 31 December 2012, the net cash used in investing activities of RM33.6 million was mainly due to placement in cash funds of RM46.7 million and acquisition of property, plant and equipment of RM56.8 million which is offset by advances from other related company being Sunway Treasury of RM51.8 million, proceeds from disposal of property, plant and equipment of RM14.3 million, redemption of preference shares in a related company of RM12.8 million and withdrawal of deposits with licensed banks of RM20.3 million.

**11. FINANCIAL INFORMATION (CONT'D)**

For the FYE 31 December 2013, the net cash used in investing activities of RM69.1 million was mainly due to acquisition of property, plant and equipment of RM49.4 million, the acquisition of equity interest from non-controlling interests in Sunway Engineering of RM36.0 million and advances to other related companies of RM12.0 million but was offset by withdrawal from placement of RM23.7 million. For the FYE 31 December 2014, the net cash generated from investing activities of RM349.2 million was mainly due to redemption of preference shares in related company being Sunway Paving Solutions Sdn Bhd of RM25.3 million, increase in equity contribution by parent being SunHoldings of RM21.8 million and advances from other related companies of RM320.7 million comprising namely advances from Sunway Development Sdn Bhd of RM189.5 million, Sunway Treasury of RM62.7 million, Sunway Land Sdn Bhd of RM50.4 million and Hoi Hup Sunway Development Pte Ltd of RM35.4 million and offset by advances to SunCity-SunCon Joint Venture of RM17.3 million as well as the acquisition of property, plant and equipment of RM45.7 million.

**Net cash generated from/ (used in) financing activities**

For the FYE 31 December 2012, the net cash generated from financing activities of RM3.1 million was mainly due to the net drawdown of borrowings of RM18.1 million offset by payment of dividends of RM15.1 million.

For the FYE 31 December 2013, the net cash generated from financing activities of RM9.7 million was mainly due to the net drawdown of borrowings of RM29.2 million offset by payment of dividends of RM19.5 million.

For the FYE 31 December 2014, the net cash used in financing activities of RM382.1 million was mainly due to the payment of dividends of RM428.6 million and offset by net drawdown of borrowings of RM46.5 million.

**(iii) Loans and borrowings**

The table below sets forth our total outstanding loans and borrowings as at 31 December 2014.

Loans and borrowings	As at 31 December 2014
	RM'000
<b>Short-term borrowings</b>	
<b>Secured:</b>	
Hire purchase obligations	412
Term loans	208
<b>Unsecured:</b>	
Bankers' acceptances	505
Bills discounting	83,839
Revolving credits	50,168
<b>Long-term borrowings</b>	
<b>Secured:</b>	
Hire purchase obligations	69
<b>Total loans and borrowings</b>	<b>135,201</b>



## 11. FINANCIAL INFORMATION (CONT'D)

	As at 31 December 2014
<b>Loans and borrowings</b>	<b>RM'000</b>
Gross gearing ratio as at 31 December 2014 (times) <sup>(1)</sup>	0.41
Net gearing ratio as at 31 December 2014 (times) <sup>(2)</sup>	<sup>(5)</sup> Net cash
Gross gearing ratio after the Transfer of SunCon and Offering (times) <sup>(3)</sup>	0.44
Net gearing ratio after the Transfer of SunCon and Offering (times) <sup>(4)</sup>	<sup>(5)</sup> Net cash

**Notes:**

- (1) Calculated based on loans and borrowings of approximately RM135.2 million and total equity as at 31 December 2014 of approximately RM328.3 million.
- (2) Calculated based on loans and borrowings of approximately RM135.2 million, cash and bank and short term funds balances of approximately RM291.6 million and total equity as at 31 December 2014 of approximately RM328.3 million.
- (3) Calculated based on pro forma consolidated statements of financial position of our Company as at 31 December 2014:
- loans and borrowings of approximately RM135.2 million and total equity of approximately RM309.0 million (after the Transfer of SunCon and Offering).
- (4) Calculated based on pro forma consolidated statements of financial position of our Company as at 31 December 2014:
- loans and borrowings of approximately RM135.2 million, cash and bank and short term funds balances of approximately RM220.4 million, and total equity of approximately RM309.0 million (after the Transfer of SunCon and Offering).
- (5) Cash and bank and short term funds balances being greater than total indebtedness.

The table below sets forth our outstanding loans and borrowings by the currency in which they are denominated as of the date indicated.

Currency	As at 31 December 2014	As at 31 December 2014
	SGD'000	RM'000
The currency exposure profile of loans and borrowings is as follows:		
RM		134,215
SGD*	373	986
<b>Total loans and borrowings</b>		<b>135,201</b>

**Note:**

- \* Translated based on the exchange rate of SGD1.00 to RM2.6445, which is the exchange rate used for purposes of our audited combined financial statements as at 31 December 2014.

**11. FINANCIAL INFORMATION (CONT'D)**

The table below sets forth the maturity profile of our loans and borrowings as of the dates indicated.

	-----As at 31 December----->		
	2012 RM'000	2013 RM'000	2014 RM'000
On demand and not later than 1 year	45,155	75,057	135,132
1 – 2 years	7,225	5,129	69
2 – 3 years	3,860	2,726	-
3 – 4 years	1,396	2,658	-
4 – 5 years	1,156	2,422	-
More than 5 years	4,369	2,475	-
<b>Total loans and borrowings</b>	<b>63,161</b>	<b>90,467</b>	<b>135,201</b>

The table below sets forth the outstanding principal amounts of our loans and borrowings, by fixed and floating interest rate terms, as at 31 December 2014.

	As at 31 December 2014
	<b>RM'000</b>
Fixed rate	134,488
Floating rate	713
<b>Total loans and borrowings</b>	<b>135,201</b>

The weighted average interest rates per annum of deposits as at 31 December 2012, 31 December 2013 and 31 December 2014 are as follows:

	As at 31 December 2012 %	As at 31 December 2013 %	As at 31 December 2014 %
Deposits with licensed banks	4.04	3.56	1.39
Deposits with other licensed financial institutions	2.98	-	5.28
Placements in cash funds	3.17	3.29	4.75

Our Group has not defaulted on payments of either interest and/ or principal sums in respect of any borrowings throughout the past three financial years and up to LPD.

As at LPD, our Group is not in breach of any terms and conditions or covenants associated with credit arrangements or bank loans, which can materially affect our financial results or business operations, or the investments by holders of securities in our Company.

**11. FINANCIAL INFORMATION (CONT'D)****(iv) Type of financial instruments used**

Our key operations are in Malaysia but we also have presence in Singapore. As at the LPD, our Group maintains a natural hedge for our operations in Singapore, as the revenue for our projects are generally denominated in the same currency as the associated costs and expenses. We do not have a formal hedging policy in respect of our foreign exchange exposure and we do not enter into foreign exchange transactions for hedging and/or speculative purposes. Should the need arises, we may hedge our material foreign exchange transactions in the future after considering the foreign exchange exposure, the exposure period and the hedging costs.

Save as disclosed above, our Group did not hold other financial instruments for hedging purposes.

**(v) Material capital commitments**

As at 31 December 2014, the material capital commitments are as follows:

<b>Material commitments</b>	<b>As at 31 December 2014</b>
	<b>RM'000</b>
Approved and contracted for <sup>(1)</sup>	266
Approved but not contracted for <sup>(2)</sup>	33,682
<b>Total material capital commitments<sup>(3)</sup></b>	<b>33,948</b>

**Notes:**

- (1) *Comprises a lorry truck*
- (2) *Comprises mainly tools for boring machines, formworks, mobile and tower cranes and our future Sunway Iskandar precast plant.*
- (3) *The material capital commitment is anticipated to be financed using internally generated funds and funding from Sunway Treasury, if required.*

As at 31 December 2014, save as disclosed above, our Board is not aware of any other material capital commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results or position.

**(vi) Material litigation, claims and arbitration**

Save as disclosed in Section 15.5 of this Prospectus, as at LPD, neither our Company nor our Group is engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our Group and our Board has no knowledge of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Company or our Group.

**11. FINANCIAL INFORMATION (CONT'D)****(vii) Contingent liabilities**

Save as disclosed below, as at 31 December 2014, our Directors are not aware of any contingent liabilities which, upon becoming enforceable, may materially and adversely affect our financial position and business:

	As at 31 December 2014
	RM'000
Guarantees given to third parties in relation to contracts and trade performance	307,560

**(viii) Treasury policies and objectives**

We have been financing our operations through a combination of internal and external sources of funds. Internal sources of funds comprises mainly cash generated from operations while external sources of funds comprise mainly bank borrowings, credit from suppliers and loans and advances from Sunway Treasury.

We have short-term and long-term borrowings facilities available to our Group. Our short-term bank borrowings comprise mainly bankers' acceptances, revolving credits and bills discounting, which are used to finance working capital, payment of suppliers and subcontractors and purchases of raw materials. The interest rates for our short-term bank borrowings are based on the market rates prevailing at the dates of the respective transactions.

Our long-term bank borrowings relate to hire purchase obligations obtained to finance our capital expenditure and construction activities.

**(ix) Key financial ratios**

The following table sets forth certain of our key financial ratios as of the dates indicated.

	<-----FYE 31 December----->		
	2012	2013	2014
Trade receivables turnover period (days) <sup>(1)</sup>	98	92	92
Trade payables turnover period (days) <sup>(2)</sup>	115	90	92
Inventory turnover period (days) <sup>(3)</sup>	42	50	48
Current ratio <sup>(4)</sup> (times)	1.48	1.48	1.13
Gross gearing ratio <sup>(5)</sup> (times)*	0.11	0.15	0.41

**11. FINANCIAL INFORMATION (CONT'D)****Notes:**

- (1) 
$$\frac{(\text{Trade receivables (excluding retention sum) at beginning} + \text{trade receivables (excluding retention sum at end)}) / 2}{\text{Revenue}} \times 365 \text{ days}$$
- (2) 
$$\frac{(\text{Trade payables (excluding retention sum) at beginning} + \text{trade payables (excluding retention sum at end)}) / 2}{\text{Cost of sales}} \times 365 \text{ days}$$
- (3) 
$$\frac{\text{Trading inventories and spare parts}}{\text{Cost of goods sold}} \times 365 \text{ days}$$
- (4) 
$$\frac{\text{Total current assets}}{\text{Total current liabilities}}$$
- (5) 
$$\frac{\text{Total borrowings}}{\text{Total equity}}$$

\* For the financial years under review, our Group has positive cash position.

**Trade receivables turnover period**

Our Group's normal credit period given to our trade debtors ranges from 30 to 60 days while the credit period may be extended in certain cases after taking into consideration, *inter-alia*, the background and credit-worthiness of the customer, payment history of the customer and our relationship with the customer. Our trade receivables turnover period improved from 98 days in the FYE 31 December 2012 to 92 days in the FYE 31 December 2014, which is still higher than the normal credit period from 30 to 60 days. The projects undertaken between 2012 and 2014 were sizeable and more complex in nature, as such the verification process was longer due to more rigid compliance procedures to adhere to, which resulted in additional parties involved in verifying our claims such as project management consultants.

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## 11. FINANCIAL INFORMATION (CONT'D)

The ageing analysis of our Group's trade receivables, retention sums, related companies (trade), related parties (trade) as at 31 December 2014 and the subsequent collections and balance of trade receivables as at 31 March 2015 are set out below:

	Neither past due nor impaired	0 – 30 days	31 – 60 days	61 – 90 days	< 120 days	< 150 days	> 150 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 December 2014:</b>								
Trade receivables	453,701	28,390	18,346	46,842	55,850	21,051	22,822	647,002
% of total trade receivables	70.1	4.4	2.8	7.3	8.6	3.3	3.5	100.0
Impairment							(22,822)	(22,822)
<b>As at 31 March 2015:</b>								
Subsequent collections								338,047
% of total trade receivables								52.2
<b>Net trade receivables*</b>								308,955
% of total trade receivables								47.8
<b>Retention sum</b>								146,227
% of total trade receivables								22.6
<b>Net trade receivables less retention sum</b>								162,728
% of total trade receivables								25.2

**Note:**

\* Being trade receivables less subsequent collections

**11. FINANCIAL INFORMATION (CONT'D)**

As at 31 December 2014, 70.1% of our trade receivables were within the normal credit period of 30 to 60 days. Based on the above, approximately RM338.0 million was collected subsequent to 31 December 2014 and RM22.8 million is impaired, while the remaining balance was still outstanding due to slower collection from certain customers. The impairment of RM22.8 million relates to debts that have been outstanding for a very long period of time, being disputed by the clients and clients that had been liquidated. Nevertheless, we continue to pursue certain long outstanding debts through legal means.

The increase and decrease in receivable turnover days is dependent on the following three key factors:

- (a) The time taken by our customers to verify our claims made to them which were incurred from completion of works done. The trade receivable turnover days will increase if longer time is taken by our customers to verify our claims made to them and decrease if shorter time is taken by our customers to verify our claims made to them.
- (b) The outcome of negotiations with our customers on our variation order rates. Our customers would only normally grant us payment of up to 75% of our variation orders and the remaining will be paid upon final accounts.
- (c) There may be disputes on deductions imposed on our projects which are mostly only resolved upon finalisation of accounts for the projects. These disputes on deductions include liquidated ascertained damages and purchases relating to the projects made on behalf of our customers. Our trade receivable turnover days is higher if there are more disputes on deductions imposed by our customers and our trade receivable turnover days is shorter if there are less disputes on deductions imposed by our customers.

**Trade payables turnover period**

The normal credit terms granted to us by our trade creditors ranges from 14 to 60 days. In view of the good relationship with our trade suppliers, we enjoy credit periods that are longer than the stipulated period. We have not experienced any disruptions in supplies from our raw material suppliers and subcontractors notwithstanding the longer payment period extended to us as our suppliers and subcontractors generally understand the nature of our business and reliability of our constant payments to them. Our trade payables turnover period improved from 115 days in the FYE 31 December 2012 to 92 days in the FYE 31 December 2014 which is longer than normal credit terms granted by our trade creditors that range from 14 up to 60 days, largely due to longer verification process required for the projects undertaken between 2012 and 2014 given that they are larger in size and more complex in nature. As such, we have to ensure the sub-contractors adhere to more rigid compliance procedures before payment is released to them.

**11. FINANCIAL INFORMATION (CONT'D)**

The ageing analysis of our Group's trade payables as at 31 December 2014 are set out below:

	Not due	0 – 30 days	31 – 60 days	61 – 90 days	< 120 days	> 120 days	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 31 December 2014</b>							
Trade payables – Regular	-	375,132	15,609	11,924	4,962	12,052	419,679
% of total trade payables	-	71.0	2.9	2.3	0.9	2.3	79.4
Trade payables - Retention sum	78,912	-	-	47	1,010	28,671	108,640
% of total payables	15.0	-	-	0.0	0.2	5.4	20.6
<b>Total trade payables</b>	<b>78,912</b>	<b>375,132</b>	<b>15,609</b>	<b>11,971</b>	<b>5,972</b>	<b>40,723</b>	<b>528,319</b>

As at 31 December 2014, 88.9% of our trade payables were within the credit period of 14 to 60 days. Trade payables exceeding 60 days amounting to RM58.7 million as at 31 December 2014 primarily includes amount owing to our subcontractors.

The increase and decrease in payable turnover days is dependent on the following two key factors:

- (a) Payment held back from paying our subcontractors given the time required to verify the claims made by them. Our trade payables turnover period will increase if longer time is required to verify such claims and trade payables turnover period will decrease if shorter time is required to verify such claims made by our subcontractors.
- (b) We will require much more verification work to determine the final quantity on our subcontractor's final claims after going through any final negotiations with our subcontractors of sums payable to them taking into account any deductions in disputes. Our trade payables turnover period will increase if longer time is required to determine the final quantity on the sums payable to our subcontractors and trade payables turnover period will decrease if shorter time is required to determine the final quantity on the sums payable to our subcontractors.



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**11. FINANCIAL INFORMATION (CONT'D)**

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**Inventory turnover period**

Our inventory turnover period is calculated based on the trading inventories and spare parts mainly contributed by our subsidiaries, Sunway Concrete Products and Sunway Precast Industries, in our manufacturing and sale of precast concrete products business.

For the FYE 31 December 2012 to FYE 31 December 2014, our inventory turnover period is within the range of 42 to 48 days, which is at a healthy and acceptable level.

**Current ratio**

For the FYE 31 December 2013, our current ratio was maintained at 1.48 times compared to 1.48 times in the FYE 31 December 2012. The improvement in total payables from RM796.0 million in the FYE 31 December 2012 to RM730.7 million in the FYE 31 December 2013 was offset by an increase in short term borrowings from RM45.2 million as at 31 December 2012 to RM75.1 million as at 31 December 2013 and a decrease in receivables from RM1,069.9 million as at 31 December 2012 to RM1,020.5 million as at 31 December 2013.

For the FYE 31 December 2014, our current ratio decreased from 1.48 times in the FYE 31 December 2013 to 1.13 times, mainly due to a decrease in receivables from RM1,020.5 million as at 31 December 2013 to RM737.9 million as at 31 December 2014 and offset by an increase in total payables from RM730.7 million as at 31 December 2013 to RM791.3 million as at 31 December 2014 as well as an increase in short term borrowings from RM75.1 million as at 31 December 2013 to RM135.1 million as at 31 December 2014.

**Gearing ratio**

Our gearing ratios have been on an increasing trend for the past three financial years up to the FYE 31 December 2014.

For the FYE 31 December 2013, our gearing ratio increased from 0.11 times in the FYE 31 December 2012 to 0.15 times, mainly due to an increase in drawdown from revolving credit from RM10.0 million in 2012 to RM50.0 million in 2013 for working capital purposes.

For the FYE 31 December 2014, our gearing ratio increased from 0.15 times in the FYE 31 December 2013 to 0.41 times, mainly due to a decrease in our total equity from RM609.7 million as at 31 December 2013 to RM328.3 million as at 31 December 2014 and increase in short term borrowings from RM75.1 million as at 31 December 2013 to RM135.1 million as at 31 December 2014.

For all the financial years under review, our Group was in net cash position.

## 11. FINANCIAL INFORMATION (CONT'D)

### 11.2.8 State of Our Order Book

As our Group is primarily project-based, our future profitability is dependent on the number of projects and value of the projects secured. Over the past three years, we have been able to secure notable projects such as government-initiated infrastructure projects and projects from property developers, government-linked companies and other large corporations.

Our sales cycle generally ranges from typically three years for buildings and civil/infrastructure construction services businesses, and six months to two years for foundation and geotechnical engineering services, and manufacturing and sale of precast concrete products depending on the size and complexity of the projects.

As the revenue from our construction projects are recognised based on the percentage-of-completion method, our order book excludes the value of completed works in respect of on-going projects which have been recognised in revenue.

As at 31 March 2015, the state of our order book is set out below:

	RM'million
<b>By Existing or New Contracts:</b>	
Contracts/ orders brought forward from 2014	3,059
Less: Order book recognised as turnover from 1 January 2015 up to 31 March 2015	(502)
Add: New contracts/ orders secured from 1 January 2015 up to 31 March 2015	203
	<b>2,760</b>

The order book is expected to be completed in following financial years:

	RM'million
<b>Expected completion (in the FYE)</b>	
FYE 31 December 2015	1,771
FYE 31 December 2016	931
FYE 31 December 2017	58
<b>Total</b>	<b>2,760</b>

**11. FINANCIAL INFORMATION (CONT'D)**

The state of our order book by projects is as follows:

	RM'million
Government-initiated infrastructure projects and projects from government linked companies	1,324
Projects from Sunway Group <sup>(1)</sup>	1,032
Projects from other private corporations <sup>(2)</sup>	404
<b>Total</b>	<b>2,760</b>

**Notes:**

- (1) *Projects awarded by Sunway comprise property development and property investment projects as set out below:*

	<b>RM'000</b>
<i>Property development projects</i>	525
<i>Property investment projects</i>	507
	<u>1,032</u>

*Property development projects relate to building of residential and commercial properties for sale to public while property investment projects relate to building of investment properties such as shopping malls, hotels, university buildings and hospitals which are built for own use or for long term leasing purposes by the businesses of Sunway Group.*

- (2) *Projects awarded by other private corporations comprise mainly clients of our precast concrete products business in Singapore which are the main contractors.*

There may be variations from the amount awarded as compared to the final works to be performed resulting from further discussions with customers, which may take place after our tender has been shortlisted and/or awarded.

**11.2.9 Trend Analysis**

As at LPD, to the best of our Director's knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

- (i) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our financial performance, position and operations other than those discussed in this section and in Sections 4 and 6 of this Prospectus;
- (ii) material commitment for capital expenditure and contingent liabilities as disclosed in Sections 11.2.7(v) and 11.2.7(vii) of this Prospectus;
- (iii) unusual, infrequent events or transactions or any significant economic changes that have materially affected our financial performance, position and operations of our Group, save as disclosed in this section and in Section 4 of this Prospectus;

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**11. FINANCIAL INFORMATION (CONT'D)**

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- (iv) known trends, demands, commitments, events or uncertainties that had resulted in a material impact on our Group's revenue and/ or profits save for those that have been disclosed in this section, future plans and business strategies as set out in Section 6.5 of this Prospectus and industry overview as set out in Section 7 of this Prospectus;
- (v) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position other than those disclosed in this section and in Section 4 of this Prospectus; and
- (vi) known trends, demands, commitments, events or uncertainties that have had or that we reasonably expect to have, a material favourable or unfavourable impact on our Group's liquidity and capital resources, other than those discussed in this section and in Section 4 of this Prospectus.

**11.2.10 Dividend Policy**

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

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

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

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

**11. FINANCIAL INFORMATION (CONT'D)****11.2.11 Capitalisation and Indebtedness**

The following information should be read in conjunction with the Reporting Accountants' Report together with the notes and assumptions accompanying the Pro forma Consolidated Statements of Financial Position as at 31 December 2014 as set out in Section 13 of this Prospectus.

The table below sets out our cash and bank and short term funds balances as well as capitalisation and indebtedness based on our audited financial statements as at 31 December 2014 to show the effects of the Transfer of SunCon and Offering.

The pro forma financial information below does not represent our actual capitalisation and indebtedness as at 31 December 2014 and is provided for information purposes only.

	(Audited) As at 31 December 2014 RM'000	(Pro forma I) After the Transfer of SunCon RM'000	(Pro forma II) After Pro forma I and the Offering RM'000
Cash and bank and short term funds balances	(1)-	221,617	(2)220,417
<b>Indebtedness</b>			
<b>Short-term indebtedness:</b>			
<b>Secured:</b>			
Hire purchase obligations	-	412	412
Term loans	-	208	208
Bankers' acceptances	-	505	505
Revolving credits	-	50,168	50,168
Bills discounting	-	83,839	83,839
	-	135,132	135,132
<b>Long-term indebtedness:</b>			
<b>Secured:</b>			
Hire purchase obligations	-	69	69
<b>Total indebtedness</b>	-	<b>135,201</b>	<b>135,201</b>
<b>Capitalisation</b>			
Shareholders' equity	(76)	315,433	314,233
Non-controlling interests	-	(5,222)	(5,222)
<b>Total capitalisation</b>	<b>(76)</b>	<b>310,211</b>	<b>309,011</b>
<b>Total capitalisation and indebtedness</b>	<b>(76)</b>	<b>445,412</b>	<b>444,212</b>
Gearing ratio (times)	-	0.44	0.44
Net gearing ratio (times)	(3)Net cash	(3)Net cash	(3)Net cash

**Notes:**

(1) RM2.00.

(2) After deducting the estimated listing expenses of approximately RM1.2 million for the Listing.

(3) Cash and bank and short term funds balances being greater than total indebtedness.

## 12. ACCOUNTANTS' REPORT



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### ACCOUNTANTS' REPORT

(Prepared for inclusion in the Prospectus of Sunway Construction Group Berhad ("Prospectus"))

9 June 2015

The Board of Directors  
Sunway Construction Group Berhad  
Level 16 Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway  
47500 Subang Jaya  
Malaysia

Dear Sirs:

### SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") ACCOUNTANTS' REPORT

#### 1.0 Introduction

This report has been prepared by Messrs. Ernst & Young, an approved company auditor, for inclusion in the Prospectus of SCG in connection with the offering of ordinary shares of SCG ("Offering and Listing") and the listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Securities Berhad (hereinafter referred to as the "Prospectus").

This report is issued for the sole purpose of complying with the Prospectus Guidelines – Equity issued by the Securities Commission in connection with the Offering and Listing and should not be relied upon for any other purposes. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Offering and Listing described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this report in connection with any type of transaction, including the sale of securities other than the Offering and Listing.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 2.0 Abbreviation

Unless the context otherwise requires, the following definition shall apply throughout this report:

Sunway	Sunway Berhad
SCG	Sunway Construction Group Berhad
SCG Group	Collectively, SCG and its subsidiaries, unincorporated joint ventures and an associate, which is an unincorporated consortium
SunHoldings	Sunway Holdings Sdn Bhd
SunCon	Sunway Construction Sdn Bhd
EY	Ernst & Young

### 3.0 General information

#### 3.1 Background

The Company was incorporated on 10 September 2014 as a public limited liability company in Malaysia.

The principal activity of the Company is investment holding whilst the subsidiaries, unincorporated joint ventures and associate are principally involved in construction of buildings and civil/infrastructure works and the manufacturing and sale of precast concrete products in Malaysia and Singapore. The principal activities of the subsidiaries, unincorporated joint ventures and associate are disclosed in Note 23, Note 24 and Note 26.

#### 3.2 Details of the relevant proposals and transactions

##### (a) Internal re-organisation

- (i) Transfer of Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd

SunHoldings acquired the entire equity interests in Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd from SunCon.

- (ii) Transfer of Hoi Hup Sunway Developments Pte Ltd

SunHoldings acquired 30% of the share capital of Hoi Hup Developments Pte Ltd from Sunway Concrete Products (S) Pte Ltd, an indirect wholly-owned subsidiary of SunCon.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### (iii) Share subscription in Sunway Developments Pte Ltd

SunHoldings has undertaken a share subscription of new shares in Sunway Developments Pte Ltd ("Sunway Developments"), a wholly-owned subsidiary of Sunway Concrete Products (S) Pte Ltd, which in turn is an indirect wholly-owned subsidiary of SunCon, whereby SunHoldings will subscribe for new ordinary shares in Sunway Developments and Sunway Developments will thereafter undertake a selective share buy-back of the existing ordinary shares held by Sunway Concrete Products (S) Pte Ltd in Sunway Developments, thereby resulting in SunHoldings being the sole shareholder of Sunway Developments.

### (iv) Transfer of SunCon

Upon the completion of the Transfer of Identified Companies, Transfer of Hoi Hup Sunway Developments Pte Ltd and Share subscription in Sunway Developments, SunHoldings disposed of its entire equity interests in SunCon to SCG for an aggregate sale and purchase consideration of RM258,580,000 which was satisfied entirely via the issuance of 1,292,900,000 new ordinary shares of SCG of RM0.20 each.

Upon the completion of the Transfer of SunCon, the authorised share capital of SCG increased from RM400,000 to RM2,000,000,000 via the creation of 9,998,000,000 new ordinary shares of RM0.20 each. The issued and paid-up share capital of SCG increased from RM2.00 comprising 10 ordinary shares of SCG of RM0.20 each to RM258,580,002 comprising 1,292,900,010 ordinary shares of SCG.

## (b) Offering and Listing

SCG's Offering and Listing involves the listing of and quotation for the entire issued and paid-up share capital of SCG comprising 1,292,900,010 ordinary shares of RM0.20 each.

The listing entails the following:

### (i) Distribution

SunHoldings will undertake a distribution of at least 175,009,901 ordinary shares of SCG, representing at least approximately 13.5% of the issued and paid-up share capital of SCG following the completion of the Transfer of SunCon to Sunway by way of a dividend-in-specie. Thereafter, Sunway undertook a distribution of at least 175,009,901 ordinary shares of SCG representing at least approximately 13.5% of the issued and paid-up share capital of SCG to all the entitled shareholders on the entitlement date by way of a dividend-in-specie, on the basis of 1 ordinary share of SCG for every 10 ordinary shares of Sunway held as at the entitlement date.



## 12. ACCOUNTANTS' REPORT (CONT'D)



### (ii) Offer for sale

SunHoldings, in addition to the Distribution, shall undertake the offer for sale of up to 398,705,400 ordinary shares of SCG representing up to approximately 30.8% of the issued and paid-up share capital of SCG, subject to the over-allotment option and clawback and reallocation provisions, in the following manner:

- (a) Institutional offering of up to 327,595,900 ordinary shares of SCG, representing up to approximately 25.3% of the issued and paid-up share capital of SCG in the following manner:
  - (i) up to 135,754,600 ordinary shares of SCG representing up to approximately 10.5% of the issued and paid-up share capital of SCG to Bumiputera investors approved by the Ministry of International Trade and Industry; and
  - (ii) up to 191,841,300 ordinary shares of SCG representing up to approximately 14.8% of the issued and paid-up share capital of SCG to the following persons:
    - (aa) Malaysian institutional and selected investors (other than Bumiputera investors approved by Ministry of International Trade and Industry pursuant to paragraph (i) above); and
    - (bb) foreign institutional and selected investors outside the United States in reliance on Regulation S,
- (b) Retail offering of 71,109,500 ordinary shares of SCG, representing approximately 5.5% of the issued and paid-up share capital of SCG in the following manner:
  - (i) 19,393,500 ordinary shares of SCG, representing approximately 1.5% of the issued and paid-up share capital of SCG, reserved for application by the eligible directors and employees of Sunway and SCG Group, being the persons who have contributed to the success of SCG Group; and
  - (ii) 51,716,000 ordinary shares of SCG representing approximately 4.0% of the issued and paid-up share capital of SCG, reserved for application by the Malaysian public, of which 25,858,000 ordinary shares of SCG are set aside for application by Bumiputera individuals, companies, co-operatives, societies and institutions.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 3.3 Share capital

## (a) Authorised share capital

Number of ordinary shares of RM0.20 each

As at date of incorporation	Increased	As at 31 December 2014	Cumulative authorised share capital
			RM
2,000,000	9,998,000,000	10,000,000,000	2,000,000,000

## (b) Issued and paid-up share capital

Number of ordinary shares of RM0.20 each

As at date of incorporation	Alloted	As at 31 December 2014	Cumulative issued and paid-up share capital
			RM
10	-	10	2

## 3.4 Subsidiaries, unincorporated joint ventures and associate

The subsidiaries, unincorporated joint ventures and associate are as follows:

<u>Entities</u>	<u>Effective equity /participating interest of SCG (%)</u>	<u>Principal activities</u>
Sunway Construction Sdn Bhd	100	Turnkey, construction related design and build, civil engineering and building works
<u>Subsidiaries of Sunway Construction Sdn Bhd</u>		
Sunway Innopave Sdn Bhd	100	Construction of civil and building works and provision of project management
Sunway M & E Sdn Bhd	100	Dormant (ceased operation)
Sunway Machinery Sdn Bhd	100	Renting of machinery and site equipment and undertaking sub-contract work

## 12. ACCOUNTANTS' REPORT (CONT'D)



<u>Entities</u>	<u>Effective equity/ participating interest of SCG (%)</u>	<u>Principal activities</u>
Sunway Engineering Sdn Bhd	100	Provision of mechanical and engineering works
Sunway Geotechnics (M) Sdn Bhd	100	Provision of geotechnical services and related products and hire of heavy machineries
Sunway Builders Sdn Bhd	100	Construction of building and civil works
Sunspan Sdn Bhd	100	Dormant (ceased operation)
Sunway Industrial Products Sdn Bhd	100	Investment holding
Sunway Machineries Services Sdn Bhd	100	Investment holding
Sunway Construction India Pte Ltd	100	Dormant (ceased operation)
Sunway Creative Stones Sdn Bhd	70	Dormant (ceased operation)
Sunway GD Piling Sdn Bhd	100	Dormant (ceased operation)
Sunway Construction Caribbean Limited	100	Dormant (ceased operation)
Sunway Precast Industries Sdn Bhd	100	Manufacturing precast concrete building components and undertaking of precast concrete building contracts
Sunway IBS Sdn Bhd	70	Dormant (has not commenced operation)
Sun-Block (Batang Kali) Sdn Bhd	100	Dormant (ceased operation)
Sunway Construction (S) Pte Ltd	100	Dormant (ceased operation)

## 12. ACCOUNTANTS' REPORT (CONT'D)



<u>Entities</u>	<u>Effective equity/ participating interest of SCG (%)</u>	<u>Principal activities</u>
<u>Subsidiary of Sunway Industrial Products Sdn Bhd</u>		
Sunway Concrete Products (S) Pte Ltd	100	Manufacturing and sale of precast concrete building components
<u>Subsidiary of Sunway Machineries Services Sdn Bhd</u>		
Sunway SK Sdn Bhd	100	Construction of building and civil works
<u>Subsidiary of Sunway Engineering Sdn Bhd</u>		
Sunway Smartek Sdn Bhd	100	Dormant (has not commenced operation)
<u>Subsidiary of Sunway Geotechnics (M) Sdn Bhd</u>		
Sunway Geotechnics (S) Pte Ltd	100	Dormant (ceased operation)
<u>Unincorporated joint ventures</u>		
SunCity - SunCon Joint Venture	50	Property development
SunCon - Central Glass Joint Venture	70	Completion of curtain walling works
SunGeo - Awangsa Joint Venture	50.8	Piling and substructure works
Silver Coast - Sunway Innopave Joint Venture	60	Construction works
Fableplus Sdn Bhd – Sunway Engineering Joint Venture	30	Provision of mechanical and engineering works
Sunway Geotechnics (M) Sdn Bhd – Bauer (Malaysia) Sdn Bhd Joint Venture	50	Bored piling works, installation of plunge in column and associated ancillary works
<u>Associate, which is an unincorporated consortium</u>		
ISZL Consortium	25	Construction

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 4.0 Auditors and audited financial statements

The financial year end of SCG and its subsidiaries, unincorporated joint ventures and associate falls on 31 December.

The combined financial statements of SCG Group for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014. Our report on the combined financial statements of SCG Group dated 17 April 2015 was not subject to any qualification or modification.

The separate financial statements of the subsidiaries, unincorporated joint ventures and associate were audited by EY in respect of the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 except for the following:

#### **Entities audited by another firm of auditors:**

- (a) Sunway Construction (Caribbean) Limited
- (b) Sunway Construction India Pte. Ltd.
- (c) Sunway Construction (S) Pte. Ltd.
- (d) Sunway Creative Stones (Xiamen) Co. Ltd.
- (e) Sunway Geotechnics (S) Pte. Ltd.
- (f) ISZL Consortium
- (g) Silver Coast-Sunway Innopave Joint Venture
- (h) SunCon Central Glass Joint Venture
- (i) SunGeo – Awangsa Joint Venture
- (j) Fableplus Sdn. Bhd. – Sunway Engineering Joint Venture
- (k) Sunway Geotechnics (M) Sdn. Bhd. – Bauer (Malaysia) Sdn Bhd Joint Venture

The separate financial statements of Sunway GD Piling Sdn Bhd, Sunway Industrial Products Sdn Bhd, Sunway Machineries Services Sdn Bhd, Sun-Block (Batang Kali) Sdn Bhd, Sunspan Sdn Bhd and Sunway IBS Sdn Bhd for the financial year ended 31 December 2014 were audited by another firm of auditors.

The auditors' reports of the respective audited financial statements for the respective financial years under review were not subjected to any qualification or modification except for ISZL Consortium of which the auditors' report for the financial year ended 31 December 2012 was qualified. However, the qualification is not material to our report on the combined financial statements of SCG Group.

## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 5.0 Basis of preparation of financial information

This report has been prepared based on the combined financial statements of SCG Group which were drawn up so as to give a true and fair view of the financial position of SCG Group and of its financial performance and cash flows for the financial years ended 31 December 2012, 31 December 2013 and 31 December 2014.

The combined financial statements of SCG for financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 have been carved out from the consolidated financial statements of SunCon, which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia for financial years ended 31 December 2012, 31 December 2013 and 31 December 2014. In preparing the combined financial statements, certain comparatives carved out from the consolidated financial statements of Suncon have been reclassified to conform with current period's presentation.

The combined financial statements of SCG Group have been prepared as if SCG Group has operated as a single economic entity throughout financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and have been prepared from the books and records maintained by each entity.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the SCG Group after incorporating the relevant proposals and transactions. Such financial information from the combined financial statements does not purport to predict the SCG Group's financial position, results and cash flows.

### 6.0 Dividend

The Company has not paid or declared any dividend since its date of incorporation.

Dividends paid by the subsidiaries in respect of the combined financial statements for the relevant financial years and period ended are as set out in Note 21.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 Combined income statements

		Group		
	Note	2012 RM'000	2013 RM'000	2014 RM'000
<b>Revenue</b>	14	1,448,475	1,839,593	1,880,707
Cost of sales	15	(1,166,619)	(1,501,572)	(1,485,297)
<b>Gross profit</b>		281,856	338,021	395,410
Other income	16	21,134	13,888	12,850
Distribution costs		(168)	(3)	-
Administrative expenses		(200,426)	(261,755)	(271,685)
Other operating expenses		(54,228)	(47,793)	(16,401)
<b>Operating profit</b>		48,168	42,358	120,174
Finance income and other distribution income	17a	7,247	4,328	4,055
Finance costs	17b	(2,756)	(2,256)	(3,339)
Share of results of joint ventures		29,226	45,382	30,374
<b>Profit before tax</b>	18	81,885	89,812	151,264
Income tax expense	20	(18,351)	(23,732)	(26,495)
<b>Profit net of tax</b>		63,534	66,080	124,769
Profit attributable to:				
Owner of the parent		54,788	66,926	124,819
Non-controlling interests		8,746	(846)	(50)
		63,534	66,080	124,769

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 7.0 Combined statements of comprehensive income

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Profit net of tax	63,534	66,080	124,769
<b>Other comprehensive income to be reclassified to profit or loss in subsequent periods*:</b>			
Foreign currency translation	15,407	6,110	664
Total comprehensive income for the year	<u>78,941</u>	<u>72,190</u>	<u>125,433</u>
<b>Total comprehensive income attributable to:</b>			
Owner of the parent	70,195	73,036	125,483
Non-controlling interests	8,746	(846)	(50)
	<u>78,941</u>	<u>72,190</u>	<u>125,433</u>

\* There is no tax effect arising from the component of other comprehensive income.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 Combined statements of financial position

		2012	Group 2013	2014
	Note	RM'000	RM'000	RM'000
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	22	150,627	180,895	178,728
Investment in an associate	24	-	-	-
Other investments	25	25,573	25,573	273
Investments in joint ventures	26	26,236	22,122	24,189
Goodwill	27	3,651	3,643	3,643
Deferred tax assets	34	2,079	2,132	7,154
		<u>208,166</u>	<u>234,365</u>	<u>213,987</u>
<b>Current assets</b>				
Inventories	28	21,908	25,518	20,203
Receivables	29	1,069,885	1,020,483	737,853
Tax recoverable		1,519	4,946	8,523
Derivatives	31	-	489	-
Cash and bank and short term funds balances	32	154,322	156,085	291,617
		<u>1,247,634</u>	<u>1,207,521</u>	<u>1,058,196</u>
<b>Total assets</b>		<u>1,455,800</u>	<u>1,441,886</u>	<u>1,272,183</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 8.0 Combined statements of financial position (contd.)

		Group		
	Note	2012 RM'000	2013 RM'000	2014 RM'000
<b>Equity and liabilities</b>				
<b>Current liabilities</b>				
Borrowings	33	45,155	75,057	135,132
Payables	35	795,953	730,742	791,264
Tax payable		2,636	9,273	13,161
Derivatives	31	-	142	-
		<u>843,744</u>	<u>815,214</u>	<u>939,557</u>
<b>Non-current liabilities</b>				
Borrowings	33	18,006	15,410	69
Deferred tax liabilities	34	1,050	1,571	4,285
		<u>19,056</u>	<u>16,981</u>	<u>4,354</u>
<b>Total liabilities</b>		<u>862,800</u>	<u>832,195</u>	<u>943,911</u>
<b>Equity</b>				
Invested equity		560,413	614,187	333,494
Non-controlling interests		32,587	(4,496)	(5,222)
<b>Total equity</b>		<u>593,000</u>	<u>609,691</u>	<u>328,272</u>
<b>Total equity and liabilities</b>		<u>1,455,800</u>	<u>1,441,886</u>	<u>1,272,183</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 9.0 Combined statements of changes in equity

	Invested equity RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>At 1 January 2012</b>	503,018	36,265	539,283
Profit for the year	54,788	8,746	63,534
Other comprehensive income	15,407	-	15,407
<b>Total recognised income for the year</b>	<u>70,195</u>	<u>8,746</u>	<u>78,941</u>
Disposal of a subsidiary	-	(927)	(927)
<b>Transactions with owner</b>			
Dividend paid to non-controlling interests	-	(2,250)	(2,250)
Dividends paid (Note 21)	(12,800)	-	(12,800)
Acquisition of equity interest from non-controlling interests	-	(9,247)	(9,247)
<b>Total transactions with owner</b>	<u>(12,800)</u>	<u>(11,497)</u>	<u>(24,297)</u>
<b>At 31 December 2012</b>	<u>560,413</u>	<u>32,587</u>	<u>593,000</u>
<b>At 1 January 2013</b>	560,413	32,587	593,000
Profit for the year	66,926	(846)	66,080
Other comprehensive income	6,110	-	6,110
<b>Total recognised income for the year</b>	<u>73,036</u>	<u>(846)</u>	<u>72,190</u>
<b>Transactions with owner</b>			
Dividend paid to non-controlling interests	-	(5,070)	(5,070)
Dividends paid (Note 21)	(14,453)	-	(14,453)
Acquisition of equity interest from non-controlling interests	(4,809)	(31,167)	(35,976)
<b>Total transactions with owner</b>	<u>(19,262)</u>	<u>(36,237)</u>	<u>(55,499)</u>
<b>At 31 December 2013</b>	<u>614,187</u>	<u>(4,496)</u>	<u>609,691</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 9.0 Combined statements of changes in equity (contd.)

	Invested equity RM'000	Non- controlling interest RM'000	Total equity RM'000
<b>At 1 January 2014</b>	614,187	(4,496)	609,691
Profit for the year	124,819	(50)	124,769
Other comprehensive income	664	-	664
<b>Total recognised income for the year</b>	125,483	(50)	125,433
<b>Transactions with owner</b>			
Dividend paid to non-controlling interests	-	(676)	(676)
Dividends paid (Note 21)	(427,958)	-	(427,958)
Equity contribution by parent	21,782	-	21,782
<b>Total transactions with owner</b>	(406,176)	(676)	(406,852)
<b>At 31 December 2014</b>	333,494	(5,222)	328,272

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 10.0 Combined statements of cash flows

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
<b>Cash flows from operating activities</b>			
Profit before tax	81,885	89,812	151,264
Adjustments for:			
Finance income and other distribution income	(7,247)	(4,328)	(4,055)
Finance costs	2,756	2,256	3,339
Amortisation and depreciation of property, plant and equipment	27,594	42,826	41,642
Net gain on disposal of property, plant and equipment	(611)	(6,978)	(2,443)
Property, plant and equipment written off	1,180	211	1,740
Unrealised foreign exchange gain	(5,186)	(87)	(565)
Allowance for inventory obsolescence	-	921	-
Employees' share option scheme	-	7,730	5,726
Impairment loss on goodwill	-	8	-
Bad debts written off	1,078	5,090	53
Allowance for impairment losses on receivables	21,421	30,527	4,764
Reversal of allowance for impairment losses on receivables	(8,267)	(62)	(330)
Reversal of impairment losses on property, plant and equipment	-	-	(845)
Gain on derivatives	-	(347)	(142)
Loss on derivatives	3	-	489
Gain on disposal of a subsidiary	(404)	-	-
Gain on liquidation of subsidiaries	(48)	-	(869)
Share of results of joint ventures	(29,226)	(45,382)	(30,374)
Operating cash flows before working capital changes carried forward	<u>84,928</u>	<u>122,197</u>	<u>169,394</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 10.0 Combined statements of cash flows (contd.)

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
<b>Cash flows from operating activities (contd.)</b>			
Operating cash flows before working capital changes brought forward	84,928	122,197	169,394
Changes in working capital:			
Inventories	2,180	(4,531)	5,315
Trade receivables	(134,829)	41,547	(100,816)
Other receivables	(4,412)	15,122	(2,695)
Trade payables	98,733	(44,230)	56,687
Other payables	33,289	(74,721)	3,656
Amount due from joint ventures	16,732	28,120	-
Amount due to ultimate holding company	1,543	436	7,721
Amount due to immediate holding company	(900)	(3)	-
Amounts due (to)/from other related companies	(28,942)	(29,019)	43,241
Amount due from related parties	6	(1,010)	1,010
Cash flow generated from operations	68,328	53,908	183,513
Dividend received from joint ventures	-	47,212	28,171
Interest and distribution income received	7,247	4,328	4,055
Interest paid	(2,756)	(2,256)	(3,339)
Tax refunded	2,624	3,912	2,078
Tax paid	(24,402)	(23,966)	(30,549)
Net cash flow generated from operating activities	51,041	83,138	183,929

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 10.0 Combined statements of cash flows (contd.)

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	14,278	9,360	7,944
Proceeds from disposal of shares in a subsidiary company	780	-	-
Acquisition of property, plant and equipment (Note a)	(56,811)	(49,404)	(45,732)
Acquisition of equity interest from non-controlling interests	(9,247)	(35,976)	-
Net cash flow from disposal of a subsidiary company	(837)	-	-
Advances from/(to) other related companies	51,800	(11,994)	320,694
Advances (to)/from an associate	(19,938)	(9,358)	4,875
Redemption of preference shares in a related company	12,800	-	25,300
Increase in equity contribution by parent	-	-	21,782
Withdrawal of deposits with licensed banks	20,273	4,527	4,550
Net cash flow from placements	(46,700)	23,700	9,800
Net cash (used in)/generated from investing activities	(33,602)	(69,145)	349,213
<b>Cash flows from financing activities</b>			
Drawdown of term loans	7,949	5,423	-
Drawdown of revolving credits	10,000	50,000	50,168
Drawdown of other bank borrowings	87,572	-	231,300
Repayment of term loans	(3,471)	(1,107)	(16,470)
Repayment of revolving credits	-	(10,000)	(50,000)
Repayment of other bank borrowings	(76,373)	(9,818)	(161,048)
Net cash generated from financing activities carried forward	25,677	34,498	53,950

## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 10.0 Combined statements of cash flows (contd.)

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
<b>Cash flows from financing activities (contd.)</b>			
Net cash generated from financing activities brought forward	25,677	34,498	53,950
Repayment of hire purchase and finance lease liabilities	(7,540)	(5,271)	(7,418)
Dividend paid	(12,800)	(14,453)	(427,958)
Dividends paid to non-controlling interests of subsidiaries	(2,250)	(5,070)	(676)
Net cash generated from/(used in) financing activities	<u>3,087</u>	<u>9,704</u>	<u>(382,102)</u>
<b>Net increase in cash and cash equivalents</b>	20,526	23,697	151,040
<b>Effects of foreign exchange rate changes</b>	15,468	8,214	640
<b>Cash and cash equivalents at beginning of financial year</b>	<u>58,027</u>	<u>94,021</u>	<u>125,932</u>
<b>Cash and cash equivalents at end of financial year (Note 32) *</b>	<u>94,021</u>	<u>125,932</u>	<u>277,612</u>

Note a:

Additions of property, plant and equipment by way of:

- cash	56,811	49,404	45,732
- hire purchase and finance lease liabilities	5,298	-	-
- other deferred payment terms	23,326	26,086	-
Total additions of property plant and equipment (Note 22)	<u>85,435</u>	<u>75,490</u>	<u>45,732</u>

\* Placement in cash funds and deposits with licensed banks with maturity of over 3 months of the Group amounting to RM14,005,000 (2013: RM28,355,000 and 2012: RM56,582,000) respectively are excluded from cash and cash equivalents.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.



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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**Notes to the combined financial statements  
For the financial year ended 31 December 2014****11.0 Corporate information**

The Sunway Construction Group Berhad ("SCG") was incorporated as a public limited liability company in Malaysia. The principal activity of SCG is investment holding. The principal activities of the subsidiaries are as disclosed in Note 23. There have been no significant changes in the nature of these principal activities during the financial years.

**12.0 Summary of significant accounting policies****12.1 Basis of preparation of combined financial statements**

The combined financial statements of SCG for financial years ended 31 December 2012 and 31 December 2013 have been carved out from the consolidated financial statements of Sunway Construction Sdn. Bhd. ("SunCon"), which have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia for financial years ended 31 December 2012 and 31 December 2013. In preparing the combined financial statements, certain comparatives carved out from the consolidated financial statements of Suncon have been reclassified to conform with current year's presentation.

The combined financial statements for the year ended 31 December 2014 has been prepared using financial information obtained from the financial records of the entities within Suncon, its subsidiaries, unincorporated joint venture and associate as disclosed in Notes 23, 24 and 26 respectively for the financial year ended 31 December 2014. SCG and SunCon, its subsidiaries, unincorporated joint venture and associate as disclosed in Notes 23, 24 and 26 respectively are hereinafter collectively referred to as "SCG Group" or "Group".

The combined financial statements of SCG Group have been prepared as if SCG Group has operated as a single economic entity throughout financial years ended 31 December 2012, 31 December 2013 and 31 December 2014 and have been prepared from the books and records maintained by each entity.

The financial information as presented in the combined financial statements may not correspond to the consolidated financial statements of the SCG Group after incorporating the relevant proposals and transactions. Such financial information from the combined financial statements does not purport to predict the SCG Group's financial position, results and cash flows.

The combined financial statements have not been prepared in respect of any year subsequent to 31 December 2014.

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**12.0 Summary of significant accounting policies (contd.)**
**12.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial period except as follows:

On 1 January 2014, the Group adopted the following new and amended MFRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2014.

<b>Description</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
Amendments to MFRS 139: Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IC Interpretation 21 Levies	1 January 2014

Adoption of the above standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company except for those discussed below:

**Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136)**

The amendments clarify the disclosure requirements in respect of fair value less costs of disposal. When MFRS 136 was originally changed as a consequence of MFRS 13 Fair Value Measurement, it is intended to require disclosure of information about the recoverable amount of impaired assets if that amount was based on fair value less costs to sell. However, as written, an entity was required to disclose the recoverable amount for each cash-generating unit for which the carrying amount of goodwill or intangible assets with indefinite useful lives allocated to that unit was significant in comparison with the entity's total carrying amount of goodwill or intangible assets with indefinite useful lives. This requirement has been deleted by the amendments. However, the amendments added two disclosure requirements:

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 12.0 Summary of significant accounting policies (contd.)

## 12.2 Changes in accounting policies (contd.)

**Recoverable Amount Disclosures for Non-Financial Assets (Amendments to MFRS 136) (contd.)**

- (a) additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs of disposal; and
- (b) information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendments harmonise disclosure requirements between value in use and fair value less costs of disposal.

## 12.3 Standards and Interpretations issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's financial statements are disclosed below. The Group intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans:	
Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011-2013 Cycle	1 July 2014
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116: Property, Plant and Equipment and MFRS 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
MFRS 15: Revenue from Contracts with Customers	1 January 2017
MFRS 9: Financial Instruments	1 January 2018

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## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 12.0 Summary of significant accounting policies (contd.)

#### 12.3 Standards and Interpretations issued but not yet effective (contd.)

The directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application, except as discussed below:

##### **Annual Improvements to MFRSs 2010-2012 Cycle**

###### **(a) Amendment to MFRS 2 Share-based Payment**

This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition
- A performance target must be met while the counterparty is rendering service
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
- A performance condition may be a market or non-market condition
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

###### **(b) Amendment to MFRS 3 Business Combinations**

The amendment is applied prospectively and clarifies that all contingent consideration arrangements classified as liabilities (or assets) arising from a business combination should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of MFRS 9 (or MFRS 139, as appropriate).

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## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 12.0 Summary of significant accounting policies (contd.)

#### 12.3 Standards and Interpretations issued but not yet effective (contd.)

##### Annual Improvements to MFRSs 2010-2012 Cycle (contd.)

##### **(c) Amendment to MFRS 8 Operating Segments**

The amendments are applied retrospectively and clarifies that:

- An entity must disclose the judgements made by management in applying the aggregation criteria in preparing operating segments, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar.
- The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

##### **(d) Amendment to MFRS 116 Property, Plant & Equipment and Amendment to FRS 138 Intangible Assets**

The amendment clarifies that the asset may be revalued by reference to observable data on either the gross or the net carrying amount and that accumulated depreciation/amortisation is the difference between the gross and carrying amounts of the asset.

##### **(e) Amendment to MFRS 124 Related Party Disclosures**

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services.

##### Annual Improvements to MFRSs 2011-2013 Cycle

##### **(a) Amendment to MFRS 3 Business Combinations**

The amendment clarifies that:

- Joint arrangements, not just joint ventures, are outside the scope of MFRS 3
- The scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**12.0 Summary of significant accounting policies (contd.)****12.3 Standards and Interpretations issued but not yet effective (contd.)****Annual Improvements to MFRSs 2011-2013 Cycle (contd.)****(b) Amendment to MFRS 13 Fair Value Measurement**

The amendment clarifies that the portfolio exception in MFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of MFRS 9 (or MFRS 139, as applicable).

**MFRS 9 Financial Instruments**

MFRS 9 reflects the first phase of the work on the replacement of MFRS 139 and applies to classification and measurement of financial assets and financial liabilities as defined in MFRS 139. The standard was initially effective for annual periods beginning on or after 1 January 2013, but Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures, issued in March 2012, moved the mandatory effective date to 1 January 2015. Subsequently, on 14 February 2014, it was announced that the new effective date will be decided when the project is closer to completion. The adoption of the first phase of MFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will not have an impact on classification and measurements of the Group's financial liabilities. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

**12.4 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 12.0 Summary of significant accounting policies (contd.)

#### 12.4 Fair value measurement (contd.)

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- |                |  |
|----------------|--|
| <b>Level 1</b> | Quoted (unadjusted) market prices in active markets for identical assets or liabilities  |
| <b>Level 2</b> | Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable |
| <b>Level 3</b> | Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable                      |

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group's management determines the policies and procedures for both recurring fair value measurement, such as investment properties and unquoted available-for-sale ("AFS") financial assets, and for non-recurring measurement, such as assets held for distribution in discontinued operation.

External valuers are involved for valuation of significant assets, such as AFS financial assets, and significant liabilities, such as contingent consideration. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 12.0 Summary of significant accounting policies (contd.)

#### 12.4 Fair value measurement (contd.)

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares each of changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

#### 12.5 Current versus non-current classification

The Group presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.



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## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 12.0 Summary of significant accounting policies (contd.)

#### 12.6 Basis of combination

The combined financial statements comprise the financial statements of the parent and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the combined financial statements are prepared for the same reporting date.

Intragroup transactions, balances, and resulting unrealised gains are eliminated in full on combination. The combined financial statements reflect external transactions only. Unrealised losses are eliminated on combination unless costs cannot be recovered. Uniform accounting policies are adopted in the combined financial statements for like transactions and events in similar circumstances.

The Group controls an investee if and only if the Group has all the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

- (i) The contractual arrangement with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.6 Basis of combination (contd.)**

Subsidiaries are combined when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

**Business Combinations**

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 12.11. In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.6 Basis of combination (contd.)****Business Combinations (contd.)**

Subsidiaries are combined from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as merger reserve. The statements of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

**12.7 Transactions with non-controlling interests**

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the parent, and is presented separately in the combined statements of comprehensive income and within equity in the combined statements of financial position, separately from equity attributable to owner of the parent.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributable to owner of the parent.

**12.8 Foreign currency****(a) Functional and presentation currency**

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The combined financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.8 Foreign currency (contd.)****(b) Foreign currency transactions**

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

**(c) Foreign operations**

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 12.0 Summary of significant accounting policies (contd.)

#### 12.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. Freehold land is measured at cost less any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. The lease period for short term leasehold land is less than 50 years. The lease periods for long term leasehold land range from 50-99 years. Leasehold lands are depreciated over the period of their respective lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2
Plant and machinery	10 - 20
Motor vehicles	20
Office equipment, furniture and fittings	10 - 33

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.10 Construction contracts**

Where the outcome of a construction contract can be reliably estimated, contract revenue and contract costs are recognised as revenue and expenses respectively by using the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs or by reference to the physical completion of the contract.

Where the outcome of a construction contract cannot be reliably estimated, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the total of costs incurred on construction contracts plus, recognised profits (less recognised losses), exceeds progress billings, the balance is classified as amount due from customers on contracts. When progress billings exceed costs incurred plus, recognised profits (less recognised losses), the balance is classified as amount due to customers on contracts.

**12.11 Goodwill**

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 12.0 Summary of significant accounting policies (contd.)

#### 12.11 Goodwill (contd.)

Goodwill and fair value adjustments arising on the acquisition of foreign operation are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 12.8.

#### 12.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

#### 12.13 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.13 Associates (contd.)**

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired. Unrealised profits arising from transactions with associates are eliminated.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

**12.14 Joint ventures**

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Investments in joint ventures are accounted for in the combined financial statements using the equity method of accounting as described in Note 12.13.

Where necessary, adjustments have been made to the financial statements of joint ventures to ensure consistency of accounting policies with those at the Group.

On disposal of such investment, the difference between net disposal proceeds and its carrying amount is included in profit or loss.



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## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 12.0 Summary of significant accounting policies (contd.)

#### 12.15 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group determine the classification of their financial assets at initial recognition, and the categories include available-for-sale financial assets and loans and receivables.

##### (a) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are designated as available for sale or are not classified as loan and receivables, fair value through profit or loss and held for maturity.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group's right to receive payment is established.

Investments in equity instruments whose fair value cannot be reliably determined are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

##### (b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.15 Financial assets (contd.)****(b) Loans and receivables (contd.)**

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commit to purchase or sell the asset.

**12.16 Impairment of financial assets**

The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

**(a) Trade and other receivables and other financial assets carried at amortised cost**

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

**12. ACCOUNTANTS' REPORT (CONT'D)****12.0 Summary of significant accounting policies (contd.)****12.16 Impairment of financial assets (contd.)****(a) Trade and other receivables and other financial assets carried at amortised cost (contd.)**

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

**(b) Unquoted equity securities carried at cost**

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**12.17 Cash and cash equivalents**

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

**12.18 Inventories**

Trading inventories and spare parts are stated at lower of cost and net realisable value after adequate provision for damaged, obsolete and slow moving items. Cost is determined using the weighted average method. Cost comprises costs of purchase, costs of direct materials and labour and a proportion of overhead based on normal operating capacity.

**12. ACCOUNTANTS' REPORT (CONT'D)****12.0 Summary of significant accounting policies (contd.)****12.18 Inventories (contd.)**

Property stocks are stated at lower of cost and net realisable value. Cost comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**12.19 Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**12.20 Financial liabilities**

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statements of financial position when, and only when, the Group become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

**(a) Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group has not designated any financial liabilities as at fair value through profit or loss.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 12.0 Summary of significant accounting policies (contd.)

#### 12.20 Financial liabilities (contd.)

##### (b) Other financial liabilities

The Group's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

#### 12.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.22 Employee benefits****(a) Defined contribution plans**

The Group participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Employee share option scheme**

Employees of the Group and of the Company receive remuneration in the form of share options of the ultimate holding company as consideration for services rendered. The cost of these liability-settle transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding payable to the ultimate holding company. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of that period.

**12.23 Leases****(a) As lessee**

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.23 Leases (contd.)****(a) As lessee (contd.)**

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**(b) As lessor**

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 12.24(c).

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the term net investment method so as to reflect a constant periodic rate of interest on the balance outstanding. When the assets are leased out under an operating lease, the asset is included in the statement of financial position based on the nature of the asset. Lease income is recognised over the term of the lease on a straight line basis.

**12.24 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

**(a) Construction contracts**

Revenue from construction contracts is accounted for by the stage of completion method as described in Note 12.10.

**(b) Sale of goods**

Revenue is recognised net of sales taxes and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

## 12. ACCOUNTANTS' REPORT (CONT'D)



### 12.0 Summary of significant accounting policies (contd.)

#### 12.24 Revenue (contd.)

##### (c) Rental income

Rental income including those from property stocks and buildings, is recognised on the accrual basis unless recoverability is in doubt, in which case, it is recognised on receipt basis.

##### (d) Investment income

Dividend income is recognised when the Group's right to receive payment is established.

Interest income is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

#### 12.25 Income taxes

##### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

##### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**12.0 Summary of significant accounting policies (contd.)****12.25 Income taxes (contd.)****(b) Deferred tax (contd.)**

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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## 12. ACCOUNTANTS' REPORT (CONT'D)

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### 12.0 Summary of significant accounting policies (contd.)

#### 12.26 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### 12.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

#### 12.28 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 43, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 13.0 Significant accounting estimates and judgements

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

#### 13.1 Judgements made in applying accounting policies

There are no critical judgements made by the management in the process of applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**13.0 Significant accounting estimates and judgements (contd.)****13.2 Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

**(a) Construction contracts**

The Group recognises construction contract revenue and expenses in the income statements by using the stage of completion method. The stage of completion is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant estimation is required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs, as well as the recoverability of the construction projects. In making the estimate, the Group evaluate based on experience and by relying on the work of specialists. The details of construction contracts are disclosed in Note 30.

**(b) Income taxes**

Significant estimation is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**(c) Deferred tax assets**

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management estimate is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are provided for in Note 34.

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**13.0 Significant accounting estimates and judgements (contd.)****13.2 Key sources of estimation uncertainty (contd.)****(d) Impairment of loans and receivables**

- (i) The Group assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's loans and receivables at the reporting date are disclosed in Note 29.

- (ii) During the financial year ended 31 December 2013, the Group had advances due from its associate, which is an unincorporated consortium, ISZL Consortium ("Consortium") of RM24.4 million. The Consortium was established to undertake construction projects in Abu Dhabi. The Consortium was faced with significant delays in collections from its sole customer and this had affected the ability of the Consortium to repay the advances due to the Group. The Group made an assessment of the recoverability of the advances based on the latest settlement agreement entered into between the Consortium and its customer by present valuing of the estimated future cash flows and accordingly, the advances was fully impaired as at 31 December 2013. The key assumptions used in determining the present value of the estimated future cash flows are the timing of the future cash flows and the discount rate. The nature of these key assumptions give rise to some uncertainty.
- (iii) In 2011, the Land Administrator under the Land Acquisition Act 1960 had awarded a sum of RM10.6 million as additional land compensation payable by Sunway Construction Sdn Bhd ("SunCon") to a land owner in connection with the construction of a highway. SunCon filed a judicial review application to challenge the Land Administrator's award. While waiting for the result of the appeal, SunCon had to pay the award of RM10.6 million into a joint-solicitors stakeholders interest-bearing account. The RM10.6 million was recognised as a deposit in SunCon's books as at 31 December 2011. However, during the financial year ended 31 December 2012, the land owner, with appropriate Court Order, had successfully requested for SunCon to release the additional land compensation sum. Even though the case is on-going, the management had fully impaired the amount deposited as the management is of the view that the recovery of the sum deposited is remote.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 13.0 Significant accounting estimates and judgements (contd.)

## 13.2 Key sources of estimation uncertainty (contd.)

## (e) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill in respect of acquisition of subsidiaries as at 31 December 2014 was RM3,643,000 (2013: RM3,643,000 and 2012: RM3,651,000). Further details are disclosed in Note 27.

## 14.0 Revenue

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Construction revenue	1,246,850	1,610,460	1,626,151
Manufacturing of precast concrete	201,625	229,133	254,556
	<u>1,448,475</u>	<u>1,839,593</u>	<u>1,880,707</u>

## 15.0 Cost of sales

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Construction costs	1,005,717	1,333,980	1,339,008
Cost of goods sold	160,902	167,592	146,289
	<u>1,166,619</u>	<u>1,501,572</u>	<u>1,485,297</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 16.0 Other income

Included in other income are the followings:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Rental income of plant and machinery	1,006	1,292	639
Reversal of allowance for impairment:			
- trade receivables (Note 29)	7,751	-	-
- other receivables (Note 29)	516	62	330
Bad debts recovered	-	-	601
Gain on disposal of property, plant and equipment	1,150	6,978	2,443
Rental income from buildings	653	145	121
Foreign exchange gain:			
- realised	110	175	393
- unrealised	5,186	87	565
Gain on derivatives	-	347	142
Gain on liquidation of subsidiaries	48	-	869
Gain on disposal of subsidiary	404	-	-
Disposal of waste	2,208	1,761	1,358
Gain on disposal of property stock	139	-	1,431
Reversal of impairment losses on property, plant and equipment (Note 22)	-	-	845

**12. ACCOUNTANTS' REPORT (CONT'D)****17a. Finance income and other distribution income**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Interest and distribution income from:			
Advances to:			
- other related company (Note 39)	1,782	1,068	1,131
Deposits with licensed banks	3,406	1,486	970
Placement in cash funds	1,449	715	1,580
Others	610	1,059	374
	<u>7,247</u>	<u>4,328</u>	<u>4,055</u>

**17b. Finance costs**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Interest expense on:			
Advances from:			
- other related company (Note 39)	(180)	-	-
Hire purchase obligations	(895)	(624)	(122)
Bank borrowings	(1,499)	(1,337)	(3,217)
Others	(182)	(295)	-
	<u>(2,756)</u>	<u>(2,256)</u>	<u>(3,339)</u>

**12. ACCOUNTANTS' REPORT (CONT'D)****18.0 Profit before tax**

The following amounts have been included in arriving at profit before tax:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Auditors' remuneration:			
- statutory audits	643	670	795
- (over)/underprovision in prior year	(4)	57	11
- other services	13	36	41
Allowance for impairment (Note 29):			
- trade receivables	2,388	2,510	2,408
- other receivables	19,033	3,639	2,356
- amount due from an associate	-	24,378	-
Allowance for inventory obsolescence	-	921	-
Impairment loss on goodwill (Note 27)	-	8	-
Bad debts written off	1,078	5,090	53
Exchange losses:			
- realised	13,467	4,130	5,182
Property, plant and equipment:			
- amortisation and depreciation (Note 22)	27,594	42,826	41,642
- loss on disposal	539	-	-
- written off	1,180	211	1,740
Rental of land and buildings	9,474	10,218	9,945
Hire of plant and machinery	12,745	4,690	2,141
Loss on derivatives	3	-	489
Management fees paid to ultimate holding company (Note 39)	14,404	16,693	16,649
Service level agreement fee (Note 39)	4,213	3,776	4,939
Staff costs			
- wages, salaries and bonuses	123,022	135,486	163,783
- contribution to defined contribution plan	8,938	10,645	12,596
- social security fund	625	757	847
- employees' share option scheme	-	7,730	5,726
- other employee benefits	4,653	8,282	6,671



## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 19.0 Compensation of key management personnel

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Short-term employee benefits	6,327	8,062	11,042
Defined contribution plan	529	753	1,315
Employees' share option	-	1,177	774
	<u>6,856</u>	<u>9,992</u>	<u>13,131</u>

## 20.0 Income tax expense

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Current income tax:			
Malaysian income tax	16,234	15,677	11,998
Foreign tax	4,623	8,038	13,200
	<u>20,857</u>	<u>23,715</u>	<u>25,198</u>
Under/(over)provision in prior years:			
Malaysian income tax	933	(451)	4,208
Foreign tax	(715)	-	(624)
	<u>218</u>	<u>(451)</u>	<u>3,584</u>
	<u>21,075</u>	<u>23,264</u>	<u>28,782</u>
Deferred tax (Note 34):			
Relating to origination and reversal of temporary differences	(831)	84	901
(Over)/underprovision in prior year	(1,893)	384	(3,188)
	<u>(2,724)</u>	<u>468</u>	<u>(2,287)</u>
Total income tax expense	<u>18,351</u>	<u>23,732</u>	<u>26,495</u>

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2013: 25% and 2012: 25%) of the estimated assessable profit for the year. The Malaysian corporate income tax rate is expected to reduce from 25% to 24% with effect from year of assessment 2016 as announced in the 2014 Budget.

**12. ACCOUNTANTS' REPORT (CONT'D)**
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**20.0 Income tax expense (contd.)**

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group is as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Profit before tax	81,885	89,812	151,264
Taxation at Malaysian statutory tax rate of 25%	20,471	22,453	37,816
Different tax rates in other countries	(5,200)	(3,928)	(5,604)
Differences in current and future tax rate	-	(31)	142
Income not subject to tax	(6,940)	(8,298)	(1,972)
Expenses not deductible for tax purposes	12,482	21,112	8,796
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	6,520	6,100	228
Utilisation of deferred tax assets previously not recognised	-	(2,264)	(5,713)
Effect of share of profit of joint ventures	(7,307)	(11,345)	(7,594)
Under/(over)provision of income tax in prior years	218	(451)	3,584
(Over)/underprovision of deferred tax in prior year	(1,893)	384	(3,188)
Income tax expense for the year	18,351	23,732	26,495

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 21.0 Dividends

	Dividends in respect of year		Dividends recognised in year	
	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000
Interim dividend for 2012:				
Franked dividend of 3.2998% less 25% taxation (2.47 sen per share)	4,800	-	4,800	-
Franked dividend of 5.49967% less 25% taxation (4.12 sen per share)	8,000	-	8,000	-
Franked dividend of 9.9356% less 25% taxation (7.45 sen per share)	14,453	-	-	14,453
Interim dividend for 2013:				
Single-tier dividend of 17.01434% (17.01 sen per share)	-	33,000	-	-
Interim dividend for 2014:				
Single-tier dividend of 3.6091% (3.61 sen per share)	-	-	7,000	-
Single-tier dividend of 9.43522% (RM1.00 per share)	-	-	18,300	-
	54			
	435			
				33,000
				7,000
				18,300

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 21.0 Dividends (contd.)

	Dividends in respect of year		Dividends recognised in year			
	2012 RM'000	2013 RM'000	2014 RM'000	2012 RM'000	2013 RM'000	2014 RM'000
Interim dividend for 2014: (contd.)						
Single-tier dividend of 7.47599% (RM1.00 per share)	-	-	14,500	-	-	14,500
Single-tier dividend of 10.87886% (RM1.00 per share)	-	-	21,100	-	-	21,100
Single-tier dividend of 44.72824% (RM1.00 per share)	-	-	86,752	-	-	86,752
Single-tier dividend of 88.75201% (RM1.00 per share)	-	-	172,138	-	-	172,138
Single-tier dividend of 38.35456% (RM1.00 per share)	-	-	74,390	-	-	74,390
Single-tier dividend of 0.40111% (RM1.00 per share)	-	-	778	-	-	778
	27,253	33,000	394,958	12,800	14,453	427,958

55

436

**12. ACCOUNTANTS' REPORT (CONT'D)****22.0 Property, plant and equipment**

Group	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
<b>At 31 December 2012</b>						
<b>Cost</b>						
At 1 January 2012	12,702	174,568	13,611	18,125	846	219,852
Additions	7,148	61,652	8,461	5,481	2,693	85,435
Written off	-	(2,383)	(10)	(4,901)	-	(7,294)
Disposals	-	(34,033)	(3,906)	(636)	-	(38,575)
Exchange differences	-	(383)	8	63	-	(312)
At 31 December 2012	19,850	199,421	18,164	18,132	3,539	259,106
<b>Accumulated depreciation</b>						
At 1 January 2012	2,271	82,604	8,228	9,708	-	102,811
Depreciation charge for the year (Note 18)	700	22,076	1,832	2,986	-	27,594
Written off	-	(1,984)	(10)	(4,120)	-	(6,114)
Disposals	-	(21,410)	(2,925)	(573)	-	(24,908)
Exchange differences	-	(267)	(15)	32	-	(250)
At 31 December 2012	2,971	81,019	7,110	8,033	-	99,133
<b>Accumulated impairment losses</b>						
At beginning/end of financial year	4,958	3,543	-	-	845	9,346
<b>Net carrying amount</b>	11,921	114,859	11,054	10,099	2,694	150,627

56

437

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 22.0 Property, plant and equipment (contd.)

Group (contd.)	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in-progress RM'000	Total RM'000
<b>At 31 December 2013</b>						
<b>Cost</b>						
At 1 January 2013	19,850	199,421	18,164	18,132	3,539	259,106
Additions	6,509	55,377	4,579	3,078	5,947	75,490
Written off	-	(559)	-	(165)	-	(724)
Disposals	-	(4,710)	(655)	(1,516)	-	(6,881)
Exchange differences	-	804	83	167	-	1,054
At 31 December 2013	26,359	250,333	22,171	19,696	9,486	328,045
<b>Accumulated depreciation</b>						
At 1 January 2013	2,971	81,019	7,110	8,033	-	99,133
Depreciation charge for the year (Note 18)	914	34,336	3,118	4,458	-	42,826
Written off	-	(359)	-	(154)	-	(513)
Disposals	-	(3,247)	(419)	(833)	-	(4,499)
Exchange differences	-	682	47	128	-	857
At 31 December 2013	3,885	112,431	9,856	11,632	-	137,804
<b>Accumulated impairment losses</b>						
At beginning/end of financial year	4,958	3,543	-	-	845	9,346
<b>Net carrying amount</b>	17,516	134,359	12,315	8,064	8,641	180,895

57

438

## 12. ACCOUNTANTS' REPORT (CONT'D)

## 22.0 Property, plant and equipment (contd.)

Group (contd.)	Land and buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Total RM'000
<b>At 31 December 2014</b>						
<b>Cost</b>						
At 1 January 2014	26,359	250,333	22,171	19,696	9,486	328,045
Additions	826	34,180	2,289	3,430	5,007	45,732
Written off	-	(2,259)	(4)	(214)	(845)	(3,322)
Disposals	-	(10,462)	(262)	(72)	-	(10,796)
Reclassifications	-	12,352	-	-	(12,352)	-
Exchange differences	-	594	40	80	1	715
At 31 December 2014	27,185	284,738	24,234	22,920	1,297	360,374
<b>Accumulated depreciation</b>						
At 1 January 2014	3,885	112,431	9,856	11,632	-	137,804
Depreciation charge for the period (Note 18)	866	31,796	3,607	5,373	-	41,642
Written off	-	(1,373)	(4)	(205)	-	(1,582)
Disposals	-	(4,963)	(262)	(70)	-	(5,295)
Exchange differences	-	474	22	80	-	576
At 31 December 2014	4,751	138,365	13,219	16,810	-	173,145
<b>Accumulated impairment losses</b>						
At 1 January 2014	4,958	3,543	-	-	845	9,346
Reversal of impairment loss (Note 16)	-	-	-	-	(845)	(845)
At 31 December 2014	4,958	3,543	-	-	-	8,501
<b>Net carrying amount</b>	17,476	142,830	11,015	6,110	1,297	178,728

The net carrying amount of property, plant and equipment held under finance lease and hire purchase agreements for plant and machinery and motor vehicles are RM2,963,000 and Nil (2012: RM17,712,000 and RM815,000, 2013: RM14,355,000 and RM566,000) respectively.

Assets acquired under finance lease and hire purchase agreements

Leased assets with net carrying amount of RM2,963,000 (2013: RM3,087,000) are pledged as securities for the related hire purchase obligations as disclosed in Note 33.

**12. ACCOUNTANTS' REPORT (CONT'D)****23.0 Subsidiaries**

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by				
			Group	Non-controlling interest			
			2012	2013	2012	2013	2014
			%	%	%	%	%
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works	100.00	100.00	100.00	-	-
Sunway Innopave Sdn. Bhd.	Malaysia	Construction of civil and building works and provision of project management	100.00	100.00	100.00	-	-
Sunway M & E Sdn. Bhd. (In member's voluntary winding up)	Malaysia	Dormant	100.00	100.00	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking of sub-contract work	100.00	100.00	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering works	82.60	100.00	100.00	17.40	-
Sunway Industrial Products Sdn. Bhd. *	Malaysia	Investment holding	100.00	100.00	100.00	-	-

59

440



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 23.0 Subsidiaries (contd.)

Name	Country of incorporation	Principal activities	% of ownership interest held by				Non-controlling interest	
			Group 2012 %	Group 2013 %	Group 2014 %	Group 2014 %	2013 %	2014 %
Sunway Machineries Services Sdn. Bhd.*	Malaysia	Investment holding	100.00	100.00	100.00	-	-	-
Sunway Creative Stones Sdn. Bhd.	Malaysia	Dormant	70.00	70.00	70.00	30.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing precast concrete building components and undertaking of precast concrete building contracts	100.00	100.00	100.00	-	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	100.00	-	-	-
Sunway Construction Caribbean Limited *	Trinidad and Tobago	Construction of civil and building works	100.00	100.00	100.00	-	-	-
Sunway Construction India Pte. Ltd. *	India	Construction of civil and building works	100.00	100.00	100.00	-	-	-
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Provision of geotechnical services and related products and hire of heavy machineries	100.00	100.00	100.00	-	-	-

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 23.0 Subsidiaries (contd.)

Name	Country of incorporation	Principal activities	% of ownership interest held by						
			Group		Non-controlling interest				
			2012 %	2013 %	2012 %	2013 %	2014 %	2014 %	
Sunway GD Piling Sdn. Bhd. *	Malaysia	Dormant	100.00	100.00	100.00	-	-	-	-
Sun-Block (Batang Kali) Sdn. Bhd. *	Malaysia	Dormant	100.00	100.00	100.00	-	-	-	-
Sunway IBS Sdn. Bhd. *	Malaysia	Dormant	70.00	70.00	70.00	30.00	30.00	30.00	30.00
Sunway Construction (S) Pte. Ltd. *	Singapore	Dormant	100.00	100.00	100.00	-	-	-	-
Sunspan Sdn. Bhd. *	Malaysia	Dormant	100.00	100.00	100.00	-	-	-	-
<b>Subsidiaries of Sunway Machineries Services Sdn. Bhd.:</b>									
Sunway PMI-Pile Construction Sdn. Bhd. (In liquidation)	Malaysia	Dormant	98.30	98.30	-	1.70	1.70	-	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	100.00	-	-	-	-

61

442

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 23.0 Subsidiaries (contd.)

Name	Country of incorporation	Principal activities	% of ownership interest held by			
			Group	Non-controlling interest		
			2012	2013	2014	2014
			%	%	%	%
<b>Subsidiary of Sunway Engineering Sdn. Bhd.:</b>						
Sunway Smartek Sdn. Bhd.	Malaysia	Dormant	82.60	100.00	100.00	17.40
(In member's voluntary winding up)						
<b>Subsidiary of Sunway Industrial Products Sdn. Bhd.:</b>						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Building construction NEC and manufacturing of miscellaneous products of petroleum and coal	100.00	100.00	100.00	-
<b>Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.:</b>						
Sunway Geotechnics (S) Pte. Ltd. *	Singapore	Dormant	100.00	100.00	100.00	-

\* Audited by firms of auditors other than Ernst &amp; Young

62

443

## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 23.0 Subsidiaries (contd.)

Summarised information of companies with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests of the other companies are not material to the Group.

## (i) Summarised statements of financial position

	Sunway Engineering Sdn. Bhd. * RM'000	Sunway Creative Stones Sdn. Bhd. RM'000	Total RM'000
<b>At 31 December 2012</b>			
Non-current assets	47,430	80	47,510
Current assets	228,367	15,614	243,981
<b>Total assets</b>	<b>275,797</b>	<b>15,694</b>	<b>291,491</b>
Non-current liabilities	27	-	27
Current liabilities	103,385	4,527	107,912
<b>Total liabilities</b>	<b>103,412</b>	<b>4,527</b>	<b>107,939</b>
<b>Net assets</b>	<b>172,385</b>	<b>11,167</b>	<b>183,552</b>
Equity attributable to owners of the company	142,390	7,817	150,207
Non-controlling interests	29,995	3,350	33,345
<b>Total equity</b>	<b>172,385</b>	<b>11,167</b>	<b>183,552</b>
<b>At 31 December 2013</b>			
Non-current assets	-	63	63
Current assets	-	5,791	5,791
<b>Total assets</b>	<b>-</b>	<b>5,854</b>	<b>5,854</b>
Current liabilities	-	3,473	3,473
<b>Total liabilities</b>	<b>-</b>	<b>3,473</b>	<b>3,473</b>
<b>Net assets</b>	<b>-</b>	<b>2,381</b>	<b>2,381</b>
Equity attributable to owners of the company	-	1,667	1,667
Non-controlling interests	-	714	714
<b>Total equity</b>	<b>-</b>	<b>2,381</b>	<b>2,381</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 23.0 Subsidiaries (contd.)

(i) Summarised statements of financial position (contd.)

	Sunway Engineering Sdn. Bhd.* RM'000	Sunway Creative Stones Sdn. Bhd. RM'000	Total RM'000
<b>At 31 December 2014</b>			
Non-current assets	-	46	46
Current assets	-	4,941	4,941
Total assets	-	4,987	4,987
Current liabilities	-	4,787	4,787
Total liabilities	-	4,787	4,787
<b>Net assets</b>	-	200	200
Equity attributable to owners of the company	-	140	140
Non-controlling interests	-	60	60
Total equity	-	200	200

\* The summarised financial information has not been presented for Sunway Engineering Sdn. Bhd. for the financial years ended 31 December 2013 and 31 December 2014 respectively as Sunway Engineering Sdn. Bhd. had become a wholly-owned subsidiary of the Group from 28 May 2013.

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 23.0 Subsidiaries (contd.)

(ii) Summarised statements of comprehensive income

	<b>Sunway Engineering Sdn. Bhd. *</b>	<b>Sunway Creative Stones Sdn. Bhd.</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>At 31 December 2012</b>			
Revenue	327,209	12,257	339,466
Profit for the year	48,314	3,209	51,523
Total comprehensive income	<u>48,314</u>	<u>3,209</u>	<u>51,523</u>
Profit attributable to:			
- owners of the Company	39,907	2,246	42,153
- non-controlling interests	<u>8,407</u>	<u>963</u>	<u>9,370</u>
Total comprehensive income attributable to:			
- owners of the Company	39,907	2,246	42,153
- non-controlling interests	<u>8,407</u>	<u>963</u>	<u>9,370</u>
<b>At 31 December 2013</b>			
Revenue	67,074	114	67,188
Profit for the year	4,061	7,227	11,288
Total comprehensive income	<u>4,061</u>	<u>7,227</u>	<u>11,288</u>
Profit attributable to:			
- owners of the Company	3,354	5,059	8,413
- non-controlling interests	<u>707</u>	<u>2,168</u>	<u>2,875</u>
Total comprehensive income attributable to:			
- owners of the Company	3,354	5,059	8,413
- non-controlling interests	<u>707</u>	<u>2,168</u>	<u>2,875</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 23.0 Subsidiaries (contd.)

(ii) Summarised statements of comprehensive income/(loss) (contd.)

	<b>Sunway Engineering Sdn. Bhd.* RM'000</b>	<b>Sunway Creative Stones Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2014</b>			
Revenue	-	-	-
Loss for the year	-	(177)	(177)
Total comprehensive loss	-	(177)	(177)
Loss attributable to:			
- owners of the Company	-	(127)	(127)
- non-controlling interests	-	(50)	(50)
Total comprehensive loss attributable to:			
- owners of the Company	-	(127)	(127)
- non-controlling interests	-	(50)	(50)

\* The summarised financial information has not been presented for Sunway Engineering Sdn. Bhd. for the financial years ended 31 December 2013 and 31 December 2014 respectively as Sunway Engineering Sdn. Bhd. had become a wholly-owned subsidiary of the Group from 28 May 2013.

## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 23.0 Subsidiaries (contd.)

(iii) Summarised statements of cash flows

	Sunway Engineering Sdn. Bhd. * RM'000	Sunway Creative Stones Sdn. Bhd. RM'000	Total RM'000
<b>At 31 December 2012</b>			
Net cash generated from/(used in):			
- Operating activities	(3,289)	4,341	1,052
- Investing activities	28	2,563	2,591
- Financing activities	(2,358)	(8,395)	(10,753)
Net decrease in cash and cash equivalents	(5,619)	(1,491)	(7,110)
Effects of foreign exchange rates changes	(225)	(8)	(233)
Cash and cash equivalents at beginning of the financial year	10,948	1,772	12,720
Cash and cash equivalents at end of the financial year	5,104	273	5,377
<b>At 31 December 2013</b>			
Net cash generated from/(used in):			
- Operating activities	97,185	(1,772)	95,413
- Investing activities	13	18,366	18,379
- Financing activities	(14,002)	(16,772)	(30,774)
Net increase/(decrease) in cash and cash equivalents	83,196	(178)	83,018
Effects of foreign exchange rates changes	(170)	112	(58)
Cash and cash equivalents at beginning of the financial year	5,104	273	5,377
Cash and cash equivalents at end of the financial year	88,130	207	88,337



## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 23.0 Subsidiaries (contd.)

(iii) Summarised statements of cash flows (contd.)

	<b>Sunway Engineering Sdn. Bhd.* RM'000</b>	<b>Sunway Creative Stones Sdn. Bhd. RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2014</b>			
Net cash generated from/(used in):			
- Operating activities	-	2,932	2,932
- Investing activities	-	(656)	(656)
- Financing activities	-	(2,264)	(2,264)
Net increase in cash and cash equivalents	-	12	12
Effects of foreign exchange rates changes	-	(139)	(139)
Cash and cash equivalents at end of the financial year	-	207	207
Cash and cash equivalents at end of the financial year	-	80	80

\* The summarised financial information has not been presented for Sunway Engineering Sdn. Bhd. for the financial years ended 31 December 2013 and 31 December 2014 respectively as Sunway Engineering Sdn. Bhd. had become a wholly-owned subsidiary of the Group from 28 May 2013.

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 24.0 Investment in an associate

	2012 RM'000	Group 2013 RM'000	2014 RM'000
<b>Unquoted:</b>			
Share of post-acquisition profits	-	-	-

Details of the associate, which is an unincorporated consortium, are as follows:

Name	Principal activity	Proportion of ownership interest		
		2012 %	2013 %	2014 %
<b>Associate of</b> <b>Sunway Builders Sdn. Bhd.:</b> ISZL Consortium*^	Construction	25.00	25.00	25.00

\* Audited by firm of auditor other than Ernst & Young

^ Unincorporated

Summarised financial information in respect of the Group's associate is set out below. The summarised financial information represents the amounts in the financial statements of the associate and not the Group's share of those amounts.

## (i) Summarised statement of financial position

	ISZL Consortium		
	2012 RM'000	2013 RM'000	2014 RM'000
Current assets	222,040	206,556	197,882
Total assets	<u>222,040</u>	<u>206,556</u>	<u>197,882</u>
Non-current liabilities	(1,042)	(355)	-
Current liabilities	(232,214)	(222,507)	(221,551)
Total liabilities	<u>(233,256)</u>	<u>(222,862)</u>	<u>(221,551)</u>
Net liabilities	<u>(11,216)</u>	<u>(16,306)</u>	<u>(23,669)</u>

**12. ACCOUNTANTS' REPORT (CONT'D)****EY**Building a better  
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## (ii) Summarised statement of comprehensive loss

	<b>ISZL Consortium</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	81,598	19,854	(18,838)
Loss before tax from continuing operations	(57,052)	(4,962)	(5,061)
Loss for the year from continuing operations representing total comprehensive loss	(57,052)	(4,962)	(5,061)

## (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associate

	<b>ISZL Consortium</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net assets/(liabilities) at 1 January	47,025	(11,216)	(16,306)
Loss for the year	(57,052)	(4,962)	(5,061)
Effect of translation to closing foreign exchange rates	(1,189)	(128)	(2,302)
Net liabilities at 31 December	(11,216)	(16,306)	(23,669)
Interest in associate as at year end	25%	25%	25%
Carrying value of Group's interest in associate	(2,804)	(4,077)	(5,917)
Less: Losses not recognised	2,804	4,077	5,917
	-	-	-

The balance of advances due from the unincorporated consortium amounting to RM24,378,000 has been fully impaired during the financial year ended 31 December 2013 as disclosed in Note 29.

**12. ACCOUNTANTS' REPORT (CONT'D)**

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**25.0 Other investments**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
At cost:			
Unquoted redeemable preference shares	25,300	25,300	-
Club memberships (unquoted)	273	273	273
	<u>25,573</u>	<u>25,573</u>	<u>273</u>

**26.0 Investments in joint ventures**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Share of post-acquisition profits	<u>26,236</u>	<u>22,122</u>	<u>24,189</u>

All joint ventures are unincorporated. Details of the joint ventures are as follows:

Name	Principal activities	Proportion of ownership interest		
		2012	2013	2014
		%	%	%
SunCity Suncon Joint Venture	Property development	50.00	50.00	50.00
Silver Coast-Sunway Innopave J. V. *	Construction works	60.00	60.00	60.00
SunCon Central Glass Joint Venture *	Completion of curtain walling work	70.00	70.00	70.00

## 12. ACCOUNTANTS' REPORT (CONT'D)


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**26.0 Investments in joint ventures (contd.)**

Details of the joint ventures are as follows: (contd.)

Name	Principal activities	Proportion of ownership interest		
		2012 %	2013 %	2014 %
SunGeo - Awangsa J.V. *	Piling and substructure works	50.80	50.80	50.80
Fableplus Sdn. Bhd. - Sunway Engineering J.V. *	Provision of mechanical and electrical engineering works	30.00	30.00	30.00

\* Audited by firms of auditors other than Ernst &amp; Young

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 26.0 Investments in joint ventures (contd.)

Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. The other joint ventures are not material to the Group.

## (i) Summarised statements of financial position

	SunCity SunCon*	Silver Coast- Sunway Innopave	Total
	RM'000	RM'000	RM'000
<b>At 31 December 2012</b>			
Non-current assets	835	673	1,508
Cash and cash equivalents	24,238	24,949	49,187
Other current assets	32,761	111,890	144,651
Current assets	<u>56,999</u>	<u>136,839</u>	<u>193,838</u>
Total assets	<u>57,834</u>	<u>137,512</u>	<u>195,346</u>
Current liabilities (excluding trade and other payables and provisions)	-	36,498	36,498
Trade and other payables and provisions	40,148	75,115	115,263
Total liabilities	<u>40,148</u>	<u>111,613</u>	<u>151,761</u>
Net assets	<u>17,686</u>	<u>25,899</u>	<u>43,585</u>
<b>At 31 December 2013</b>			
Non-current assets	814	587	1,401
Cash and cash equivalents	14,900	9,101	24,001
Other current assets	43,125	32,764	75,889
Current assets	<u>58,025</u>	<u>41,865</u>	<u>99,890</u>
Total assets	<u>58,839</u>	<u>42,452</u>	<u>101,291</u>
Trade and other payables and provisions	22,727	37,822	60,549
Total liabilities	<u>22,727</u>	<u>37,822</u>	<u>60,549</u>
Net assets	<u>36,112</u>	<u>4,630</u>	<u>40,742</u>

**12. ACCOUNTANTS' REPORT (CONT'D)****EY**Building a better  
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(i) Summarised statements of financial position (contd.)

	<b>SunCity SunCon* RM'000</b>	<b>Silver Coast- Sunway Innopave RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2014</b>			
Non-current assets	62	578	640
Cash and cash equivalents	25,870	5,329	31,199
Other current assets	27,294	7,291	34,585
Current assets	<u>53,164</u>	<u>12,620</u>	<u>65,784</u>
Total assets	<u>53,226</u>	<u>13,198</u>	<u>66,424</u>
Trade and other payables and provisions	12,052	7,591	19,643
Total liabilities	<u>12,052</u>	<u>7,591</u>	<u>19,643</u>
Net assets	<u>41,174</u>	<u>5,607</u>	<u>46,781</u>

**12. ACCOUNTANTS' REPORT (CONT'D)**
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**26.0 Investments in joint ventures (contd.)**

(ii) Summarised statements of comprehensive income

	<b>SunCity SunCon* RM'000</b>	<b>Silver Coast- Sunway Innopave RM'000</b>	<b>Total RM'000</b>
<b>At 31 December 2012</b>			
Revenue	1,109	115,958	117,067
Depreciation and amortisation	(9)	(107)	(116)
Interest income	712	398	1,110
Interest expense	(36)	-	(36)
(Loss)/profit before tax	(2,938)	50,055	47,117
Income tax expense	-	-	-
(Loss)/profit after tax	(2,938)	50,055	47,117
Other comprehensive income	-	-	-
Total comprehensive (loss)/income	(2,938)	50,055	47,117
Dividend received from the joint venture during the year	-	-	-
<b>At 31 December 2013</b>			
Revenue	88,740	9,481	98,221
Depreciation and amortisation	(22)	(131)	(153)
Interest income	757	34	791
Interest expense	(221)	-	(221)
Profit before tax	18,426	57,956	76,382
Income tax expense	-	-	-
Profit after tax	18,426	57,956	76,382
Other comprehensive loss	-	(3,805)	(3,805)
Total comprehensive income	18,426	54,151	72,577
Dividend received from the joint venture during the year	-	45,252	45,252



## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 26.0 Investments in joint ventures (contd.)

(ii) Summarised statements of comprehensive income (contd.)

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
<b>At 31 December 2014</b>			
Revenue	114,872	2,754	117,626
Depreciation and amortisation	(22)	(42)	(64)
Interest income	640	2	642
Interest expense	81	-	81
Profit before tax	38,914	18,195	57,109
Income tax expense	-	-	-
Profit after tax	38,914	18,195	57,109
Other comprehensive income	-	(226)	(226)
Total comprehensive income	38,914	17,969	56,883
Dividend received from the joint venture during the year	16,926	10,195	27,121

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 26.0 Investments in joint ventures (contd.)

- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
<b>At 31 December 2012</b>			
Net assets/(liabilities) at 1 January	20,624	(24,156)	(3,532)
(Loss)/profit for the year	(2,938)	50,055	47,117
Effect of translation to closing foreign exchange rates	-	-	-
Net assets at 31 December	17,686	25,899	43,585
Interest in joint ventures as at year end	50%	60%	
Carrying amount of the Group's interest	8,843	15,539	24,382
<b>At 31 December 2013</b>			
Net assets at 1 January	17,686	25,899	43,585
Profit for the year	18,426	57,956	76,382
Effect of translation to closing foreign exchange rates	-	(3,805)	(3,805)
Dividend paid during the year	-	(75,420)	(75,420)
Net assets at 31 December	36,112	4,630	40,742
Interest in joint ventures as at year end	50%	60%	
Carrying amount of the Group's interest	18,056	2,778	20,834

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 26.0 Investments in joint ventures (contd.)

(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in joint ventures (contd.)

	SunCity SunCon* RM'000	Silver Coast- Sunway Innopave RM'000	Total RM'000
<b>At 31 December 2014</b>			
Net assets at 1 January	36,112	4,630	40,742
Profit for the year	38,914	18,195	57,109
Effect of translation to closing foreign exchange rates	-	(226)	(226)
Dividend paid during the year	(16,926) ^	(16,992)	(33,918)
Net assets at 31 December	58,100	5,607	63,707
Interest in joint ventures as at year end	50%	60%	
	29,050	3,364	32,414
Adjustment on dividend paid solely to SunCon during the year	(8,463)	-	(8,463)
Carrying amount of the Group's interest	20,587	3,364	23,951

\* After adjustments to align to Group's accounting policies and sharing of profits based on percentage other than that of the ownership interest.

^ Dividend paid during the year was solely made to SunCon.

Aggregate information of joint ventures that are not individually material are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
The Group's share of profit before tax	661	1,395	-
The Group's share of profit after tax, representing total comprehensive income	661	1,395	-
Carrying amount of the Group's interest	1,854	1,288	238

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 27.0 Goodwill

	2012 RM'000	Group 2013 RM'000	2014 RM'000
<b>Cost</b>			
At beginning/end of financial year	35,383	35,383	35,383
<b>Accumulated impairment losses</b>			
At beginning of financial year	(31,732)	(31,732)	(31,740)
Impairment loss recognised in profit or loss (Note 18)	-	(8)	-
At end of financial year	(31,732)	(31,740)	(31,740)
<b>Net carrying amount</b>	<b>3,651</b>	<b>3,643</b>	<b>3,643</b>

The carrying amounts of goodwill allocated to the Group's cash-generating unit (CGU) are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Construction	3,651	3,643	3,643

**Key assumptions used in value-in-use calculations**

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the growth rates stated below. The key assumptions used for value-in-use calculations are:

	2012 %	Group 2013 %	2014 %
Gross margin	11.5	15.5	6.3
Growth rate	10.5	3.1	*
Discount rate	14.0	14.0	14.0

\* The management assumes that there is no growth in determining the value-in-use.

**12. ACCOUNTANTS' REPORT (CONT'D)****EY**Building a better  
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The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

**(i) Budgeted gross margin**

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year increased for expected efficiency improvements.

**(ii) Growth rate**

The growth rate used is determined using a simple average of the annual EBITDA growth rate obtained from financial budgets approved by management. The financial budgets cover a period of five years and the growth rate after the fifth year is assumed to be zero.

**(iii) Discount rate**

The discount rates used are post-tax and reflect specific risks relating to the relevant segments.

**Sensitivity to changes in assumptions**

With regard to the assessment of value-in-use, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying values of the units to materially exceed their recoverable amounts.

**28.0 Inventories**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Property stocks	3,443	2,370	979
Trading inventories and spare parts	18,465	23,148	19,224
	<u>21,908</u>	<u>25,518</u>	<u>20,203</u>

Property stocks comprise properties received from trade receivables as settlement of debts in prior years.

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 29.0 Receivables

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Trade receivables	433,800	406,648	431,272
Retention sums (Note 30)	145,892	155,589	146,227
	<u>579,692</u>	<u>562,237</u>	<u>577,499</u>
Less: Allowance for impairment	(43,295)	(45,843)	(22,822)
	<u>536,397</u>	<u>516,394</u>	<u>554,677</u>
Amounts due from customers on contracts (Note 30)	<u>53,503</u>	<u>24,446</u>	<u>85,083</u>
Other receivables	57,774	34,631	43,011
Less: Allowance for impairment	(22,292)	(20,632)	(22,572)
	<u>35,482</u>	<u>13,999</u>	<u>20,439</u>
Amounts due from:			
- associate company			
- non-trade	19,938	29,296	26,925
Less: Allowance for impairment	-	(24,378)	(26,882)
	<u>19,938</u>	<u>4,918</u>	<u>43</u>
Amounts due from:			
- joint venture			
- non-trade	28,120	-	-
- other related companies			
- trade	76,185	104,621	69,503
- non-trade	310,520	342,588	1,372
- related parties			
- non-trade	-	1,010	-
	<u>434,763</u>	<u>453,137</u>	<u>70,918</u>
Deposits	7,796	10,515	6,048
Prepayments	1,944	1,992	688
	<u>444,503</u>	<u>465,644</u>	<u>77,654</u>
Total receivables	<u>1,069,885</u>	<u>1,020,483</u>	<u>737,853</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 29.0 Receivables (contd.)

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Total receivables	1,069,885	1,020,483	737,853
Less: Amounts due from customers on contracts (Note 30)	(53,503)	(24,446)	(85,083)
Less: Prepayments	(1,944)	(1,992)	(688)
Add: Cash and bank and short term balances (Note 32)	154,322	156,085	291,617
Less: Placement in cash funds (Note 32)	(46,700)	(23,000)	(13,200)
Total loans and receivables	<u>1,122,060</u>	<u>1,127,130</u>	<u>930,499</u>

Amounts due from other related companies (trade), associate (non-trade), joint venture (non-trade) and related parties (non-trade) are unsecured, interest free and the term of repayment is on demand.

Amounts due from other related companies (non-trade) of the Group are unsecured, interest free and the term of repayment is on demand, except for amount due from a related company of RM1,115,000 (2012: RM55,012,000 and 2013: RM63,217,000) respectively, which bears interests at rates ranging from 2.98% to 3.47% (2012: 2.95% to 3.00% and 2013: 2.95% to 3.00%) per annum.

**(a) Trade receivables, retention sums and other related companies (trade)**

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2012: 30 to 60 days and 2013: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 29.0 Receivables (contd.)

## (a) Trade receivables, retention sums and other related companies (trade) (contd.)

Ageing analysis of trade receivables, retention sums and other related companies (trade)

The ageing analysis of the Group's trade receivables, retention sums and other related companies (trade) are as follows:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Neither past due nor impaired	405,324	465,485	453,701
1 to 30 days past due not impaired	103,146	51,079	28,390
31 to 60 days past due not impaired	12,615	5,002	18,346
61 to 90 days past due not impaired	7,222	8,129	46,842
91 to 120 days past due not impaired	41,094	34,340	55,850
More than 121 past due not impaired	43,181	56,980	21,051
	207,258	155,530	170,479
Impaired	43,295	45,843	22,822
	<u>655,877</u>	<u>666,858</u>	<u>647,002</u>

Receivables that are neither past due nor impaired

Trade receivables, retention sums and other related companies (trade) that are neither past due nor impaired relate to customers with good track record with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables, retention sums and other related companies (trade) that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The Group has trade receivables, retention sums and other related companies (trade) amounting to RM170,479,000 (2012: RM207,258,000 and 2013: RM155,530,000) that are past due at the reporting date but not impaired. Based on credit history, there are no indications as at reporting date that these customers will not be able to meet their obligations.

Receivables that are impaired

The Group's trade receivables, retention sums and other related companies (trade) that are impaired have been individually determined.



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 29.0 Receivables (contd.)

## (a) Trade receivables, retention sums and other related companies (trade) (contd.)

Receivables that are impaired (contd.)

These trade receivables, retention sums and other related companies (trade) relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group's trade receivables, retention sums and other related companies (trade) that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Total RM'000	Individually impaired RM'000	Collectively impaired RM'000
<b>As at 31 December 2012</b>			
Trade receivables			
- nominal amounts	43,295	43,127	168
Less: Allowance for impairment	(43,295)	(43,127)	(168)
	-	-	-
<b>As at 31 December 2013</b>			
Trade receivables			
- nominal amounts	45,843	45,675	168
Less: Allowance for impairment	(45,843)	(45,675)	(168)
	-	-	-
<b>As at 31 December 2014</b>			
Trade receivables			
- nominal amounts	22,822	22,654	168
Less: Allowance for impairment	(22,822)	(22,654)	(168)
	-	-	-

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 29.0 Receivables (contd.)

## (a) Trade receivables, retention sums and other related companies (trade) (contd.)

Receivables that are impaired (contd.)

Movement in allowance for impairment accounts for trade receivables:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
At 1 January	49,076	43,295	45,843
Charge for the year (Note 18)	2,388	2,510	2,408
Reversal of impairment losses (Note 16)	(7,751)	-	-
Written off	(301)	(90)	(25,429)
Exchange differences	(117)	128	-
At 31 December	<u>43,295</u>	<u>45,843</u>	<u>22,822</u>

## (b) Other receivables

Movement in allowance for impairment accounts for other receivables:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
At 1 January	3,886	22,292	20,632
Charge for the year (Note 18)	19,033	3,639	2,356
Reversal of impairment losses (Note 16)	(516)	(62)	(330)
Written off	-	(6,167)	(86)
Exchange differences	(111)	930	-
At 31 December	<u>22,292</u>	<u>20,632</u>	<u>22,572</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 29.0 Receivables (contd.)

## (c) Amount due from an associate (non trade)

Movement in allowance for impairment accounts for amount due from an associate (non trade):

	2012 RM'000	Group 2013 RM'000	2014 RM'000
At 1 January	-	-	24,378
Charge for the year (Note 18)	-	24,378	-
Exchange differences	-	-	2,504
At 31 December	<u>-</u>	<u>24,378</u>	<u>26,882</u>

## 30.0 Construction contracts

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Cost incurred to date	4,353,950	6,039,616	7,072,984
Accrued profits to date	675,976	1,016,850	1,204,530
Less: Provision for foreseeable losses	-	(19,566)	(23,996)
Total costs and accrued profits to date	<u>5,029,926</u>	<u>7,036,900</u>	<u>8,253,518</u>
Progress billings to date	<u>(5,093,961)</u>	<u>(7,135,235)</u>	<u>(8,248,666)</u>
	<u>(64,035)</u>	<u>(98,335)</u>	<u>4,852</u>
Amounts due from customers on contracts (Note 29)	53,503	24,446	85,083
Amounts due to customers on contracts (Note 35)	<u>(117,538)</u>	<u>(122,781)</u>	<u>(80,231)</u>
	<u>(64,035)</u>	<u>(98,335)</u>	<u>4,852</u>
Advances received on contracts (included in payables)	<u>31,282</u>	<u>31,282</u>	<u>34,951</u>
Retention sums (Note 29)	<u>145,892</u>	<u>155,589</u>	<u>146,227</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 31.0 Derivatives

	Contract/ Notional Amount RM'000	Asset RM'000	Liability RM'000
<b>Group</b>			
<b>As at 31 December 2012</b>			
<b>Derivative:</b>			
<b>Current</b>			
Forward currency contract	-	-	-
<b>As at 31 December 2013</b>			
<b>Derivatives:</b>			
<b>Current</b>			
Forward currency contract (Note 41)	19,051	489	(142)
<b>As at 31 December 2014</b>			
<b>Derivative:</b>			
<b>Current</b>			
Forward currency contract	-	-	-

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 32.0 Cash and bank and short term funds balances

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
Cash at banks and on hand	75,380	57,160	65,909
Deposits with:			
Licensed banks	18,742	75,925	4,852
Other financial institutions	13,500	-	207,656
Placement in cash funds	46,700	23,000	13,200
Cash and bank and short term funds balances	<u>154,322</u>	<u>156,085</u>	<u>291,617</u>

The weighted average interest rates per annum of deposits that were effective as at reporting date were as follows:

	2012 %	Group 2013 %	2014 %
Deposits with licensed banks	4.04	3.56	1.39
Deposits with other licensed financial institutions	2.98	-	5.28
Placement in cash funds	<u>3.17</u>	<u>3.29</u>	<u>4.75</u>

The maturity of deposits with licensed banks during the years under review ranged from 1 day to 169 days.

The average maturity of deposits with other financial institutions of the Group is 27 days (2012: 7 days and 2013: nil) respectively at the reporting dates.

The average maturity of fixed income instrument placed with other financial institutions of the Group are from 1 days (2012: 1 day and 2013: 1 day) respectively at the reporting dates.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 32.0 Cash and bank and short term funds balances (contd.)

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	2012 RM'000 (Restated)	Group 2013 RM'000 (Restated)	2014 RM'000
Cash and bank and short term funds balances	154,322	156,085	291,617
Bank overdrafts (Note 33)	(3,719)	(1,798)	-
Less: Deposits with licensed banks with maturity of more than 3 months	(9,882)	(5,355)	(805)
Placement in cash funds	(46,700)	(23,000)	(13,200)
Total cash and cash equivalents	<u>94,021</u>	<u>125,932</u>	<u>277,612</u>

## 33.0 Borrowings

	2012 RM'000	Group 2013 RM'000	2014 RM'000
<b>Short term borrowings</b>			
Secured:			
Hire purchase obligations	5,147	5,490	412
Term loans	2,379	3,677	208
	<u>7,526</u>	<u>9,167</u>	<u>620</u>
Unsecured:			
Bankers' acceptances	23,910	14,092	505
Revolving credits	10,000	50,000	50,168
Bills discounting	-	-	83,839
Bank overdrafts (Note 32)	3,719	1,798	-
	<u>37,629</u>	<u>65,890</u>	<u>134,512</u>
	<u>45,155</u>	<u>75,057</u>	<u>135,132</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 33.0 Borrowings (contd.)

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
<b>Long term borrowings</b>			
Secured:			
Hire purchase obligations	8,023	2,409	69
Term loans	9,983	13,001	-
	<u>18,006</u>	<u>15,410</u>	<u>69</u>
<b>Total borrowings</b>			
Hire purchase obligations	(a) 13,170	7,899	481
Term loans	(b) 12,362	16,678	208
Bankers' acceptances	23,910	14,092	505
Revolving credits	10,000	50,000	50,168
Bills discounting	-	-	83,839
Bank overdrafts	32 3,719	1,798	-
Total borrowings (Note 35)	<u>63,161</u>	<u>90,467</u>	<u>135,201</u>

Hire purchase obligations are secured by a charge over the related leased assets as disclosed in Note 22.

The ultimate holding company provide corporate guarantee for all the borrowings of the Group.

The secured term loans were entered into to fund working capital requirements including the purchase of equipments and are secured by first party debenture over all the fixed and floating assets of a subsidiary.

## 12. ACCOUNTANTS' REPORT (CONT'D)


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## 33.0 Borrowings (contd.)

The weighted average interest rates per annum of borrowings that effective as at reporting date were as follows:

	2012	Group 2013	2014
	%	%	%
Hire purchase obligations	6.28	6.52	6.40
Term loans	5.29	4.85	6.55
Bankers' acceptances	3.00	3.00	2.29
Revolving credits	4.63	3.90	3.95
Bills discounting	-	-	3.95
Bank overdrafts	4.00	5.75	-

The currency profile of borrowings are as follows:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
The currency exposure profile of borrowings is as follows:			
- Ringgit Malaysia ("RM")	34,179	73,698	134,215
- Singapore Dollar ("SGD")	28,982	16,769	986
	63,161	90,467	135,201



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 33.0 Borrowings (contd.)

(a) The maturity of the hire purchase obligations are as follows:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
<b>Future minimum lease payments:</b>			
Not later than 1 year	5,923	5,941	466
Later than 1 year and not later than 2 years	4,290	2,432	78
Later than 2 years and not later than 3 years	3,016	76	-
Later than 3 years and not later than 4 years	684	-	-
Later than 4 years and not later than 5 years	414	-	-
Total future minimum lease payments	14,327	8,449	544
Less: Future finance charges	(1,157)	(550)	(63)
Present value of finance lease liabilities	13,170	7,899	481
	2012 RM'000	Group 2013 RM'000	2014 RM'000
<b>Analysis of present value of hire purchase obligations:</b>			
Not later than 1 year	5,147	5,490	412
Later than 1 year and not later than 2 years	4,070	2,341	69
Later than 2 years and not later than 3 years	2,901	68	-
Later than 3 years and not later than 4 years	646	-	-
Later than 4 years and not later than 5 years	406	-	-
	13,170	7,899	481
Less: Amount due within 12 months	(5,147)	(5,490)	(412)
Amount due after 12 months	8,023	2,409	69

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 33.0 Borrowings (contd.)

(b) The maturity of the term loans are as follows:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Not later than 1 year	2,379	3,677	208
Later than 1 year and not later than 2 years	3,155	2,788	-
Later than 2 years and not later than 3 years	959	2,658	-
Later than 3 years and not later than 4 years	750	2,658	-
Later than 4 years and not later than 5 years	750	2,422	-
Later than 5 years	4,369	2,475	-
	<u>12,362</u>	<u>16,678</u>	<u>208</u>

## 34.0 Deferred tax

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
At beginning of financial year	(1,695)	1,029	561
Recognised in profit or loss (Note 20)	2,724	(468)	2,287
Exchange differences	-	-	21
At end of financial year	<u>1,029</u>	<u>561</u>	<u>2,869</u>
Presented after appropriate offsetting as follows:			
Deferred tax assets	2,079	2,132	7,154
Deferred tax liabilities	(1,050)	(1,571)	(4,285)
	<u>1,029</u>	<u>561</u>	<u>2,869</u>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 34.0 Deferred tax (contd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

## Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unutilised business losses RM'000	Provision for liabilities RM'000	Receivables and inventories RM'000	Others RM'000	Total RM'000
At 1 January 2012	2,828	-	495	94	1,611	5,028
Recognised in profit or loss At 31 December 2012	1,226	783	(495)	(82)	784	2,216
Recognised in profit or loss At 31 December 2013	4,054 (890)	783 (324)	-	12 (1)	2,395 2,116	7,244 901
Recognised in profit or loss At 31 December 2014	3,164 (3,164)	459 236	- 5,992	11 (1)	4,511 (617)	8,145 2,446
	-	695	5,992	10	3,894	10,591

## 12. ACCOUNTANTS' REPORT (CONT'D)

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## 34.0 Deferred tax (contd.)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (contd.)

## Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2012	6,813	(90)	6,723
Recognised in profit or loss At 31 December 2012	(548)	40	(508)
Recognised in profit or loss At 31 December 2013	6,265	(50)	6,215
Recognised in profit or loss Exchange differences At 31 December 2014	1,311	58	1,369
	7,576	8	7,584
	282	(123)	159
	-	(21)	(21)
	7,858	(136)	7,722

**12. ACCOUNTANTS' REPORT (CONT'D)****34.0 Deferred tax (contd.)**

Deferred tax assets have not been recognised in respect of the following items:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Unused tax losses	68,262	67,810	27,588
Unabsorbed capital allowances	34,644	49,358	44,830
Other deductible temporary differences	2,577	3,657	26,465
	<u>105,483</u>	<u>120,825</u>	<u>98,883</u>

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

Section 44(5A) and Paragraph 75A of Schedule 3 of the Malaysian Income Tax Act which became effective in Year of Assessment ("YA") 2006 restricts the utilisation of unabsorbed business losses and capital allowance where there is a substantial change in the ordinary shareholder of a company. The test for determining whether there is a substantial change in shareholders is carried out by comparing the shareholders on the last day of the basis period in which the unabsorbed losses/capital allowances were ascertained with those on the first day of the basis period in which the unabsorbed losses/capital allowances are to be utilised.

Pursuant to guidelines issued by the Malaysian tax authorities in 2008, the Ministry of Finance ("MOF") has exempted all companies from the provision of Section 44(5A) and Paragraph 75A of Schedule 3 except dormant companies. Therefore, all active subsidiaries are allowed to carry forward their unabsorbed capital allowances and business losses.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 35.0 Payables

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Trade payables	472,514	423,041	521,644
Amounts due to customers on contracts (Note 30)	117,538	122,781	80,231
Other payables	130,543	124,578	129,962
Accruals	65,359	30,419	34,182
Amounts due to:			
- ultimate holding company			
- non-trade	1,564	2,000	9,721
- immediate holding company			
- non-trade	3	-	-
- other related companies			
- trade	3,730	4,989	6,675
- non-trade	4,702	22,934	8,849
Total payables	<u>795,953</u>	<u>730,742</u>	<u>791,264</u>
Total payables	795,953	730,742	791,264
Less: Amounts due to customers on contracts (Note 30)	(117,538)	(122,781)	(80,231)
Add: Total borrowings (Note 33)	63,161	90,467	135,201
Total financial liabilities carried at amortised cost	<u>741,576</u>	<u>698,428</u>	<u>846,234</u>

Credit terms of trade payables granted to the Group range from 14 days to 60 days (2012: 14 days to 60 days and 2013: 14 days to 60 days).

Amounts due to immediate and ultimate holding companies (non-trade) are unsecured, interest free and the term of repayment is on demand.

The amounts due to other related companies (trade and non-trade) are unsecured, interest free and the term of repayment is on demand.

In financial year 2012, the interest bearing amount due to a related company was fully settled as at end of financial year.

**12. ACCOUNTANTS' REPORT (CONT'D)****36.0 Capital commitments**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Capital expenditure:			
Approved and contracted for property, plant and equipment	12,881	6,773	266
Approved but not contracted for			
- property, plant and equipment	44,554	29,394	33,682
- others	30,000	-	-
	<u>87,435</u>	<u>36,167</u>	<u>33,948</u>

**37.0 Operating lease agreements**

The future minimum lease payments payable in relation to non-cancellable operating leases of the Group contracted for as at the reporting date but not recognised as payables, are as follows:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
<b>Future minimum lease payments:</b>			
Not later than 1 year	8,252	8,211	9,419
Later than 1 year and not later than 5 years	15,637	9,487	6,490
	<u>23,889</u>	<u>17,698</u>	<u>15,909</u>

**38.0 Contingent liabilities**

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Guarantees given to third parties in respect of contracts and trade performance	<u>478,253</u>	<u>423,015</u>	<u>307,560</u>

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**12. ACCOUNTANTS' REPORT (CONT'D)**


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**38.0 Contingent liabilities (contd.)**

Material outstanding litigation:

- (a) Pursuant to an agreement entered into between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of highway NH-25 in the state of Uttar Pradesh to four-lane configuration, being a part of the East-West Corridor Project, SunCon entered into a work order for a portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd ("Shristi"). The total value of the work order was INR1,34,37,91,938 (equivalent to approximately RM74.18 million). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of INR11,72,97,625 (equivalent to approximately RM6.47 million) from the encashment of the bank guarantees.

Shristi filed an application at the Supreme Court of India in the year 2007 for the appointment of an arbitrator to arbitrate the disputes between the parties. Shristi filed its statement of claim for a sum of INR89,14,55,048 (equivalent to approximately RM49.21 million). In response to Shristi's claim, SunCon filed its counterclaim amounting to INR78,13,94,629 (equivalent to approximately RM43.13 million).

The arbitration at present cannot proceed due to the demise of the sole arbitrator on 11 January 2013, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi's first witness was being cross-examined. No proceedings can take place unless the tribunal is re-constituted and the arbitration tribunal has not yet been re-constituted.

The Directors are of the opinion, that no provision for the abovementioned claims is necessary.

- (b) Sunway Construction Caribbean Limited ("Sunway Construction Caribbean") was awarded a contract to construct the Ministry of Legal Affairs Tower ("MLA Tower") by the UDCTT in year 2006. Sunway Construction Caribbean has, via a letter of award dated 12 January 2006 ("MLA Tower Sub-Contract"), sub-contracted ANSA MCAL Enterprises Limited ("AMEL") for, inter alia, the provision and installation of curtain walling, facade panelling and window washing equipment in respect of the MLA Tower at the contract price of TTD81,229,508.00 (approximately RM45.78 million). AMEL has alleged, inter-alia, that Sunway Construction Caribbean was in breach of the MLA Tower Sub-Contract by failing to (a) pay the balance of retention sum and continues withholding the retention sum from AMEL and (b) review the shop drawings in a timely manner which has resulted the delays of AMEL's works.



**12. ACCOUNTANTS' REPORT (CONT'D)****38.0 Contingent liabilities (contd.)**

Material outstanding litigation: (contd.)

- (b) AMEL had via a claim form and statement of case dated 29 August 2014 and 15 December 2014 respectively, filed its claim against Sunway Construction Caribbean at the High Court of Justice, Republic of Trinidad and Tobago, for an accumulated sum of TTD35,289,007.12 (approximately RM19.90 million), being loss and damages arising from the alleged Sunway Construction Caribbean's breach of the MLA Tower Sub-Contract.

A case management conference for the above claim is fixed on 7 May 2015 at the High Court of Justice, Port-of-Spain, Trinidad and Tobago. The Directors, after consulting the company's acting lawyers, are of the view that it would be premature to express a view on the case as at this juncture prior to the finalisation of Sunway Construction Caribbean's defence.

**39.0 Significant related party transactions**

Related companies refers to companies within Sunway Berhad group of companies.

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of:

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Contract revenue from:			
Other related companies:			
Sunway City Sdn. Bhd.	3,063	6,965	151
Sunway City (Ipoh) Sdn. Bhd.	1,954	163	-
Sunway D'Mont Kiara Sdn. Bhd.	5	-	-
Sunway PKNS Sdn. Bhd. (formerly known as Sunway Damansara Sdn. Bhd.)	2,057	221	2,164
Sunway Pyramid Sdn. Bhd.	372	-	-
Sunway Medical Centre Sdn. Bhd.	1,488	-	11,267
Sunway Pinnacle Sdn. Bhd.	28,093	119,531	21,198
Prosper Revenue Sdn. Bhd.	-	6,908	8,630

**12. ACCOUNTANTS' REPORT (CONT'D)****39.0 Significant related party transactions (contd.)**

(a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
Contract revenue from: (contd.)			
Other related companies:			
Sunway South Quay Sdn. Bhd.	11,540	34,662	47,563
Sunway Forum Hotel Sdn. Bhd. (formerly known as Sunway Pyramid Hotel Sdn. Bhd.)	12,255	39,419	59,902
Sunway Velocity Sdn. Bhd.	75,646	60,178	98,371
Sunway Integrated Properties Sdn. Bhd.	127,685	167,578	114,560
Sunway Destiny Sdn. Bhd.	18,363	50,203	115,956
Sunway MUSC Sdn. Bhd.	2,607	979	-
Sunway Transit System Sdn. Bhd.	-	-	17,822
Related parties:			
SunCity Suncon Joint Venture	34,291	33,775	33,844
Sunway Iskandar Sdn. Bhd. ^	-	-	53,757
Sunway Real Estate Investment Trust *	6,983	43,367	137,389
Interest income from:			
Other related company:			
Sunway Treasury Sdn. Bhd. (Note 17a)	1,782	1,068	1,131
Rental income of plant and machinery from:			
Other related companies:			
Sunway Lagoon Sdn. Bhd.	105	-	-
Sunway Paving Solutions Sdn. Bhd.	5	-	-
Sunway Enterprise (1988) Sdn. Bhd.	70	65	-
Interest expense to:			
Other related company:			
Sunway Treasury Sdn. Bhd. (Note 17b)	(180)	-	-

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 39.0 Significant related party transactions (contd.)

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Purchases of goods/services from:			
Other related companies:			
Sunway Marketing Sdn. Bhd.	(69,652)	(130,919)	(113,478)
Sunway Quarry Industries Sdn. Bhd.	(3,351)	(2,283)	(3,979)
Sunway Paving Solutions Sdn. Bhd.	(1,105)	(238)	(912)
Sunway Enterprise (1988) Sdn. Bhd.	(170)	(826)	(3,101)
Sunway Risk Management Sdn. Bhd.	(5,363)	(7,319)	(6,967)
Sunway Marketing (S) Pte. Ltd.	(48)	(48)	(27)
Sunway Credit Sdn. Bhd.	(211)	(93)	(144)
Sunway Leasing Sdn. Bhd.	(4,655)	(4,663)	(2,141)
Sunway Hose Centre Sdn. Bhd.	(2)	(110)	(148)
Sunway Travel Sdn. Bhd.	(323)	(336)	(269)
Sunway Medical Centre Sdn. Bhd.	(26)	(50)	(147)
Sunway FSSC Sdn. Bhd.	-	(1,636)	(1,900)
Sunway Treasury Sdn. Bhd.	-	-	(22)
Sunway Lagoon Club Bhd.	(38)	(36)	(98)
Sunway Resort Hotel Sdn. Bhd.	(46)	(78)	(218)
Sunway Leisure Sdn. Bhd.	(68)	(66)	(71)
Sunway Lagoon Sdn. Bhd.	(51)	(13)	(18)
Sunway PFM Sdn. Bhd.	(119)	(34)	(69)
Sunway Shared Services Sdn. Bhd. (Note 18)	<u>(4,213)</u>	<u>(3,776)</u>	<u>(4,939)</u>
Rental of office space from:			
Related party:			
Sunway Real Estate Investment Trust *	<u>(1,097)</u>	<u>(1,097)</u>	<u>(1,165)</u>

**12. ACCOUNTANTS' REPORT (CONT'D)****39.0 Significant related party transactions (contd.)**

- (a) During the financial year, the Group transacted with certain related parties. The transactions with the related parties are in respect of: (contd.)

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Rental of office space from: (contd.)			
Other related companies:			
Sunway City Sdn. Bhd.	(278)	-	-
Sunway Lagoon Sdn. Bhd.	(149)	(174)	(156)
Sunway Paving Solutions Sdn.Bhd.	(407)	(922)	(1,168)
Sunway Integrated Properties Sdn. Bhd.	(227)	(248)	(429)
Sunway Pyramid Development Sdn. Bhd.	(25)	(33)	(36)
Management fees to:			
Ultimate holding company:			
Sunway Berhad (Note 18)	(14,404)	(16,693)	(16,649)

\* Sunway Real Estate Investment Trust is an associate of the ultimate holding company.

^ Sunway Iskandar Sdn. Bhd. is a joint venture of the ultimate holding company.

- (b) Remuneration of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel of the Group include all the directors of the Group who make certain critical decisions in relation to the strategic direction of the Group. The compensation of key management personnel are as disclosed in Note 19.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments

## (a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and fair values. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

## (b) Interest rate risk

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	2012	Group 2013	2014
	RM'000	RM'000	RM'000
<b>Fixed rate instruments</b>			
Financial assets	78,942	98,925	225,708
Financial liabilities	(23,170)	(57,899)	(134,488)
	<u>55,772</u>	<u>41,026</u>	<u>91,220</u>
<b>Variable rate instruments</b>			
Financial assets	55,012	63,217	1,115
Financial liabilities	(39,991)	(32,568)	(713)
	<u>15,021</u>	<u>30,649</u>	<u>402</u>

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

As the Group have no significant interest-bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and cash fund.

The Group's interest rate risk arises primarily from interest bearing borrowings. The Group manages its interest rate exposure by monitoring a mix of fixed and floating rate borrowings. As at 31 December 2014, approximately 99% (31 December 2012: approximately 37% and 31 December 2013: approximately 64%) of the Group's borrowings are at fixed rates of interest.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments (contd.)

## (b) Interest rate risk (contd.)

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate instruments at fair value through the profit or loss. Therefore, a change in interest rates at the reporting date would not affect the profit or loss.

Sensitivity analysis for variable rate instruments

A change of 25 basis points in interest rates at the reporting date would result in the profit or loss before tax to be higher/(lower) by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2012 RM'000	Group 2013 RM'000	2014 RM'000
<u>25 basis points increase</u>			
Variable rate instruments	38	77	1
<u>25 basis points decrease</u>			
Variable rate instruments	(38)	(77)	(1)

## (c) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is not exposed to significant foreign currency risk as majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia except for foreign currency risk arising from countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), India Rupees ("IR"), Trinidad and Tobago Dollar ("TTD"), Chinese Renminbi ("RMB") and United Arab Emirates Dirham ("AED"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

As at the financial year ended 31 December 2014, 14% (2012: 15% and 2013: 16%) of the Group's sales are denominated in foreign currencies whilst 11% (2012: 15% and 2013: 11%) of costs of sales are denominated in the respective functional currencies of the Group entities.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments (contd.)

## (c) Foreign currency risk (contd.)

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. As at financial period ended 31 December 2014, such foreign currency balances amount to RM30,391,000 (2012: RM27,299,000 and 2013: RM 26,624,000).

In relation to its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes, the differences arising from such translation are recorded under the foreign currency translation reserve. These translation differences are reviewed and monitored on a regular basis.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	<b>Group</b>		
	<b>Profit net of tax</b>		
	<b>2012</b>	<b>2013</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
SGD/RM			
- strengthened			
2012: 1%, 2013: 0.4%			
and 2014: 2%	255	70	459
- weakened			
2012: 1%, 2013: 0.4%			
and 2014: 2%	(255)	(70)	(459)

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments (contd.)

## (c) Foreign currency risk (contd.)

	Group Profit net of tax		
	2012 RM'000	2013 RM'000	2014 RM'000
IR/RM			
- strenghtened			
2012: 2%, 2013: 1%			
2014: 7%	203	76	381
- weakened			
2012: 2%, 2013: 1%			
2014: 7%	(203)	(76)	(381)
TTD/RM			
- strenghtened			
2012: 3%, 2013: 7%			
2014: 2%	(21)	68	(4)
- weakened			
2012: 3%, 2013: 7%			
2014: 2%	21	(68)	4
AED/RM			
- strenghtened			
2012: 2%, 2011: 7%			
2014: 1%	146	(424)	(7)
- weakened			
2012: 2%, 2013: 7%			
2014: 1%	(146)	424	7

## (d) Liquidity risk

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments (contd.)

## (d) Liquidity risk (contd.)

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2012</b>				
<b>Financial liabilities:</b>				
Total payables (excluding amounts due to customers on contracts)	678,415	-	-	678,415
Loans and borrowings	47,524	14,129	3,619	65,272
<b>Total undiscounted financial liabilities</b>	<b>725,939</b>	<b>14,129</b>	<b>3,619</b>	<b>743,687</b>
<b>At 31 December 2013</b>				
<b>Financial liabilities:</b>				
Total payables (excluding amounts due to customers on contracts)	607,961	-	-	607,961
Derivatives	142	-	-	142
Loans and borrowings	77,110	14,482	2,571	94,163
<b>Total undiscounted financial liabilities</b>	<b>685,213</b>	<b>14,482</b>	<b>2,571</b>	<b>702,266</b>
<b>At 31 December 2014</b>				
<b>Financial liabilities:</b>				
Total payables (excluding amounts due to customers on contracts)	711,033	-	-	711,033
Loans and borrowings	135,202	78	-	135,280
<b>Total undiscounted financial liabilities</b>	<b>846,235</b>	<b>78</b>	<b>-</b>	<b>846,313</b>

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**12. ACCOUNTANTS' REPORT (CONT'D)**

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**40.0 Financial instruments (contd.)****(e) Credit risk**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

**Exposure to credit risk**

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments (contd.)

## (e) Credit risk (contd.)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables and retention sums at the reporting date are as follows:

	2012		Group 2013		2014	
	RM'000	% of total	RM'000	% of total	RM'000	% of total
<b>By country:</b>						
Malaysia	439,918	82.0%	450,379	87.2%	502,172	90.6%
Singapore	85,527	15.9%	48,089	9.3%	44,226	7.9%
India	7,568	1.4%	7,257	1.4%	7,326	1.3%
United Arab Emirates	3,384	0.7%	10,669	2.1%	953	0.2%
	<b>536,397</b>	<b>100.0%</b>	<b>516,394</b>	<b>100.0%</b>	<b>554,677</b>	<b>100.0%</b>

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 40.0 Financial instruments (contd.)

## (f) Fair values

The carrying amounts of financial assets and liabilities of the Group as at reporting dates approximated their fair values except for the following:

	2012		2013		2014	
	RM'000 Carrying amount	Fair value	RM'000 Carrying amount	Fair value	RM'000 Carrying amount	Fair value
<b>Group</b>						
<b>Financial liabilities:</b>						
Hire purchase obligations (Note 41)	13,170	12,568	7,899	7,737	481	477

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade receivables	29
Other receivables	29
Amounts due from other related companies	29
Amounts due from related parties	29
Amounts due from associate company	29
Amounts due from joint venture	29
Borrowings (current)	33
Borrowings (non-current)	33
Trade payables	35
Other payables	35
Amounts due to ultimate holding company	35
Amounts due to immediate holding company	35
Amounts due to other related companies	35

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

## 12. ACCOUNTANTS' REPORT (CONT'D)



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## 41.0 Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2

Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3

Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>At 31 December 2012</b>				
Placement of cash funds (Note 32)	(46,700)	-	-	(46,700)
Hire purchase obligations (Note 40(f))	-	12,568	-	12,568
<b>At 31 December 2013</b>				
Placement of cash funds (Note 32)	(23,000)	-	-	(23,000)
Hire purchase obligations (Note 40(f))	-	7,737	-	7,737
Derivative assets (Note 31)	-	(489)	-	(489)
Derivative liabilities (Note 31)	-	142	-	142
<b>At 31 December 2014</b>				
Placement of cash funds (Note 32)	(13,200)	-	-	(13,200)
Hire purchase obligations (Note 40(f))	-	477	-	477

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

**12. ACCOUNTANTS' REPORT (CONT'D)****42.0 Capital management**

The primary objective of the Group's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's businesses and maximising shareholders' value.

The Group manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's non-core assets which provide low returns are also made to optimise the capital structure of the Group.

The Group monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's debt level, hence its capital structure. The ratio is calculated as total loans and borrowings divided by invested equity. Invested equity is the equity attributable to owners of the parent.

	2012 RM'000	Group 2013 RM'000	2014 RM'000
Loans and borrowings (Note 33)	63,161	90,467	135,201
Invested Equity	560,413	614,187	333,494
Gearing ratio	11%	15%	41%

**43.0 Segment information**

For management purposes, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

- (i) Construction - building construction services; civil infrastructure construction services; foundation and geotechnical engineering services and mechanical; electrical and plumbing.
- (ii) Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.
- (iii) Others - smaller construction activities and discontinued operations.

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 43.0 Segment information (contd.)

## Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment:

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>At 31 December 2012</b>					
<b>Revenue</b>					
Sales to external customers	1,238,341	201,625	8,509	-	1,448,475
Inter-segment sales	337,277	2,659	10,529	(350,465)	-
Total revenue	1,575,618	204,284	19,038	(350,465)	1,448,475
<b>Results</b>					
Operating (loss)/profit	(2,832)	31,554	19,446	-	48,168
Finance income and other distribution income	6,992	31	224	-	7,247
Finance costs	(1,629)	(1,118)	(9)	-	(2,756)
Share of results of joint ventures	30,695	-	(1,469)	-	29,226
Profit before tax	33,226	30,467	18,192	-	81,885
Income tax expense	(15,153)	(4,623)	1,425	-	(18,351)
Net profit for the year	18,073	25,844	19,617	-	63,534
Non-controlling interests	(8,744)	-	(2)	-	(8,746)
Attributable to owners of the parent	9,329	25,844	19,615	-	54,788

## 12. ACCOUNTANTS' REPORT (CONT'D)

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## 43.0 Segment information (contd.)

## Business segments (contd.)

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment assets	1,045,189	334,158	50,217	-	1,429,564
Investments in joint ventures	17,393	-	8,843	-	26,236
Total assets	1,062,582	334,158	59,060	-	1,455,800
Segment liabilities	689,954	152,630	20,216	-	862,800
Total liabilities	689,954	152,630	20,216	-	862,800
Capital expenditure	62,985	22,333	117	-	85,435
Depreciation and amortisation	22,787	4,439	368	-	27,594

115

496



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 43.0 Segment information (contd.)

## Business segments (contd.)

At 31 December 2013

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
<b>Revenue</b>					
Sales to external customers	1,567,758	229,133	42,702	-	1,839,593
Inter-segment sales	387,387	23,353	3,971	(414,711)	-
Total revenue	1,955,145	252,486	46,673	(414,711)	1,839,593
<b>Results</b>					
Operating profit/(loss)	18,217	50,589	(26,448)	-	42,358
Finance income and other distribution income	4,263	42	23	-	4,328
Finance costs	(1,091)	(1,124)	(41)	-	(2,256)
Share of results of joint ventures	36,169	-	9,213	-	45,382
Profit/(loss) before tax	57,558	49,507	(17,253)	-	89,812
Income tax expense	(16,149)	(7,958)	375	-	(23,732)
Net profit/(loss) for the year	41,409	41,549	(16,878)	-	66,080
Non-controlling interests	846	-	-	-	846
Attributable to owners of the parent	42,255	41,549	(16,878)	-	66,926

116

497

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 43.0 Segment information (contd.)

## Business segments (contd.)

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment assets	1,034,545	386,108	(889)	-	1,419,764
Investments in joint ventures	4,066	-	18,056	-	22,122
Total assets	1,038,611	386,108	17,167	-	1,441,886
Segment liabilities	701,350	114,863	15,982	-	832,195
Total liabilities	701,350	114,863	15,982	-	832,195
Capital expenditure	66,461	9,029	-	-	75,490
Depreciation and amortisation	38,737	4,071	18	-	42,826

117

498

## At 31 December 2013 (contd.)

## Assets

Segment assets	1,034,545	386,108	(889)	-	1,419,764
Investments in joint ventures	4,066	-	18,056	-	22,122
Total assets	1,038,611	386,108	17,167	-	1,441,886

## Liabilities

Segment liabilities	701,350	114,863	15,982	-	832,195
Total liabilities	701,350	114,863	15,982	-	832,195

## Other segment information

Capital expenditure	66,461	9,029	-	-	75,490
Depreciation and amortisation	38,737	4,071	18	-	42,826

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 43.0 Segment information (contd.)

## Business segments (contd.)

## At 31 December 2014

Revenue	Construction	Precast	Others	Elimination	Total
	RM'000	concrete RM'000	RM'000	RM'000	RM'000
Sales to external customers	1,624,939	254,557	1,211	-	1,880,707
Inter-segment sales	407,277	46,349	-	(453,626)	-
Total revenue	2,032,216	300,906	1,211	(453,626)	1,880,707
<b>Results</b>					
Operating profit	18,600	99,976	1,598	-	120,174
Finance income and other distribution income	4,034	14	7	-	4,055
Finance costs	(2,925)	(388)	(26)	-	(3,339)
Share of results of joint ventures	10,917	-	19,457	-	30,374
Profit before tax	30,626	99,602	21,036	-	151,264
Income tax expense	(12,893)	(12,576)	(1,026)	-	(26,495)
Net profit for the year	17,733	87,026	20,010	-	124,769
Non-controlling interests	50	-	-	-	50
Attributable to owners of the parent	17,783	87,026	20,010	-	124,819

118

499

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 43.0 Segment information (contd.)

## Business segments (contd.)

	Construction RM'000	Precast concrete RM'000	Others RM'000	Elimination RM'000	Total RM'000
Segment assets	1,140,037	105,991	1,966	-	1,247,994
Investments in joint ventures	3,602	-	20,587	-	24,189
Total assets	1,143,639	105,991	22,553	-	1,272,183
Segment liabilities	840,362	81,122	22,427	-	943,911
Total liabilities	840,362	81,122	22,427	-	943,911
Capital expenditure	43,311	2,421	-	-	45,732
Depreciation and amortisation	38,268	3,348	26	-	41,642

119

500

## 12. ACCOUNTANTS' REPORT (CONT'D)



## 43.0 Segment information (contd.)

## Geographical segments

	Revenue RM'000	Profit/(loss) before tax RM'000	Net profit/ (loss) RM'000	Attributable to owners of the parent RM'000	Segment assets RM'000
<b>At 31 December 2012</b>					
Malaysia	1,226,806	18,223	4,278	(2,702)	975,673
Singapore	201,519	29,115	24,493	24,493	386,967
India	-	(12,844)	(12,844)	(12,844)	38,963
Trinidad & Tobago	-	14,307	14,523	14,523	451
China	-	(1,485)	(1,485)	(1,485)	-
United Arab Emirates	20,150	34,569	34,569	32,803	27,510
	<b>1,448,475</b>	<b>81,885</b>	<b>63,534</b>	<b>54,788</b>	<b>1,429,564</b>
<b>At 31 December 2013</b>					
Malaysia	1,553,530	(10,444)	(26,185)	(24,956)	964,578
Singapore	267,906	43,749	35,791	35,791	391,013
India	-	(741)	(774)	(774)	35,903
Trinidad & Tobago	-	(82)	(82)	(82)	1,992
United Arab Emirates	18,157	57,330	57,330	56,947	26,278
	<b>1,839,593</b>	<b>89,812</b>	<b>66,080</b>	<b>66,926</b>	<b>1,419,764</b>
<b>At 31 December 2014</b>					
Malaysia	1,625,825	61,796	47,877	47,904	1,061,614
Singapore	254,882	80,740	68,164	68,164	156,399
India	-	(1,305)	(1,305)	(1,305)	25,791
Trinidad & Tobago	-	(977)	(977)	(977)	1
United Arab Emirates	-	11,010	11,010	11,033	4,189
	<b>1,880,707</b>	<b>151,264</b>	<b>124,769</b>	<b>124,819</b>	<b>1,247,994</b>

**12. ACCOUNTANTS' REPORT (CONT'D)****44.0 Significant events during the financial years**

In addition to the significant and subsequent events disclosed elsewhere in this report, other significant and subsequent events are as follows:

- (a) On 9 January 2012, Sunway Creative Stones Sdn. Bhd., a 70% owned subsidiary of SunCon disposed of its 100% equity interest in Sunway Creative Stones (Xiamen) Co. Ltd. to Chin Fun Foo for RMB1,600,000 cash (equivalent to approximately RM780,000) at a gain on disposal of RM404,000.

The above disposal of subsidiary did not have any material effect on the financial results and financial position of the Group;

- (b) On 19 January 2012, Binajelata (M) Sdn. Bhd. was dissolved;
- (c) On 20 April 2012, Target Beam (M) Sdn. Bhd., Crosside Realty Sdn. Bhd. and Classvest Realty Sdn. Bhd. were dissolved;
- (d) On 24 April 2012, SunCon had acquired 75,900 ordinary shares of RM1.00 each, equivalent to 7.47% equity interest in Sunway Engineering Sdn. Bhd. ("SWE"), a 75.1% owned subsidiary of the Company from Sincere Bid (M) Sdn. Bhd. ("Sincere") for a total purchase consideration of RM9,246,842. As a result SWE became a 82.6% owned subsidiary of the Company;
- (e) On 17 October 2012, Identiti Jelata (M) Sdn. Bhd. was dissolved;
- (f) On 4 September 2012, SunCon had partially redeemed 4,800,000 Non-Cumulative Redeemable Preference Shares in Sunway Paving Solutions Sdn. Bhd. ("Paving") of RM0.01 each at a premium of RM0.99 per share;
- (g) On 13 September 2012, SunCon had partially redeemed 8,000,000 Non-Cumulative Redeemable Preference Shares in Paving of RM0.01 each at a premium of RM0.99 per share;
- (h) On 1 January 2013, SunCon subscribed for 1,750,001 ordinary shares of RM1.00 each in the capital of Sunway Geotechnics (M) Sdn. Bhd. ("SunGeo") by way of capitalising the amount owing by SunGeo to the Company amounting to RM1,750,001;
- (i) On 23 April 2013, SunCon had partially redeemed 11,270,000 Non-Cumulative Redeemable Preference Shares in Sunway SK Sdn. Bhd. of RM0.01 each at a premium of RM0.99 per share;
- (j) On 9 May 2013, SunCon had partially redeemed 1,300,000 Non-Cumulative Redeemable Preference Shares registered in Sunway SK Sdn. Bhd. of RM0.01 each at a premium of RM0.99 per share;

**12. ACCOUNTANTS' REPORT (CONT'D)****44.0 Significant events during the financial years (contd.)**

- (k) On 28 May 2013, SunCon had acquired the remaining 177,100 ordinary shares of RM1.00 each in SWE, a 82.60% owned subsidiary of the Company from Sincere for a total purchase consideration of RM35,975,511.99. As a result, SWE became a wholly-owned subsidiary of the Company;
- (l) On 20 August 2013, SunCon had subscribed for additional 1,484,001 ordinary shares of RM1.00 each in SWE;
- (m) On 29 November 2013, Sunway PMI-Pile Construction Sdn. Bhd. was wound up by High Court of Malaya in Kuala Lumpur pursuant to Section 218 (1) (e) & (i) of the Companies Act, 1965.;
- (n) On 22 July 2014, SunCon had partially redeemed 7,000,000 Non-Cumulative Redeemable Preference Shares in Paving of RM0.01 each at a premium of RM0.99 per share;
- (o) On 3 September 2014, SunCon had fully redeemed 18,300,000 Non-Cumulative Redeemable Preference Shares in Paving of RM0.01 each at a premium of RM0.99 per share; and
- (p) On 10 December 2014, Sunway M&E Sdn. Bhd. and Sunway Smartek Sdn. Bhd. commenced their member's voluntary winding-up pursuant to Section 254 (1) of the Companies Act, 1965.

**45.0 Details of the relevant proposals and transactions****(a) Internal re-organisation****(i) Transfer of Identified Companies**

Sunway Holdings Sdn. Bhd. ("SunHoldings") will acquire the entire equity interests in Sunway Permai Sdn. Bhd., Sunway Transit System Sdn. Bhd. and Sunway Dimension Stones Sdn. Bhd. from SunCon.

**(ii) Transfer of Hoi Hup Sunway Developments Pte. Ltd.**

Sunway Concrete Products (S) Pte. Ltd., an indirect wholly-owned subsidiary of SunCon, will dispose of its entire equity interests representing 30% of the share capital of Hoi Hup Sunway Developments Pte. Ltd. to SunHoldings.

**12. ACCOUNTANTS' REPORT (CONT'D)****45. Details of the relevant proposals and transactions (contd.)****(a) Internal re-organisation (contd.)****(iii) Share subscription in Sunway Developments Pte. Ltd.**

SunHoldings will undertake a share subscription of new shares in Sunway Developments Pte. Ltd. ("Sunway Developments"), a wholly-owned subsidiary of Sunway Concrete Products (S) Pte. Ltd., which in turn is an indirect wholly-owned subsidiary of SunCon, whereby SunHoldings will subscribe for new ordinary shares in Sunway Developments and Sunway Developments will thereafter undertake a selective share buy-back of the existing ordinary shares held by Sunway Concrete Products (S) Pte. Ltd. in Sunway Developments, thereby resulting in SunHoldings being the sole shareholder of Sunway Developments.

**(iv) Transfer of SunCon**

Upon the completion of the Transfer of Identified Companies, Transfer of Hoi Hup Sunway Developments Pte. Ltd. and Share subscription in Sunway Developments Pte. Ltd., SunHoldings will dispose of its entire equity interests in SunCon to SCG for an aggregate sale and purchase consideration of RM258,600,000.

**46. Comparatives**

Certain amount in the statements of cash flows have been reclassified to conform to current financial year presentation.

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
<b>Statements of cash flows</b>			
<b>31 December 2012</b>			
<b>Cash flow from investing activities:</b>			
Net cash flow from placements	-	(46,700)	(46,700)
Net cash generated from/(used in) investing activities	13,098	(46,700)	(33,602)
<b>Net increase in cash and cash equivalents</b>	<b>67,226</b>	<b>(46,700)</b>	<b>20,526</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>140,721</b>	<b>(46,700)</b>	<b>94,021</b>



## 12. ACCOUNTANTS' REPORT (CONT'D)



## 46. Comparatives (contd.)

	As previously stated RM'000	Reclassification RM'000	As restated RM'000
<b>Statements of cash flows</b>			
<b>31 December 2013</b>			
<b>Cash flow from investing activities:</b>			
Net cash flow from placements	-	23,700	23,700
Net cash used in investing activities	(92,845)	23,700	(69,145)
<b>Net increase in cash and cash equivalents</b>	<b>(3)</b>	<b>23,700</b>	<b>23,697</b>
<b>Cash and cash equivalents at end of financial year</b>	<b>148,932</b>	<b>(23,000)</b>	<b>125,932</b>

Ernst & Young  
AF: 0039  
Chartered Accountants

Hoh Yoon Hoong  
2990/08/16(J)  
Chartered Accountant

**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**



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**REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
(PREPARED FOR INCLUSION IN PROSPECTUS)**

9 June 2015

The Board of Directors  
Sunway Construction Group Berhad  
Level 16 Menara Sunway  
Jalan Lagoon Timur  
Bandar Sunway  
47500 Subang Jaya

Dear Sirs

**PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") AS AT 31 DECEMBER 2014 ("PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION") IN RELATION TO:**

- (a) ACQUISITION OF SUNWAY CONSTRUCTION SDN BHD AND ITS SUBSIDIARIES, UNINCORPORATED JOINT VENTURES AND UNINCORPORATED CONSORTIUM ("ACQUISITION OF SUNCON GROUP"); AND**
- (b) LISTING OF AND QUOTATION FOR THE ENTIRE ISSUED AND PAID-UP SHARE CAPITAL OF SCG ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD ("LISTING")**

**(COLLECTIVELY REFERRED TO AS THE "PROPOSALS")**

We have completed our assurance engagement to report on the compilation of the Pro Forma Consolidated Statements of Financial Position prepared by the Directors. The applicable criteria on the basis of which the Directors have compiled the Pro Forma Consolidated Statements of Financial Position are described in Appendix I of our letter.

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**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

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The Pro Forma Consolidated Statements of Financial Position of SCG have been compiled by the Directors based on the applicable criteria as specified in the Prospectus Guidelines issued by the Securities Commission Malaysia ("SC") and the related notes as set out in Appendix I of our letter to illustrate the impact of an event or transaction on the Company's consolidated statements of financial position as at 31 December 2014 as if the event or transaction had taken place on 31 December 2014.

As part of this process, information about the financial position has been extracted by the Directors from the financial statements for the financial period ended 31 December 2014, on which audit reports have been published.

**The Directors' Responsibility for the Pro Forma Consolidated Statements of Financial Position**

The Directors are responsible for compiling the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

**Our Responsibilities**

Our responsibility is to express an opinion, as required by SC, about whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, by the Directors on the basis of the applicable criteria.

We conducted our engagement in accordance with the Malaysian Approved Standard on Assurance Engagements, *ISAE 3420 Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the Malaysian Institute of Accountants. This standard requires that we comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled, in all material respects, the Pro Forma Consolidated Statements of Financial Position on the basis of the applicable criteria.

For the purpose of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Consolidated Statements of Financial Position, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Consolidated Statements of Financial Position.

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**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**

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The purpose of the Pro Forma Consolidated Statements of Financial Position is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of Pro Forma Consolidated Statements of Financial Position provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Pro Forma Consolidated Statements of Financial Position reflect the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on our judgment, having regard to our understanding of the nature of the Company, the event or transaction in respect of which the Pro Forma Consolidated Statements of Financial Position have been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Consolidated Statements of Financial Position.

We believe that the evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the Pro Forma Consolidated Statements of Financial Position have been compiled, in all material respects, on the basis of the applicable criteria.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



**Other Matters**

This report has been prepared for sole purpose of complying with the Prospectus Guidelines - Equity issued by the SC in connection with the Proposals. Our work had been carried out in accordance with Malaysian Approved Standards on Assurance Engagements and accordingly should not be relied upon as if it had been carried out in accordance with standards and practices in other jurisdictions. Therefore, this report is not appropriate in other jurisdictions and should not be used or relied upon for any purpose other than the Proposals described above. We accept no duty or responsibility to and deny any liability to any party in respect of any use of, or reliance upon, this letter in connection with any type of transaction, including the sale of securities other than for the Proposals.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ernst &amp; Young', written in a cursive style.

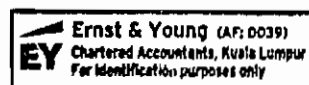
Ernst & Young  
AF: 0039  
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Hoh Yoon Hoong', written in a cursive style.

Hoh Yoon Hoong  
2990/08/16(J)  
Chartered Accountant

### 13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)

Sunway Construction Group Berhad  
Pro forma consolidated statements of financial position as at 31 December 2014



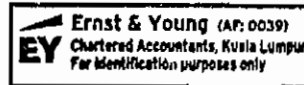
APPENDIX I

	Proforma 1		Pro forma 2		
	As at 31 December 2014	Pro forma adjustment 1	Acquisition of SunCon Group	Pro forma adjustment 2	Listing of SCG
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	-	178,728	178,728	-	178,728
Other investments	-	273	273	-	273
Investments in joint ventures	-	24,189	24,189	-	24,189
Goodwill	-	3,647	3,647	-	3,647
Deferred tax assets	-	7,154	7,154	-	7,154
<b>Total non-current assets</b>	-		<b>213,991</b>		<b>213,991</b>
<b>Current assets</b>					
Inventories	-	20,203	20,203	-	20,203
Receivables	-	789,864	789,864	-	789,864
Tax recoverable	-	8,523	8,523	-	8,523
Cash and bank and short term funds balances	*	221,617	221,617	(1,200)	220,417
<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>					
<b>Equity attributable to equity holders of the Company</b>					
Share capital	*	258,580	258,580	-	258,580
Reserves	(76)	56,929	56,853	(1,200)	55,653
<b>Shareholders' equity</b>	(76)		<b>315,433</b>		<b>314,233</b>
<b>Non-controlling interests</b>	-	(5,222)	(5,222)	-	(5,222)
<b>Total equity</b>	(76)		<b>310,211</b>		<b>309,011</b>
<b>Current liabilities</b>					
Borrowings	-	135,132	135,132	-	135,132
Payables	76	791,264	791,340	-	791,340
Tax payable	-	13,161	13,161	-	13,161
	76		<b>939,633</b>		<b>939,633</b>
<b>Non current liabilities</b>					
Borrowings	-	69	69	-	69
Deferred tax liabilities	-	4,285	4,285	-	4,285
	-		<b>4,354</b>		<b>4,354</b>
<b>Total liabilities</b>	76		<b>943,987</b>		<b>943,987</b>
<b>Total equity and liabilities</b>	-		<b>1,254,198</b>		<b>1,252,998</b>
Number of ordinary shares in issue ('000)	^		1,292,900		1,292,900
Par value of ordinary shares (RM)	0.20		0.20		0.20
Net (liabilities)/assets per share (RM)	(7,600.00)		0.24		0.24

\* RM2

^ 10 ordinary shares in issue

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY")  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

1. Introduction

The Company was incorporated on 10 September 2014 as a public limited liability company in Malaysia with an authorised share capital of RM400,000 comprising 2,000,000 ordinary shares of RM0.20 each and an issued and paid-up share capital of RM2 comprising 10 ordinary shares of RM0.20 each.

On 7 November 2014, the Company increased its authorised share capital from RM400,000 comprising 2,000,000 ordinary shares of RM0.20 each to RM2,000,000,000 comprising 10,000,000,000 ordinary shares of RM0.20 each through the creation of additional 9,998,000,000 ordinary shares of RM0.20 each.

The principal activity of the Company is investment holding.

2. Basis of preparation

The Pro Forma Consolidated Statements of Financial Position, for which the Directors are solely responsible, have been prepared for illustrative purposes only, to illustrate the impact of the following events or transactions on SCG's financial position as at 31 December 2014 as if the events or transactions had taken place on 31 December 2014:

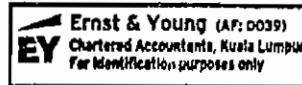
- (a) Acquisition of Sunway Construction Sdn Bhd and its subsidiaries, unincorporated joint ventures and unincorporated consortium ("**Acquisition of SunCon Group**"); and
- (b) Listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Malaysia Securities Berhad ("**Listing**").

(Collectively referred to as the "**Proposals**")

The Directors of SCG have compiled the financial information using the audited financial statements of SCG and SunCon Group for the financial period/year ended 31 December 2014. The audited financial statements of SCG and SunCon Group for the financial period/year ended 31 December 2014 were prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The Pro Forma Consolidated Statements of Financial Position, because of their nature, may not be reflective of the actual financial position of SCG. Furthermore, such information does not purport to predict the future consolidated statements of financial position of SCG after the completion of the Proposals.

### 13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

#### SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY") NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2014

##### 3. Pro forma 1

Pro forma 1 incorporates the effects of the Acquisition of SunCon Group.

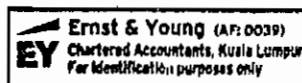
SCG will issue 1,292,900,000 ordinary shares of RM0.20 each to acquire the entire equity interest of Sunway Construction Sdn Bhd and its subsidiaries, unincorporated joint ventures and unincorporated consortium ("SunCon Group") for a total consideration of RM258,580,000.

The list of entities to be acquired by SCG is as follows:

- i. Sunway Construction Sdn Bhd
- ii. Sunway Innopave Sdn Bhd
- iii. Sunway M&E Sdn Bhd
- iv. Sunway Machinery Sdn Bhd
- v. Sunway Engineering Sdn Bhd
- vi. Sunway Builders Sdn Bhd
- vii. Sunway Geotechnics (M) Sdn Bhd
- viii. Sunspan Sdn Bhd
- ix. Sunway Industrial Products Sdn Bhd
- x. Sunway Machineries Services Sdn Bhd
- xi. Sunway Construction India Pte Ltd
- xii. Sunway Creative Stones Sdn Bhd
- xiii. Sunway GD Piling Sdn Bhd
- xiv. Sunway Construction Caribbean Limited
- xv. Sunway Precast Industries Sdn Bhd
- xvi. Sunway IBS Sdn Bhd
- xvii. Sun-Block (Batang Kali) Sdn Bhd
- xviii. Sunway Construction (S) Pte Ltd
- xix. Sunway Concrete Products (S) Pte Ltd
- xx. Sunway SK Sdn Bhd
- xxi. Sunway Smartek Sdn Bhd
- xxii. Sunway Geotechnics (S) Pte Ltd
- xxiii. SunCity SunCon Joint Venture
- xxiv. SunCon Central Glass Joint Venture
- xxv. SunGeo Awangsa Joint Venture
- xxvi. Silver Coast Sunway Innopave Joint Venture
- xxvii. ISZL Consortium
- xxviii. Fableplus Sdn Bhd - Sunway Engineering Joint Venture
- xxix. Sunway Geotechnics (M) Sdn Bhd - Bauer (Malaysia) Sdn Bhd Joint Venture

(The above list of entities is collectively known as "SunCon Group")



**13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)**


APPENDIX I

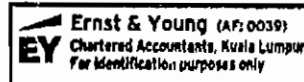
**SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY")  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014**
**3. Pro forma 1 (contd.)**

For illustration of the Acquisition of SunCon Group, it is assumed that Sunway Construction Sdn Bhd distributes dividends of RM70 million to its holding company, Sunway Holdings Sdn Bhd immediately prior to the acquisition by SCG.

The effects of the event/transaction above on the financial position of SunCon Group as at 31 December 2014 are as follows:

	Prior to distribution of dividends RM '000	Distribution of dividends RM '000	After distribution of dividends RM '000
<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
	<u>213,991</u>		<u>213,991</u>
<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	291,617	(70,000)	221,617
	<u>1,110,207</u>		<u>1,040,207</u>
<b>Total assets</b>	<u>1,324,198</u>		<u>1,254,198</u>

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY")  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

3. Pro forma 1 (contd.)

	Prior to distribution of dividends RM '000	Distribution of dividends RM '000	After distribution of dividends RM '000
<b>Equity</b>			
Equity attributable to owner of the parent	385,509	(70,000)	315,509
Non-controlling interest	(5,222)		(5,222)
	<u>380,287</u>		<u>310,287</u>
<b>Current liabilities</b>			
Borrowings	135,132		135,132
Payables	791,264		791,264
Tax payable	13,161		13,161
	<u>939,557</u>		<u>939,557</u>
<b>Non-current liabilities</b>			
Borrowings	69		69
Deferred tax liabilities	4,285		4,285
	<u>4,354</u>		<u>4,354</u>
<b>Total liabilities</b>	<u>943,911</u>		<u>943,911</u>
<b>Total equity and liabilities</b>	<u>1,324,198</u>		<u>1,254,198</u>

The Acquisition of SunCon Group is accounted for under the pooling of interest method. The assets and liabilities of the combining entities are reflected at their respective carrying amounts. Any difference between the consideration paid and the share capital and capital reserves of the "acquired" entity is reflected within equity as a merger reserve.

13. REPORTING ACCOUNTANTS' REPORT ON THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONT'D)



APPENDIX I

SUNWAY CONSTRUCTION GROUP BERHAD ("SCG" OR THE "COMPANY")  
NOTES TO THE PRO FORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
AS AT 31 DECEMBER 2014

4. Pro forma 2

Pro forma 2 incorporates Pro forma 1 and the effects of the listing of and quotation for the entire issued and paid-up share capital of SCG on the Main Market of Bursa Malaysia Securities Berhad.

The estimated expenses relating to the Listing are RM17.2 million of which RM1.2 million is to be borne by the Company whilst the balance of RM16.0 million is to be borne by Sunway Holdings Sdn Bhd. The estimated expenses to be borne by the Company are to be settled in cash. The estimated expenses are recognised to the profit or loss account.

14. DIRECTOR'S REPORT

**SUNWAY™**

Date: 17 JUN 2015

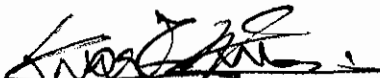
The Shareholders  
**Sunway Construction Group Berhad**

Dear Sir/Madam,

On behalf of the Directors of Sunway Construction Group Berhad ("**SCG**"), we wish to report after due inquiry that SCG is a company newly incorporated on 10 September 2014, and during the period from 31 December 2014 (being the date to which the last audited combined financial statements of SCG and its subsidiaries, jointly controlled entity, unincorporated joint ventures and unincorporated consortium (collectively, the "**SCG Group**") have been made up as if the SCG Group has operated as a single economic entity throughout the period) to the date herein (being a date not earlier than 14 days before the issue of this Prospectus):

- (i) the business of the SCG Group has, in the opinion of the Directors, been satisfactorily maintained;
- (ii) in the opinion of the Directors, no circumstances have arisen since the last audited combined financial statements of the SCG Group which have adversely affected the trading or values of the assets of the SCG Group;
- (iii) the current assets of the SCG Group appear in the books at values which are believed to be realisable in the ordinary course of business;
- (iv) save as disclosed in this Prospectus, there are no contingent liabilities by reason of any guarantees or indemnities given by the SCG Group;
- (v) there has been no default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums in relation to any borrowings since the last audited combined financial statements of the SCG Group; and
- (vi) save as disclosed in this Prospectus, there has been no material change in the published reserves or any unusual factors affecting the profits of the SCG Group since the last audited combined financial statements of the SCG Group.

Yours faithfully,  
For and on behalf of the Board of Directors of  
**Sunway Construction Group Berhad**



**Kwan Foh Kwai**  
Director

**SUNWAY CONSTRUCTION GROUP BERHAD** (1108506-W)

Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Selangor Darul Ehsan, Malaysia.  
Tel: +603 5639 9333 / 5639 9696 Fax: +603 5639 9566 www.sunway.com.my/suncon

## 15. ADDITIONAL INFORMATION

### 15.1 SHARE CAPITAL

- (i) No shares will be allotted or issued on the basis of this Prospectus later than 12 months after the date of issue of this Prospectus.
- (ii) As at the LPD, we have only one class of shares in our Company, namely ordinary shares of RM0.20 each, all of which rank equally with one another. There are no special rights attached to our Shares.
- (iii) Save as disclosed in this Prospectus, no shares, debentures, warrants, options, convertible securities or uncalled capital of our Company and our subsidiaries have been issued or are proposed to be issued as fully or partly paid-up in cash or otherwise, within the two years immediately preceding the LPD.
- (iv) Save for the Pink Form Offer as disclosed in Section 3.6.2(b)(i) of this Prospectus:
  - (a) none of our Group's Directors and employees has been or is entitled to be given or has exercised any option to purchase or subscribe for any shares, stocks or debentures of our Company or our subsidiaries; and
  - (b) there is currently no other scheme involving our Directors and employees in the capital of our Company or any of our subsidiaries.
- (v) Neither our Company nor any of our subsidiaries has any capital that is under option, or agreed conditionally or unconditionally to be put under option as at the LPD.
- (vi) Neither our Company nor our subsidiaries has any outstanding convertible debt securities as at the LPD.
- (vii) There are no limitations imposed by law or by the constituent documents of our Company on the right to own our securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on our securities.

### 15.2 ARTICLES OF ASSOCIATION

The following provisions are reproduced from our Articles of Association. The words, terms and expressions appearing in the following provision shall bear the same meanings used in our Articles of Association unless they are otherwise defined here or the context otherwise requires:

#### (i) **Transfer of Securities**

The provisions of our Articles of Association in relation to the arrangements for the transfer of our securities and the restrictions on their free transferability are set out below:

#### **Article 27 – Transfer**

The transfers of any Deposited Securities or class of Deposited Securities in the Company shall be by way of book entry by Bursa Depository in accordance with the Rules and notwithstanding Sections 103 and 104 of the Act, but subject to Section 107C(2) of the Act and any exemptions that may be made from compliance with Section 107C(1) of the Act, the Company shall be precluded from registering and effecting any transfer of the Deposited Securities.

**15. ADDITIONAL INFORMATION (CONT'D)****Article 28 – Refusal to register transfers**

Bursa Depository may refuse to register any transfer of Deposited Securities if it does not comply with the Central Depository Act or the Rules.

**Article 29 – Closing of Register**

The Register and/or Record of Depositors may be closed at such times and for such period as the Directors may from time to time determine provided that it shall not be closed for more than thirty (30) days in aggregate in any calendar year. Any notice of intention to close the Register and/or Record of Depositors and the reason therefor shall be given to the Stock Exchange, such closure of the Register and/or Record of Depositors shall be at least ten (10) Market Days after the date of notification to the Stock Exchange (or such other notice period as shall be prescribed by the Stock Exchange). The said notice shall state the books closing date and purpose or purposes for the books closing. In relation to the books closing, the Company shall give written notice to Bursa Depository to issue the appropriate Record of Depositors in accordance with the Central Depository Act and the Rules within such time as is required by Bursa Depository to enable Bursa Depository to issue the relevant Record of Depositors.

**Article 30 – Fee relating to title to Securities**

There shall be paid to the Company in respect of the registration of any probate, letters of administration, certificate of marriage or death, power of attorney or other document relating to or affecting the title to any Securities, such fee as the Directors may from time to time require or prescribe.

**Notes:**

- Deposited Securities* : A deposited security as defined in Section 2 of the Central Depository Act
- Register* : The register of Members of the Company to be kept pursuant to the Act
- Record of Depositors* : A record provided by Bursa Depository to the Company under the Rules
- Stock Exchange* : Bursa Malaysia Securities Berhad

**(ii) Remuneration of Directors**

The provisions of our Articles of Association in relation to the remuneration of our Directors are set out below:

**Article 96 – Remuneration of Directors**

The fees of the Directors shall be such fixed sum as shall from time to time be determined by an ordinary resolution of the Company and shall (unless such resolution otherwise provides) be divisible among the Directors as they may agree, or, failing agreement, equally, except that any Directors who shall hold office or part only of the period in respect of which such fees are payable shall be entitled only to rank in such division for a proportion of the fees related to the period during which he has held office Provided Always that:

- (a) fees payable to non-executive Directors shall be by way of a fixed sum and not by a commission on or percentage of profits or turnover;

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**15. ADDITIONAL INFORMATION (CONT'D)**

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- (b) salaries payable to executive Directors may not include a commission on or percentage of turnover;
- (c) fees payable to Directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting; and
- (d) save as expressly set out in these Articles, any fee paid to an alternate Director shall be agreed upon between himself and the Director nominating him and shall be paid out of the remuneration of the latter.

**Article 97 – Reimbursement of expenses to Director**

The Company may reimburse to any Director all such reasonable expenses as he may incur in attending and returning from meetings of the Directors or of any committee of the Directors, or general meetings, or otherwise in or about the business of the Company in the course of the performance of his duties as a Director.

**Note:**

*These Articles : These Articles of Association as altered from time to time by special resolution*

**(iii) Voting and Borrowing Powers of Directors**

The provisions of our Articles of Association in relation to the voting and borrowing powers of our Directors including voting powers in relation to proposals, arrangements or contracts in which they are interested are set out below:

**Article 55 – Borrowing powers of Directors**

The Directors, in the exercise of the powers of the Company, may from time to time at their discretion raise or borrow for the purposes of the Company such sums of money as they think proper.

**Article 56 – What security may be given**

The Directors may also, in the exercise of the powers of the Company, mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and to issue debentures and other Securities whether outright or as security for any debt, liability or obligation of the Company or of any third party as permitted under the Act and the Listing Requirements.

**Article 100 – Directors' borrowing powers**

The Directors may exercise all the powers of the Company to borrow or raise money for the purpose of the Company's or any of its related company's business on such terms as they think fit and may secure the repayment of the same by mortgage or charge upon the whole or any part of the Company's or subsidiaries' undertaking, property (both present and future) and uncalled or unissued capital and may issue bonds, debentures and other securities whether charged upon the whole or part of the assets of the Company or otherwise.

**15. ADDITIONAL INFORMATION (CONT'D)****Article 120(1)(a) – Restriction on voting**

Subject to and save as otherwise provided in the Act, a Director shall not participate in any discussion and shall not vote in regard to any contract or proposed contract or arrangement in which he is directly or indirectly interested nor any contract or proposed contract or arrangement with any other company in which he is interested either as an officer of that other company or as a holder of shares or other securities in that other company, and if he shall do so, his vote shall not be counted.

**Article 120(1)(b) – Director may hold other office under the Company**

A Director may hold any other office or place of profit under the Company (other than the office of auditor of the Company) in conjunction with his office of Director for such period and on such terms (as to the remuneration and otherwise) as the Directors may determine. No Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of any company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested, be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established, provided that disclosure of interest is made as required by the Act.

**Article 121 – Additional remuneration**

Any Director who is appointed to any executive office or who serves on any committee or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director, may be paid such extra remuneration by way of salary, percentage of profits or otherwise as the Directors may determine but not a commission on or percentage of turnover. Such remuneration payable to this Director shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in a notice convening the meeting.

**Notes:**

- Listing Requirements* : *The Listing Requirements of the Stock Exchange or any modification, amendment or re-enactment thereof for the time being in force*
- Securities* : *Securities as defined in Section 2 of the Capital Markets and Services Act 2007 or any modification, amendment or re-enactment thereof for the time being in force*



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**15. ADDITIONAL INFORMATION (CONT'D)**

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**(iv) Changes in Capital and Variation of Class Rights**

The provisions of our Articles of Association in relation to changes in capital and variations of class rights which are more stringent than those provided in the Act are set out below:

**Article 5 – Allotment, grant of option etc.**

Subject to the Act and to the conditions, restrictions and limitations expressed in these Articles and without prejudice to any special or preferred rights previously conferred on the holders of any existing shares or class of shares, the Directors may issue and allot, grant options over or otherwise dispose of new shares in the capital of the Company to such persons, at such time and on such terms as they think proper PROVIDED ALWAYS THAT:

- (a) no shares shall be issued at a discount except in compliance with the provisions of the Act;
- (b) in the case of shares of a class other than ordinary shares, the rights attaching to such shares shall be expressed in these Articles;
- (c) every issue of shares or options to be granted to employees and/or Directors shall be subject to the prior approval of the Members in general meeting. However, no Director shall participate in any issue of shares or option to be granted unless the Members in general meeting shall have approved the amount of shares to be issued or the amount of shares which are the subject of the option to be granted to such Director and the terms of such issue or option; and
- (d) in the case of shares offered to the public for subscription, the amount payable upon subscription for each such share shall not be less than one hundred percent (100%) of the nominal amount of such shares.

**Article 6 – Issue of shares with preferred or special rights**

Without prejudice to any special rights previously conferred on the holders of any existing shares or class of shares, any share in the Company may be issued with such preferred, deferred or other special rights or such restrictions whether in regard to dividend voting, return of capital or otherwise as shall be expressed in the ordinary resolution creating the same and where such shares are preference shares, the rights attached thereto shall also be set out in the Articles when such preference shares are issued.

**Article 7 – Issue of preference shares**

Subject to the Act and the Listing Requirements, preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are, or at the option of the Company are liable, to be redeemed on such terms and in such manner as shall be provided in these Articles at the time such preference shares are issued.

**Article 8 – Repayment of preference capital**

The repayment of preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights may only be made pursuant to a special resolution of the preference shareholders concerned.

**15. ADDITIONAL INFORMATION (CONT'D)****Article 16 – How special rights of shares may be varied**

If at any time the share capital of the Company is divided into different classes of shares, the repayment of such rights and privileges attached to each class may subject to the provisions of the Act be varied, modified, commuted, dealt with, affected or abrogated with the sanction of a special resolution, which shall be carried only with the approval of not less than three-fourths (3/4) of the nominal amount of issued shares of each class and passed at a separate general meeting of the holders of the shares of that class but not otherwise. To every such separate general meeting, the provisions of these Articles relating to general meetings of the Company and to the proceedings thereat shall mutatis mutandis apply but so that the necessary quorum shall be two (2) persons at least holding or representing by proxy one-third (1/3) in nominal amount of the issued shares of the class (but so that if at any adjourned meeting a quorum as above defined is not present, any two (2) holders of shares of the class present in person or by proxy shall be a quorum). Provided however that in the event of the necessary majority not having been obtained in the manner aforesaid, consent in writing may be secured from Members holding at least three-fourths (3/4) of the issued shares of the class and such consent if obtained within two (2) months from the date of the general meeting shall have the force and validity of a special resolution duly carried by a vote in person or by proxy.

**Note:**

*Member* : Includes a Depositor who shall be treated as if he were a member pursuant to Section 35 of the Central Depository Act but excludes Bursa Depository in its capacity as a bare trustee

**15.3 PROMOTERS, SUBSTANTIAL SHAREHOLDERS AND DIRECTORS**

- (i) The names, description and addresses of our Directors are set out in Section 1 of this Prospectus.
- (ii) Save as disclosed in Sections 8.2.4 and 8.7 of this Prospectus, no amount or benefits have been paid or intended to be paid or given to our Promoters, substantial shareholders and Directors within two years preceding the LPD.
- (iii) Save as disclosed in Sections 10.1.1, 10.1.2, 10.4, 10.5 and 10.6 of this Prospectus, none of our Directors or substantial shareholders have any interest in any contracts or arrangements subsisting which is significant in relation to the business of our Group taken as a whole as at the LPD.
- (iv) Save for our Promoters and substantial shareholders as disclosed in Section 8.1 of this Prospectus, there are no other persons who are able to, directly or indirectly, jointly or severally, exercise control over our Company.
- (v) Save as disclosed in Sections 4 and 6 of this Prospectus, none of our Directors are aware of any material information including trading factors or risks which are unlikely to be known or anticipated by the general public and which could materially affect our profits.

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**15. ADDITIONAL INFORMATION (CONT'D)**


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**15.4 MATERIAL CONTRACTS**

Save as disclosed below, we have not entered into any contract which is not in the ordinary course of business of our Group within two years preceding the LPD:

- (i) A share sale agreement dated 7 November 2014 entered into between SunHoldings (as vendor) and our Company (as purchaser) for the disposal by SunHoldings of its entire equity interest in SunCon, together with its direct and indirect subsidiaries, unincorporated joint ventures and unincorporated consortium, to our Company for the Purchase Consideration of RM258,580,000 to be satisfied via the issuance of 1,292,900,000 new SCG Shares, as disclosed in Section 5.5 of this Prospectus. The transaction has been completed on 15 May 2015 in accordance with the terms of the share sale agreement.
- (ii) A share sale agreement dated 5 November 2014 entered into between Sunway Concrete Products (S) (as vendor), an indirect wholly-owned subsidiary of SunCon, and SunHoldings (as purchaser) for the disposal by Sunway Concrete Products (S) of its 30% equity interest in Hoi Hup Sunway Development Pte Ltd for a sale and purchase consideration of SGD300,000.00 (equivalent to approximately RM816,030.00<sup>(1)</sup>) to be satisfied in cash by SunHoldings. The transaction has been completed on 5 November 2014 in accordance with the terms of the share sale agreement.
- (iii) A share sale agreement dated 31 October 2014 entered into between SunCon (as vendor) and SunHoldings (as purchaser) for the disposal by SunCon of its entire equity interest in Sunway Permai Sdn Bhd, Sunway Transit System Sdn Bhd and Sunway Dimension Stones Sdn Bhd respectively, for an aggregate sale and purchase consideration of RM21,100,001 to be satisfied in cash by SunHoldings. The transaction has been completed on 31 October 2014 in accordance with the terms of the share sale agreement.
- (iv) A settlement agreement dated 23 April 2014 entered into between IJM Construction Sdn Bhd, Sunway Builders, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd collectively as the holders of the entire interest of ISZL Consortium and Al Tamouh Investments LLC for the settlement of the contract sum of AED148,260,000.00 (equivalent to approximately RM RM147,489,048.00<sup>(2)</sup>) ("**Settlement Sum**") due and payable by Al Tamouh Investments LLC to the ISZL Consortium for the construction works completed for Phase 1, Plot 1, Zone C of the Al Reem Island Development in Abu Dhabi. Pursuant thereto, IJM Consortium Sdn Bhd and Sunway Engineering have been appointed as nominees of ISZL Consortium and entered into the following sale and purchase agreements:
  - (a) sale and purchase agreement dated 29 January 2015 entered into between IJM Construction Sdn Bhd (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 401, Level 4, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,598 square feet, for a purchase consideration of AED18,257,800.00 (equivalent to approximately RM18,162,859.44<sup>(2)</sup>);
  - (b) sale and purchase agreement dated 29 January 2015 entered into between IJM Construction Sdn Bhd (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 601, Level 6, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52<sup>(2)</sup>);

**15. ADDITIONAL INFORMATION (CONT'D)**

- (c) sale and purchase agreement dated 29 January 2015 entered into between IJM Construction Sdn Bhd (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 801, Level 8, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52<sup>(2)</sup>);
- (d) sale and purchase agreement dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 501, Level 5, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52<sup>(2)</sup>);
- (e) sale and purchase agreement dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 701, Level 7, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52<sup>(2)</sup>); and
- (f) sale and purchase agreement dated 29 January 2015 entered into between Sunway Engineering (as nominee of ISZL Consortium) and Al Tamouh Investment LLC for the acquisition of 901, Level 9, Building Number 12 (A2), Marina Square, Al Reem Island, Abu Dhabi, measuring 16,759 square feet, for a purchase consideration of AED18,434,900.00 (equivalent to approximately RM18,339,038.52<sup>(2)</sup>).

The aforesaid purchase consideration shall be set-off against part of the Settlement Sum whilst the balance of such outstanding Settlement Sum shall be paid in cash by Al Tamouh Investment LLC. The sale and purchase of the aforesaid six properties have been completed on 29 January 2015 in accordance with the terms of the respective sale and purchase agreements. The balance of the outstanding Settlement Sum of AED34,827,700 (equivalent to approximately RM34,646,595.96<sup>(2)</sup>) has not been paid and settled as at the LPD in accordance with the terms of the settlement agreement. For information purposes, such balance of the outstanding Settlement Sum is expected to be settled by the end of June 2015.

- (v) A settlement agreement dated 23 April 2014 entered between IJM Construction Sdn Bhd, Sunway Builders, Zelan Holdings (M) Sdn Bhd, LFE Engineering Sdn Bhd collectively as the holders of the entire interest of ISZL Consortium and Al Tamouh Investments LLC for the settlement the contract sum of AED62,142,090.00 (equivalent to approximately RM61,818,951.13<sup>(2)</sup>) due and payable by Al Tamouh Investment LLC to ISZL Consortium for the works completed for Phase 1, Plot 1, Zone E1 of the Al Reem Island Development in Abu Dhabi. Pursuant to the terms of the settlement agreement, the settlement sum shall be settled in full by way of the grant of rights by Al Tamouh Investment LLC to ISZL Consortium over an identified vacant plot of land held under number RT4-C11b on Reem Island, Abu Dhabi. As at the LPD, the settlement is currently pending completion in accordance with the terms of the settlement agreement.

## 15. ADDITIONAL INFORMATION (CONT'D)

- (vi) A retail underwriting agreement dated 11 June 2015 entered into between our Company, the Selling Shareholder and the Joint Underwriters to jointly underwrite 71,109,500 OFS Shares at the Retail Price subject to the terms and conditions contained therein. Please refer to Section 3.7.4 for this Prospectus for further details on the Retail Underwriting Agreement.
- (vii) A master cornerstone agreement dated 11 June 2015 entered into among our Company, the Selling Shareholder, the Joint Global Coordinators and the Cornerstone Investors, under which the Cornerstone Investors have agreed to purchase an aggregate of 135,000,000 OFS Shares, representing approximately 10.4% of the SCG Share Capital, pursuant to the Institutional Offering at RM1.20 per Share or the Institutional Price, subject to the terms of the individual cornerstone placement agreements.

**Notes:**

- (1) Based on exchange rate of SGD1.00 : RM2.7201 as at 29 May 2015 (Source: Bloomberg L.P.)
- (2) Based on exchange rate of AED1.00 : RM0.9948 as at 29 May 2015 (Source: Bloomberg L.P.)

### 15.5 MATERIAL LITIGATION AND ARBITRATION

Save as disclosed below, we have not engaged as plaintiff or defendant in any legal action, proceeding, arbitration or prosecution for any criminal offence which has a material effect on the financial position of our Group and our Directors do not know of proceedings pending or threatened or any fact likely to give rise to any proceedings which might materially and adversely affect the financial position or business of our Group:

- (i) Sunway Engineering, being the nominated sub-contractor for the extra low voltage systems for the Project known as "Cadangan Pembangunan 2 Blok Pangsapuri 20 Tingkat (160 unit), Tempat Letak Kereta 4 Tingkat, Kemudahan Penduduk dan Tembok Penahan di atas Lot 48629 (F2), Jalan Sri Hartamas 3, Mukim Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur" ("the Palazzo"), is claiming against Syarikat Pembinaan Yeoh Tiong Lay Sdn. Bhd. ("SPYTL"), being the main contractor, for the unpaid interim certificates, workdone yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor's employment under the main contractor.

Sunway Engineering has in October 2011 claimed for the sum of RM3,405,966.29 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Engineering's delay and back charges of RM56,695.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM36,540,000.00 at the rate of RM105,000.00 per day for 348 days and back charges of RM56,695.00 and interest and costs.

Hearing of the arbitration proceeding had been completed. Both Sunway Engineering and SPYTL are to file their respective reply to written submissions no later than 30 June 2015. The solicitors acting for Sunway Engineering is of the view that Sunway Engineering has a fairly good case against SPYTL.

- (ii) Sunway Creative Stones, being the nominated sub-contractor for the stone works for the Palazzo, is claiming against SPYTL, being the main contractor, for the unpaid interim certificates, workdone yet to be certified, unfixed materials and refund of wrongfully imposed back-charges following determination of the main contractor's employment under the main contractor.

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**15. ADDITIONAL INFORMATION (CONT'D)**


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Sunway Creative Stones has in October 2011 filed its claim against SPYTL for the sum of RM4,968,417.05 and interest and costs. SPYTL is counter-claiming for the loss and damage of RM11,600,000.00 for Sunway Creative Stones's delay and back charges of RM35,340.00 and interest and costs or alternatively for the liquidated and ascertained damages in the sum of RM33,600,000.00 at the rate of RM105,000.00 per day for 320 days and back charges of RM35,340.00 and interest and costs.

Hearing of the arbitration proceeding had been completed. Sunway Creative Stones and SPYTL had filed their written submission on 29 January 2015. Both the parties have on 30 May 2015 filed their reply to the written submission. As at the LPD, the award has not been given by the arbitrator yet. The solicitors acting for Sunway Creative Stones is of the view that Sunway Creative Stones has a fairly good case against SPYTL.

- (iii) Sunway Construction Caribbean was awarded a contract for the carrying out of fit-out works by the UDCTT in 2009 at a fixed design-build contract price of TTD298,138,765.48 (equivalent to approximately RM172,175,137.06<sup>(1)</sup>). By wrongfully repudiating the contract, the design fees and standby costs for the package 6 of the interior fit-out works payable by UDCTT from October 2009 to March 2011 remained unpaid by UDCTT. In December 2013, Sunway Construction Caribbean filed a claim at the High Court of Justice, Republic of Trinidad and Tobago, against UDCTT for an accumulated sum of TTD55,006,143.00 (equivalent to approximately RM31,766,047.58<sup>(1)</sup>), being loss and damages arising from UDCTT's wrongful repudiation of the contract.

UDCTT has filed its Amended Statement of Defence and the matter is listed for hearing from 13 to 17 of July 2015. The solicitors acting for Sunway Construction Caribbean is of the view that the chances of success are in favour of Sunway Construction Caribbean although the full amount of Sunway Construction Caribbean's claim may not be recoverable based on the information before them.

- (iv) Pursuant to an agreement entered into between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of highway NH-25 in the state of Uttar Pradesh to four-lane configuration, being a part of the East-West Corridor Project, SunCon entered into a work order for a portion of the project with an Indian company called Shristi Infrastructure Development Corporation Ltd ("**Shristi**"). The total value of the work order was Rs.1,34,37,91,938 (equivalent to approximately RM77,268,036.44<sup>(2)</sup>). Shristi had in accordance with the work order provided two bank guarantees to SunCon.

Shristi failed, refused and/or neglected to carry out its obligations with due care under the work order. As a result, SunCon was compelled to terminate the contract by a letter dated 16 June 2007 and also invoked the bank guarantee given by Shristi. SunCon has recovered a sum of Rs.11,72,97,625.28 (equivalent to RM6,744,613.45<sup>(2)</sup>) from the encashment of the bank guarantees.

Shristi filed an application at the Supreme Court of India in the year 2007 for the appointment of an arbitrator to arbitrate the disputes between the parties. Shristi has subsequently in September 2008 filed its statement of claim for a sum of Rs.89,14,55,047.83 (equivalent to RM51,258,665.25<sup>(2)</sup>). In response to Shristi's claim, SunCon filed its counterclaim amounting to Rs.78,13,94,628.61 (equivalent to approximately RM51,258,665.25<sup>(2)</sup>).

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**15. ADDITIONAL INFORMATION (CONT'D)**


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The arbitration at present cannot proceed due to the demise of the sole arbitrator, Mr. H.L. Agarwal, on 11 January 2013, and Shristi has yet to take any steps to have the tribunal re-constituted. At the time of demise of the sole arbitrator, the arbitration was at evidence stage and Shristi's first witness was being cross-examined. No proceedings can take place unless the tribunal is re-constituted and the arbitration tribunal has not yet been re-constituted.

- (v) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("**NH-76 Highway Project**") by the National Highways Authority ("**NHA**") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "**Reference**"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

- (a) Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43,090,350.00 (equivalent to approximately RM2,477,695.13<sup>(2)</sup>). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. The hearing for the appeal is re-notified to July 2015 for arguments. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and a correspondingly high probability of success before the Supreme Court.

- (b) Reference 2 – In April 2009, SunCon commenced an arbitration proceeding against NHA for the loss suffered as a result of the adjustment made by the engineer on the payment of a monthly interim payment certificate without taking into consideration the component of excise duty. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.25,840,810.00 (equivalent to approximately RM1,485,846.58<sup>(2)</sup>).
- (c) Reference 3 – In April 2009, SunCon claimed against NHA for the reimbursement of the toll tax imposed on all vehicles deployed for the execution of the NH-76 Highway Project. The Arbitral Tribunal had, via an award dated 3 October 2011, awarded SunCon a sum of Rs.14,329,148.00 (equivalent to approximately RM823,926.01<sup>(2)</sup>).

Aggrieved by the Arbitral Tribunal's award dated 3 October 2011 for both Reference 2 and Reference 3, NHA appealed to the High Court in year 2012. The hearing date of the appeal has yet to be fixed. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in both Reference 2 and Reference 3.

**15. ADDITIONAL INFORMATION (CONT'D)**

- (d) Reference 4 – In October 2010, SunCon claimed against NHA for the additional cost incurred on account due to the deduction of royalty for mining minerals and change in legislation, which is to be reimbursed by NHA. The Arbitral Tribunal had, via an award dated 1 March 2012, awarded SunCon a sum of Rs.37,068,467.00 (equivalent to approximately RM2,131,436.85<sup>(2)</sup>). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi and the Arbitral Tribunal's decisions has been upheld by the High Court of Delhi.

Notwithstanding SunCon has received payment in full of the sum awarded, NHA has subsequently appealed to the Supreme Court of India. On 24 April 2015, the Supreme Court had dismissed NHA appeal and judgement pronounced in favour of SunCon.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996 and the fact that the Arbitral Tribunal's decision has been upheld by the Single Bench as well as the Division Bench of the High Court of Delhi, is of the view that SunCon has a high chance of success in this Reference 4.

- (e) Reference 5 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project period which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310,347,836.00 (equivalent to approximately RM17,845,000.57<sup>(2)</sup>).

NHA appealed against the Arbitral Tribunal's award to the High Court. On 13 April 2015, the matter came up for scrutiny before the Registrar of the High Court. NHA requested for time to file the rejoinder. The next date of hearing is 7 July 2015.

The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 5.

- (f) Reference 6 – In March 2013, SunCon claimed against NHA for short payment for work done due to the differences in the rate of the Bill of Quantities. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.124,531,651.00 (equivalent to approximately RM7,160,569.93<sup>(2)</sup>).

NHA appealed against the Arbitral Tribunal's award to the High Court. The matter is fixed for hearing on 13 July 2015. The solicitors acting for SunCon, after taking into consideration of the narrow scope of challenge to the arbitral awards as permissible under the Indian Arbitration and Conciliation Act 1996, is of the view that SunCon has a high chance of success in this Reference 6.

- (g) Reference 7 – In November 2013, SunCon claimed against NHA for the outstanding payment on account of its final bill. The Arbitral Tribunal had, via an award dated 30 September 2014, awarded SunCon a sum of Rs.84,557,733.00 (equivalent to approximately RM4,862,069.65<sup>(2)</sup>).

NHA appealed against the Arbitral Tribunal's award to the High Court. NHA's petition to appeal was subsequently dismissed by the High Court on 13 March 2015.



**15. ADDITIONAL INFORMATION (CONT'D)**

- (vi) Sunway Construction Caribbean was awarded a contract to construct the Ministry of Legal Affairs Tower ("**MLA Tower**") by the UDCTT in year 2006. Sunway Construction Caribbean has, via a letter of award dated 12 January 2006 ("**MLA Tower Sub-Contract**"), sub-contracted ANSA MCAL Enterprises Limited ("**AMEL**") for, *inter alia*, the provision and installation of curtain walling, facade panelling and window washing equipment in respect of the MLA Tower at the contract price of TTD81,229,508.00 (equivalent to approximately RM46,910,040.87<sup>(1)</sup>). AMEL has alleged, *inter-alia*, that Sunway Construction Caribbean was in breach of the MLA Tower Sub-Contract by failing to (a) pay the balance of retention sum and continues withholding the retention sum from AMEL and (b) review the shop drawings in a timely manner which has resulted the delays of AMEL's works.

AMEL had via a claim form and statement of case dated 29 August 2014 and 15 December 2014 respectively, filed its claim against Sunway Construction Caribbean at the High Court of Justice, Republic of Trinidad and Tobago, for an accumulated sum of TTD35,289,007.12 (equivalent to approximately RM20,379,401.61<sup>(1)</sup>), being loss and damages arising from the alleged Sunway Construction Caribbean's breach of the MLA Tower Sub-Contract. Sunway Construction Caribbean had on 6 May 2015 filed its defence and counter claim against AMEL for *inter alia* a total accumulated sum of TTD16,979,960.40 (equivalent to approximately RM9,805,927.13<sup>(1)</sup>).

A case management conference for the above claim is rescheduled to 16 July 2015 at the High Court of Justice, Port-of-Spain, Trinidad and Tobago. The solicitors acting for Sunway Construction Caribbean are of the view that it would be premature to express their view on the probable outcome of the case as at this juncture prior to the filing of AMEL's defence to Sunway Construction Caribbean's counter claim.

**Notes:**

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

**15.6 GOVERNMENTAL LAWS, DECREES, REGULATIONS OR OTHER REQUIREMENTS**

There are no governmental laws, decrees, regulations and/or other requirements which may affect remittance of profit by or to our Company.

Accordingly, we do not expect any adverse impact on our availability of cash and cash equivalents for use by us, and the remittance of dividends, interest or other payments to our shareholders.

**15.7 PUBLIC TAKE-OVERS**

None of the following has occurred since our incorporation on 10 September 2014 and up to the LPD:

- (i) public take-over offers by third parties in respect of our Shares; and  
 (ii) public take-over offers by us in respect of other companies' shares.

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**15. ADDITIONAL INFORMATION (CONT'D)**

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**15.8 CONSENTS**

- (i) The written consent of our Sole Principal Adviser, Joint Global Coordinators, Joint Bookrunners, Joint Underwriters, solicitors, principal bankers, Share Registrar, Issuing House and company secretaries listed in the Corporate Directory of this Prospectus for the inclusion in this Prospectus of their names in the form and context in which such names appear have been given before the issuance of this Prospectus and have not subsequently been withdrawn;
- (ii) The written consent of our Auditors and Reporting Accountants for the inclusion of its names, the Accountants' Report and the Reporting Accountants' letters on the Proforma Consolidated Statements of Financial Position of our Group and all references thereto in the form and context in which they are contained in this Prospectus has been given before the issuance of this Prospectus and have not subsequently been withdrawn; and
- (iii) Our Independent Market Researcher has, before the issuance of this Prospectus, given and has not subsequently withdrawn its written consents to the inclusion of its name, the Independent Market Research Report and extracts of the said report in the form and context in which they are contained in this Prospectus.

**15.9 DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents may be inspected at our registered office at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan during normal business hours for a period of 12 months from the LPD:

- (i) Our Memorandum and Articles of Association;
- (ii) The Independent Market Researcher Report prepared by Smith Zander and its summary thereof as included in Section 7 of this Prospectus;
- (iii) The Accountants' Report as included in Section 12 of this Prospectus;
- (iv) The Reporting Accountants' Report on the Pro forma Consolidated Statements of Financial Position of our Group as at 31 December 2014 as included in Section 13 of this Prospectus;
- (v) Our Directors' Report as included in Section 14 of this Prospectus;
- (vi) The material contracts referred to in Section 15.4 of this Prospectus;
- (vii) The relevant cause papers in respect of the material litigation of our Group referred to in Section 15.5 above;
- (viii) The letters of consent referred to in Section 15.8 of this Prospectus;
- (ix) Our audited combined financial statements for the past three financial years from the FYE 31 December 2012 to FYE 31 December 2014; and
- (x) The audited financial statements of our subsidiaries, unincorporated joint ventures and unincorporated consortium for the past three financial years from the FYE 31 December 2012 to FYE 31 December 2014.

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**15. ADDITIONAL INFORMATION (CONT'D)**

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**15.10 RESPONSIBILITY STATEMENTS**

- (i) Our Directors, Promoters and Selling Shareholder have seen and approved this Prospectus and collectively and individually accept full responsibility for the accuracy of the information contained in this Prospectus and confirm that, after having made all reasonable enquiries and, to the best of their knowledge and belief, there are no false or misleading statements or other facts, the omission of which would make any statement in this Prospectus false or misleading.
  
- (ii) RHB Investment Bank, being the Sole Principal Adviser, Joint Global Coordinator, Joint Bookrunner, Joint Underwriter, acknowledge that, based on all available information and to the best of their knowledge and belief, this Prospectus constitutes a full and true disclosure of all material facts relating to our Listing.

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## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE

### 16.1 OPENING AND CLOSING OF APPLICATION

Applications will be accepted from 10.00 a.m. on 29 June 2015 and will close at 5.00 p.m. on 6 July 2015 or such other date or dates as our Directors, the Selling Shareholder and the Joint Underwriters may decide in their absolute discretion.

If they decide to extend the closing date of the application period, we will advertise a notice of the extension in widely circulated English, Bahasa Malaysia and Mandarin newspapers in Malaysia prior to the original closing date of either the Institutional Offering or the Retail Offering. Following this, the Price Determination Date and dates for the balloting of applications for the OFS Shares under the Retail Offering, allotment/transfer of the OFS Shares to successful applicants and our Listing would be extended accordingly. **Late applications will not be accepted.**

Copies of the Application Forms together with this Prospectus may be obtained, subject to availability, from Issuing House, RHB Investment Bank and ADAs which are registered members of Bursa Securities.

### 16.2 METHODS OF APPLICATION

Applications for the OFS Shares may be made using any of the following:

- (i) Application Form; or
- (ii) Electronic Share Application; or
- (iii) Internet Share Application

A summary of the method of applications are set out below:

Class of Applicants	Application Method
i. Malaysian Public	
<ul style="list-style-type: none"> <li>• Individuals</li> </ul>	White Application Forms or Electronic Share Application <sup>(1)</sup> or Internet Share Application <sup>(2)</sup>
<ul style="list-style-type: none"> <li>• Corporations or institutions</li> </ul>	White Application Forms Only
ii. Eligible Directors and employees of our Company and our subsidiaries and eligible employees of Sunway, being persons who have contributed to the success of our Group	Pink Application Forms only

**Notes:**

(1) *The following processing fee per Electronic Share Application will be charged by the respective Electronic Participating Financial Institutions:*

- (i) *Affin Bank Berhad - No fee will be charged for application by their account holders;*
- (ii) *AmBank (M) Berhad - RM1.00;*
- (iii) *CIMB Bank Berhad - RM2.50;*
- (iv) *HSBC Bank Malaysia Berhad - RM2.50;*
- (v) *Malayan Banking Berhad - RM1.00;*

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (vi) *Public Bank Berhad - RM2.00;*
  - (vii) *RHB Bank Berhad - RM2.50;*
  - (viii) *Standard Chartered Bank Malaysia Berhad (at selected branches only) - RM2.50.*
- (2) *The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institutions:*
- (i) *Affin Bank Berhad (www.affinOnline.com) No fee will be charged for application by their account holders;*
  - (ii) *Affin Hwang Investment Bank Berhad (trade.affinhwang.com) No fee will be charged for Application by their account holders;*
  - (iii) *CIMB Bank Berhad (www.cimbclicks.com.my) - RM2.00 for applicants with CDS Accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS Accounts with other ADAs;*
  - (iv) *CIMB Investment Bank Berhad (www.eipocimb.com) - RM2.00 for payment via CIMB Bank Berhad or Malayan Banking Berhad;*
  - (v) *Malayan Banking Berhad (www.maybank2u.com.my) – RM1.00;*
  - (vi) *Public Bank Berhad (www.pbebank.com) RM2.00;*
  - (vii) *RHB Bank Berhad (www.rhbgroup.com) - RM2.50.*

The eligible Directors and employees of our Company and our subsidiaries and the eligible employees of Sunway who have made applications using the Pink Application Forms may still apply for the OFS Shares offered to the Malaysian Public using the White Application Form, the Electronic Share Application or the Internet Share Application.

Only one Application form from each applicant will be considered and an application must be for 100 OFS Shares or each multiples thereof. **MULTIPLE APPLICATIONS WILL NOT BE ACCEPTED.** If the applicants submit multiple applications in their own name or by using the name of others, with or without their consent, they will be committing an offence under Section 179 of the CMSA and if convicted, may be punished with a minimum fine of RM1,000,000 and a jail term of up to ten years under Section 182 of CMSA.

Applicants using the White and Pink Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using the White Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and *vice versa*.

### 16.3 PROCEDURES FOR APPLICATION

Applications must be made in relation to and subject to the terms of this Prospectus and our Memorandum and Articles of Association. You agree to be bound by our Memorandum and Articles of Association.

**FULL INSTRUCTIONS FOR THE APPLICATION OF THE OFS SHARES AND THE PROCEDURES TO BE FOLLOWED ARE SET OUT IN THE APPLICATION FORMS. YOU ARE ADVISED TO READ THE APPLICATION FORMS AND THE NOTES AND INSTRUCTIONS THEREIN CAREFULLY.**

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.3.1 Applications by the Malaysian Public under the Retail Offering (White Application Forms, Electronic Share Applications or Internet Share Applications)****Eligibility**

You can only apply for the OFS Shares allocated to the Malaysian Public if you meet the following requirements:

- (i) you must have a CDS account. If you do not have a CDS account, you may open a CDS account by contacting any of the ADAs listed in Section 17 of this Prospectus;
- (ii) you must be one of the following:
  - (a) a Malaysian citizen who is at least 18 years old as at the closing date of the Retail Offering with a Malaysian address;
  - (b) a corporation/institution incorporated in Malaysia where there is a majority of Malaysian citizens on your board of directors/trustee and if you have a share capital, more than half of your issued share capital, excluding preference share capital, is held by Malaysian citizens; or
  - (c) a superannuation, co-operative, foundation, provident or pension fund established or operating in Malaysia.

We will not accept applications from trustees, persons under 18 years of age, sole proprietorships, partnerships or other incorporated bodies or associations, other than corporations/institutions referred to in item(ii)(b) or (c) above or the trustees thereof; and

- (iii) you are not a director or an employee of the Issuing House or their immediate family members.

Applications by the Malaysian Public must be made on the WHITE Application Forms provided or by way of Electronic Share Application or Internet Share Application. A corporation or institution cannot apply for shares by way of Electronic Share Application or Internet Share Application. The amount payable in full upon application is RM1.20 per OFS Share.

Applicants using the White Application Forms are not allowed to submit multiple applications in the same category of application. Further, applicants who have submitted their applications using WHITE Application Forms are not allowed to make additional applications using the Electronic Share Applications and the Internet Share Applications, and *vice versa*.

**16.3.2 Applications by the eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway (Pink Application Forms)**

Eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway will be provided separately with PINK Application Forms and letters from us detailing their respective allocations. The applicants must follow the notes and instructions in the said document and where relevant, in this Prospectus. The amount payable in full upon application is RM1.20 per OFS Share.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The Prospectus will be distributed to all eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway in CD-ROM format (contents of which will be in printable format).

However, the eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway may request for a copy of the printed Prospectus from our Company at no cost and are given an option to have the printed Prospectuses delivered to them free of charge, or to obtain the printed Prospectuses from the designated locations as stated in the letter detailing their respective allocations as well as from the following locations as stated below:

- (i) our Company;
- (ii) Issuing House; and
- (iii) ADAs disclosed in Section 17 of this Prospectus.

Any delivery charges, if applicable, will be borne by our Company.

Eligible directors and employees of our Company and our subsidiaries and the eligible employees of Sunway are not precluded from making additional applications under the Malaysian Public category using the WHITE Application Forms.

### 16.4 APPLICATIONS USING APPLICATION FORMS

#### 16.4.1 Types of Application Forms

The following relevant Application Forms issued with the notes and instructions enclosed with this Prospectus are deemed to form an integral part hereof:

- (i) **White** Application Forms for application by Malaysian Public; and
- (ii) **Pink** Application Forms for application by the eligible Directors and employees of our Company and our subsidiaries and the eligible employees of Sunway, being persons who have contributed to the success of our Group

**White** Application Forms together with copies of this Prospectus may be obtained, subject to availability from the following parties:-

- (i) Participating organisations of Bursa Securities;
- (ii) Members of the Association of Banks in Malaysia;
- (iii) Members of the Malaysian Investment Banking Association; and
- (iv) Issuing House.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

The submission of an Application Form does not necessarily mean that your application will be successful. Your application for the OFS Shares must be made on the respective Application Form accompanying this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and on this Prospectus. Our Directors and the Selling Shareholder may at their absolute discretion not accept applications which do not **STRICTLY** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.

If you are an individual other than a member of the armed forces or police, your name and national registration identity card ("**NRIC**") number must be exactly the same as stated in:

- (i) (a) your NRIC;
- (b) any valid temporary identity document as issued by the National Registration Department from time to time; or
- (c) Your "Resit Pengenalan Sementara (KPPK 09)" issued pursuant to Peraturan 5(5), Peraturan-Peraturan Pendaftaran Negara 1990; and
- (ii) the Record of Bursa Depository.

If you are a member of the armed forces or police, your name and your armed forces or police personnel number, as the case may be, must be exactly the same as that stated in your authority card and your address must be the address of your respective camp, base or station.

If you are a corporation or institution, the name and the certificate of incorporation number must be exactly the same as that stated in the corporation's or institution's certificate of incorporation and the address must be the registered address.

We, together with Issuing House will not issue any acknowledgement of the receipt of your Application Forms or application monies.

### 16.4.2 Terms and Conditions for Application using Application Forms

Your applications by way of Application Forms shall be made on, and subject to, the following terms and conditions:

- (i) If you are an individual, you must be a Malaysian citizen residing in Malaysia, with a CDS account and a Malaysian address.
- (ii) If you are a corporation or institution incorporated in Malaysia, you must have a CDS account and be subject to the following:
  - (a) If you have a share capital, more than half of the issued share capital (excluding preference share capital) is held by Malaysian citizens; and
  - (b) There is a majority of Malaysian citizens on the board of Directors or trustee.
- (iii) If you are a superannuation, co-operative, foundation, provident or pension fund, you must be established or operating in Malaysia and have a CDS account.



**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (iv) Applications will not be accepted from trustees, any person under 18 years of age, sole proprietorships, partnership or other incorporated bodies or associations, other than corporations or institutions referred to in Section 16.4.2(ii) and (iii) above or the trustees thereof.
- (v) Application for the OFS Shares must be made on the respective Application Forms issued together with this Prospectus and must be completed in accordance with the notes and instructions printed on the reverse side of the Application Form and this Prospectus. In accordance with Section 232 of the CMSA, the Application Form together with the notes and instructions printed therein shall constitute an integral part of this Prospectus. Our Directors and the Selling Shareholder may at their absolute discretion not accept applications which do not **strictly** conform to the terms of this Prospectus or Application Form or notes and instructions printed therein or which are illegible.
- (vi) Your completed Application Form must be accompanied by remittance in RM for the full amount payable by any of the following:-
  - (a) **BANKER'S DRAFT OR CASHIER'S ORDER** purchased within Malaysia only and drawn on a bank in Kuala Lumpur; or
  - (b) **MONEY ORDER or POSTAL ORDER** (for Applicants from Sabah and Sarawak only); or
  - (c) **GUARANTEED GIRO ORDER ("GGO")** from Bank Simpanan Nasional Malaysia Berhad.

and must be made out in favour of " **MIH SHARE ISSUE ACCOUNT NO. 567**" and crossed "**A/C PAYEE ONLY**" and endorsed on the reverse side with your name and address.

We will not accept applications accompanied by any mode of payments other than those stated above or with excess or insufficient remittances or inappropriate banker's drafts, cashier's orders, money orders, postal orders or GGO. Details of the remittances must be completed in the appropriate boxes provided in the Application Forms.

- (vii) You must state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Issuing House and/ or our Company. If you do not presently have a CDS account, you may open one by contacting any of the ADAs listed in Section 17 of this Prospectus.
- (viii) Your name and address must be written on the reverse side of the banker's draft, cashier's order, money orders, postal orders or GGO.
- (ix) Our Directors and the Selling Shareholder reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and the Selling Shareholder shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (x) Issuing House, on the authority of our Directors and the Selling Shareholder, reserves the right to reject your application if it does not conform to these instructions or if it is illegible or if it is accompanied by remittances improperly drawn.
- (xi) Issuing House, on the authority of our Directors and the Selling Shareholder, reserves the right not to accept your application or to accept it in whole or in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting the OFS Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.
- (xii) If you are unsuccessful/partially successful in your application, the full amount or the balance of the application monies, as the case may be, will be refunded without interest in the following manner:
  - (a) The full amount or the balance of the application monies, as the case may be, will be refunded to you via the self-addressed and stamped Official "A" envelope you provided by ordinary post (for fully unsuccessful applications) or crediting into your bank account if you have provided such bank account information to Bursa Depository or by ordinary post/registered post (for partially successful application) within 10 Market Days from the date of the final ballot if you have not provided such bank account information to Bursa Depository.
  - (b) If your Application is rejected because you did not provide a CDS Account, the full amount of your application monies will be sent to you to the address as per NRIC or "Resit Pengenalana Sementara (KPPK 09)" or any valid temporary identity document as issued by the National Registration Department from time to time, or the authority card in the case of armed forces or police personnel, at your own risk.
  - (c) Issuing House reserves the right to bank in all application monies from unsuccessful applicants and these monies will be refunded by crediting into your bank account if you have provided such bank account information to Bursa Depository or by ordinary post/registered post to your address last maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository or as per item (b) above (as the case may be) within 10 Market Days from the date of the final ballot.
- (xiii) You shall ensure that your personal particulars stated in the Application Form are identical with the records maintained by Bursa Depository. You must inform Bursa Depository promptly of any change in address, failing which the notification letter of successful allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.

## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

- (xiv) Your completed Application Form together with the appropriate remittance and legible photocopy of the relevant documents, must be despatched by **ORDINARY POST** in the official envelopes provided, to the following address:-

Malaysian Issuing House Sdn Bhd  
Level 6, Symphony House  
Pusat Dagangan Dana 1  
Jalan PJU 1A/46  
47301 Petaling Jaya  
Selangor Darul Ehsan

OR

P.O. Box 8269  
Pejabat Pos Kelana Jaya  
46785 Petaling Jaya  
Selangor Darul Ehsan

or **DELIVERED BY HAND AND DEPOSITED** in the drop-in boxes provided at the front portion of Symphony House, Pusat Dagangan Dana 1, Jalan PJU 1A/46, 47301 Petaling Jaya, Selangor Darul Ehsan, so as to arrive not later than 5.00 p.m. on 6 July 2015, or such other later date or dates as our Directors, Promoters, the Selling Shareholder and our Joint Underwriters in their absolute discretion may decide.

- (xv) Please direct all your enquiries in respect of the White Application Form to Issuing House.

## 16.5 APPLICATIONS USING ELECTRONIC SHARE APPLICATION

### 16.5.1 Steps for Electronic Share Application through a Participating Financial Institution's ATM

- (i) You must have an account with a Participating Financial Institution (as detailed in Section 16.5.2 below) and an ATM card issued by that Participating Financial Institution to access the account.
- (ii) You must have a CDS Account.
- (iii) You are to apply for the OFS Shares via the ATM of the Participating Financial Institution by choosing the Electronic Share Application option. Mandatory statements required in the application are set forth in Section 16.5.3 below.

You are to enter at least the following information through the ATM where the instructions on the ATM screen at which you enter your Electronic Share Application requires you to do so:

- Your Personal Identification Number ("**PIN**");
- MIH Share Issue Account Number 567;
- Your CDS Account number;

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- Number of OFS Shares applied for and/ or the RM amount to be debited from the account; and
- You are to confirm several mandatory statements.

**16.5.2 Participating Financial Institutions**

Electronic Share Applications may be made through an ATM of the following Participating Financial Institutions and their branches:

- Affin Bank Berhad;
- AmBank (M) Berhad;
- CIMB Bank Berhad;
- HSBC Bank Malaysia Berhad;
- Malayan Banking Berhad;
- Public Bank Berhad;
- RHB Bank Berhad; or
- Standard Chartered Bank Malaysia Berhad (at selected branches only).

**16.5.3 Terms and Conditions for Electronic Share Applications**

The procedures for Electronic Share Applications at ATMs of the Participating Financial Institutions are set out on the ATM screens of the relevant Participating Financial Institutions ("**Steps**"). For illustration purposes, the procedures for Electronic Share Applications at ATMs are set out in Section 16.5.1 above. The Steps set out the actions that you must take at the ATM to complete an Electronic Share Application. You are advised to read and understand the terms of this Prospectus, the Steps and the terms and conditions for Electronic Share Applications set out below before making an Electronic Share Application. Any reference to "applicant" in the terms and conditions for Electronic Share Applications and the Steps shall refer to you, if you apply for the OFS Shares through an ATM of any of the Participating Financial Institutions.

**You must be an individual with a CDS account to make an Electronic Share Application. The CDS account must be in your own name. Invalid, nominee or third party CDS accounts will not be accepted.**

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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You must have an existing bank account with, and be an ATM cardholder of, one of the Participating Financial Institutions before you can make an Electronic Share Application at an ATM of that Participating Financial Institution. An ATM card issued by one of the Participating Financial Institutions cannot be used to apply for the OFS Shares at an ATM belonging to other Participating Financial Institutions. Upon the completion of your Electronic Share Application transaction, you will receive a computer-generated transaction slip ("**Transaction Record**"), confirming the details of your Electronic Share Application. The Transaction Record is only a record that you have completed a transaction at the ATM and not a record of the receipt of the Electronic Share Application or any data relating to such an Electronic Share Application by us or Issuing House. The Transaction Record is for your retention and should not be submitted with any Application Form.

Upon the closing of the offer for the application for our offer on 6 July 2015 at 5.00 p.m. ("**Closing Date and Time**"), the Participating Financial Institution shall submit a magnetic tape containing its respective customers' applications for the OFS Shares to Issuing House as soon as practicable but not later than 12.00 p.m. of the second (2nd) business day after the Closing Date and Time.

You will be allowed to make an Electronic Share Application for the OFS Shares via an ATM that accepts the ATM cards of the Participating Financial Institution with which you have an account and its branches, subject to you making only one application. If you have a bank account with a Participating Financial Institution and have been issued an ATM card, you will be allowed to apply for shares via an ATM of that Participating Financial Institution which is situated in another country or place outside of Malaysia, subject to you making only one application.

**You must ensure that you use your own CDS account number when making an Electronic Share Application. If you operate a joint account with any Participating Financial Institution, you must ensure that you enter your own CDS account number when using an ATM card issued to you in your own name. Your application will be rejected if you fail to comply with the foregoing conditions.**

The Electronic Share Application shall be made on, and subject to, the terms and conditions contained herein as well as the terms and conditions as set out below:

- (i) Your Electronic Share Application shall be made in connection with and subject to the terms of this Prospectus and our Memorandum and Articles of Association.
- (ii) You are required to confirm the following statement (by pressing pre-designated keys or buttons on the ATM keyboard) and undertake that the following information given are true and correct:
  - You have attained 18 years of age as at the closing date of the share application;
  - You are a Malaysian citizen residing in Malaysia;
  - You have read the relevant Prospectus and understood and agreed with the terms and conditions of this application;
  - This is the only application that you are submitting; and

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- You give consent to the Participating Financial Institution and Bursa Depository to disclose information pertaining to yourself and your account with the Participating Financial Institution and Bursa Depository to Issuing House and other relevant authorities.

Your application will not be successfully completed and cannot be recorded as a completed transaction at the ATM unless you complete all the Steps required by the Participating Financial Institution. By doing so, you shall be treated as signifying your confirmation of each of the above statements as well as giving consent in accordance with the relevant laws of Malaysia including Section 133 of the Financial Services Act 2013 and Section 45 of the SICDA, to the disclosure by the relevant Participating Financial Institution or Bursa Depository, as the case may be, of any of your particulars to Issuing House or any other relevant regulatory bodies.

- (iii) You confirm that you are not applying for the OFS Shares as a nominee of any other persons and that any Electronic Share Application that you make is made by you as the beneficial owner. You shall only make one Electronic Share Application and shall not make any other application for the OFS Shares, whether at the ATMs of any Participating Financial Institutions, on the prescribed Application Forms or via Internet Share Application.
- (iv) You must have sufficient funds in your account with the relevant Participating Financial Institution at the time you make your Electronic Share Application, failing which your Electronic Share Application will not be completed. We will reject any Electronic Share Application which does not strictly conform to the instructions set out on the screens of the ATM through which the Electronic Share Application is made.
- (v) You agree and undertake to subscribe for or purchase and to accept the number of OFS Shares applied for as stated on the Transaction Record or any lesser number of OFS Shares that may be allotted or allocated to you in respect of your Electronic Share Application. In the event that we decide to allot any lesser number of such OFS Shares or not to allot or allocate any OFS Shares to you, you agree to accept any such decision as final. If your Electronic Share Application is successful, your confirmation (by your action of pressing the designated key or buttons on the ATM) of the number of OFS Shares applied for shall signify, and shall be treated as, your acceptance of the number of OFS Shares that may be allotted or allocated to you and to be bound by our Memorandum and Articles of Association.
- (vi) Issuing House, on the authority of our Directors and the Selling Shareholder reserves the right to reject or accept any Electronic Share Application in whole or in part only on a non-discriminatory basis without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the OFS Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (vii) If your Electronic Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Participating Financial Institution of the unsuccessful or partially successful applications within two Market Days after the balloting date. Where your Electronic Share Application is not successful, the relevant Participating Financial Institution will credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share of revenue or benefit arising therefrom) into your account with that Participating Financial Institution within two Market Days after the receipt of confirmation from Issuing House. You may check your accounts on the fifth Market Day from the balloting day.
- (viii) If your Electronic Share Application is successful in part only, the relevant Participating Financial Institution will credit the balance of the application monies without interest into your account with the Participating Financial Institution within two Market Days after the receipt of confirmation from Issuing House. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application held in reserve, is subsequently rejected, your application monies without interest will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within 10 Market Days from the date of the final ballot.
- (ix) You request and authorise us:
  - (a) to credit the OFS Shares allotted or allocated to you into your CDS account; and
  - (b) to issue OFS Share certificate(s) representing such OFS Shares allotted or allocated in the name of Bursa Malaysia Depository Nominees Sdn Bhd and send the same to Bursa Depository.
- (x) You, acknowledging that your Electronic Share Application is subject to the risks of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Participating Financial Institutions or Bursa Depository, irrevocably agree that if:
  - (a) we or Issuing House do/does not receive your Electronic Share Application; or
  - (b) data relating to your Electronic Share Application is wholly or partially lost, corrupted or not otherwise accessible, or not transmitted or communicated to us or Issuing House,you shall be deemed not to have made an Electronic Share Application and you shall not claim whatsoever against us, Issuing House, the Participating Financial Institutions or Bursa Depository for the OFS Shares applied for or for any compensation, loss or damage.
- (xi) All your particulars in the records of the relevant Participating Financial Institution at the time you make your Electronic Share Application shall be deemed to be true and correct and we, Issuing House and the relevant Participating Financial Institution shall be entitled to rely on the accuracy thereof.

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (xii) You shall ensure that your personal particulars as recorded by both Bursa Depository and the relevant Participating Financial Institution are correct and identical. Otherwise, your Electronic Share Application is liable to be rejected. You must inform Bursa Depository promptly of any change in address failing which the notification letter of successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository.
- (xiii) By making and completing an Electronic Share Application, you agree that:
- (a) in consideration of our Company agreeing to allow and accept the making of any application for the OFS Shares via the Electronic Share Application facility established by the Participating Financial Institutions at their respective ATMs, your Electronic Share Application is irrevocable;
  - (b) we, the Participating Financial Institutions, Bursa Depository and Issuing House shall not be liable for any delays, failures or inaccuracies in the processing of data relating to your Electronic Share Application to us due to a breakdown, failure of transmission or communication facilities, or to any cause beyond our/ their control;
  - (c) notwithstanding the receipt of any payment by us or on our behalf, the acceptance of your offer to subscribe for and purchase the OFS Shares for which your Electronic Share Application has been successfully completed shall be constituted by the issue of notices of successful allotment for prescribed securities, in respect of the OFS Shares;
  - (d) you irrevocably authorise Bursa Depository to complete and sign on your behalf as transferee or renounee any instrument of transfer and/ or other documents required for the issue or transfer of the OFS Shares allotted or allocated to you; and
  - (e) you agree that in the event of legal disputes arising from the use of the Electronic Share Application, our mutual rights, obligations and liabilities shall be determined under the laws of Malaysia and be bound by the decisions of the Courts of Malaysia.
- (xiv) Our Directors and the Selling Shareholder reserve the right to require you, if your application is successful, to appear in person at the registered office of Issuing House within 14 days of the date of the notice issued to you to ascertain the regularity or propriety of your application. Our Directors and the Selling Shareholder shall not be responsible for any loss or non-receipt of the said notice nor shall they be accountable for any expenses incurred or to be incurred by you for the purpose of complying with this provision.
- (xv) Issuing House on the authority of our Directors and the Selling Shareholder reserves the right to reject your applications, if it does not conform to these instructions.
- (xvi) The following processing fee per Electronic Share Application will be charged by the respective Participating Financial Institutions:
- Affin Bank Berhad – No fee will be charged for application by their account holders;



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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- AmBank (M) Berhad – RM1.00;
- CIMB Bank Berhad – RM2.50;
- HSBC Bank Malaysia Berhad – RM2.50;
- Malayan Banking Berhad – RM1.00;
- Public Bank Berhad – RM2.00;
- RHB Bank Berhad – RM2.50;
- Standard Chartered Bank Malaysia Berhad (at selected branches only) – RM2.50.

**16.6 APPLICATIONS USING INTERNET SHARE APPLICATION****16.6.1 Steps for Internet Share Application**

The exact steps for Internet Share Application for the OFS Shares are set out on the Internet financial services websites of the Internet Participating Financial Institutions.

For illustration purposes only, we have set out below possible steps of an application of the OFS Shares using Internet Share Application. The steps set out the actions that you must take at the Internet financial services website of the Internet Participating Financial Institution to complete an Internet Share Application.

**PLEASE NOTE THAT THE ACTUAL STEPS FOR INTERNET SHARE APPLICATIONS CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS MAY DIFFER FROM THE STEPS OUTLINED BELOW.**

- (i) Connect to the Internet financial services website of the Internet Participating Financial Institution with which you have an account. You are advised not to apply for the OFS Shares through any website other than the Internet financial services website of the Internet Participating Financial Institution.
- (ii) Login to the Internet financial services facility by entering your user identification ("User ID") and PIN/ password.
- (iii) Navigate to the section of the website on applications in respect of initial public offerings.
- (iv) Select the counter in respect of the OFS Shares to launch the Electronic Prospectus and the terms and conditions of the Internet Share Application.
- (v) Select the designated hyperlink on the screen to accept the above-mentioned terms and conditions, having read and understood such terms and conditions.
- (vi) At the next screen, complete the online application form.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (vii) Check that the information contained in the online application form such as the share counter, NRIC number, CDS account number, number of OFS Shares applied for and the account number to debit are correct, and select the designated hyperlink on the screen to confirm and submit the online application form.
  
- (viii) By confirming such information, you will undertake that the following mandatory statements are true and correct:
  - (a) You have attained 18 years of age as at the closing date of the share application;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have, prior to making the Internet Share Application, received and/ or had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the OFS Shares;
  - (e) The Internet Share Application is the only application that you are submitting for the OFS Shares;
  - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the OFS Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (g) You give your express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - (h) You are not applying for the OFS Shares as a nominee of any other person and the application is made in your own name as beneficial owner and subject to the risks referred to in this Prospectus;

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Applications services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services;
- (ix) Upon submission of the online application form, you will be linked to the website of the Authorised Financial Institution to effect the online payment of your application for the Retail Offering;
- (x) As soon as the transaction is completed, a message from the Authorised Financial Institution pertaining to the payment status will appear on the screen of the website through which the online payment for the application of the Retail Offering is being made;
- (xi) Subsequent to the above, the Internet Participating Financial Institution shall confirm that the Internet Share Application has been completed, via the Confirmation Screen on its website; and
- (xii) You are advised to print out the Confirmation Screen for reference and retention.

**16.6.2 Terms and Conditions for Internet Share Application**

Your application for the OFS Shares may be made through the Internet financial services website of the Internet Participating Financial Institutions.

**You are advised not to apply for the OFS Shares through any website other than the Internet financial services website of the Internet Participating Financial Institutions.**

Internet Share Applications may be made through the Internet financial services websites of the following Internet Participating Financial Institutions:

- Affin Bank Berhad at [www.affinOnline.com](http://www.affinOnline.com); or
- Affin Hwang Investment Bank Berhad at [trade.affinhwang.com](http://trade.affinhwang.com); or
- CIMB Bank Berhad at [www.cimbclicks.com.my](http://www.cimbclicks.com.my); or
- CIMB Investment Bank Berhad at [www.eipocimb.com](http://www.eipocimb.com); or
- Malayan Banking Berhad at [www.maybank2u.com.my](http://www.maybank2u.com.my) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- Public Bank Berhad at [www.pbebank.com](http://www.pbebank.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)); or
- RHB Bank Berhad at [www.rhbgroup.com](http://www.rhbgroup.com) (via hyperlink to Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com)).

**PLEASE READ THE TERMS OF THIS PROSPECTUS, THE TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATIONS AND THE PROCEDURES SET OUT IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS BEFORE MAKING AN INTERNET SHARE APPLICATION.**

**THE EXACT TERMS AND CONDITIONS AND ITS SEQUENCE FOR THE INTERNET SHARE APPLICATIONS IN RESPECT OF THE OFS SHARES ARE SET OUT ON THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

**PLEASE NOTE THAT THE ACTUAL TERMS AND CONDITIONS OUTLINED BELOW SUPPLEMENT THE ADDITIONAL TERMS AND CONDITIONS FOR INTERNET SHARE APPLICATION CONTAINED IN THE INTERNET FINANCIAL SERVICES WEBSITES OF THE INTERNET PARTICIPATING FINANCIAL INSTITUTIONS.**

An Internet Share Application shall be made on and shall be subject to the terms and conditions set out below:

- (i) In order to make an Internet Share Application, you must:
  - (a) be an individual with a CDS account and in the case of a joint account an individual CDS account registered in your name which is to be used for the purpose of the application if you are making the application instead of a CDS account registered in the other joint account holder's name;
  - (b) have an existing account with access to Internet financial services facilities with an Internet Participating Financial Institution. You must have ready your User ID and PIN/password for the relevant Internet financial services facilities; and
  - (c) be a Malaysian citizen and have a Malaysian address.

You are advised to note that a User ID and PIN/password issued by one of the Internet Participating Financial Institutions cannot be used to apply for the OFS Shares at Internet financial service websites of other Internet Participating Financial Institutions.

- (ii) An Internet Share Application shall be made on and shall be subject to the terms of this Prospectus and our Memorandum and Articles of Association.

**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (iii) You are required to confirm the following statements (by selecting the designated hyperlink on the relevant screen of the Internet financial services website of the Internet Participating Financial Institution) and to undertake that the following information given are true and correct:
- (a) You have attained 18 years of age as at the date of the application for the OFS Shares;
  - (b) You are a Malaysian citizen residing in Malaysia;
  - (c) You have, prior to making the Internet Share Application, received and/ or have had access to a printed/electronic copy of this Prospectus, the contents of which you have read and understood;
  - (d) You agree to all the terms and conditions of the Internet Share Application as set out in this Prospectus and have carefully considered the risk factors set out in this Prospectus, in addition to all other information contained in this Prospectus before making the Internet Share Application for the OFS Shares;
  - (e) The Internet Share Application is the only application that you are submitting for the OFS Shares;
  - (f) You authorise the Internet Participating Financial Institution or the Authorised Financial Institution to deduct the full amount payable for the OFS Shares from your account with the Internet Participating Financial Institution or the Authorised Financial Institution;
  - (g) You give express consent in accordance with the relevant laws of Malaysia (including but not limited to Section 133 of the Financial Services Act, 2013 and Section 45 of the Securities Industry (Central Depositories) Act, 1991) to the disclosure by the Internet Participating Financial Institution, the Authorised Financial Institution and/ or Bursa Depository, as the case may be, of information pertaining to you, the Internet Share Application made by you or your account with the Internet Participating Financial Institution, to Issuing House and the Authorised Financial Institution, the SC and any other relevant authority;
  - (h) You are not applying for the OFS Shares as a nominee of any other person and the application is made in your own name, as beneficial owner and subject to the risks referred to in this Prospectus; and
  - (i) You authorise the Internet Participating Financial Institution to disclose and transfer to any person, including any government or regulatory authority in any jurisdiction, us, Bursa Securities or other relevant parties in connection with the Retail Offering, all information relating to you if required by any law, regulation, court order or any government or regulatory authority in any jurisdiction or if such disclosure and transfer is, in the reasonable opinion of the Internet Participating Financial Institution, necessary for the provision of the Internet Share Application services or if such disclosure is requested or required in connection with the Retail Offering. Further, the Internet Participating Financial Institution will take reasonable precautions to preserve the confidentiality of information relating to you furnished by you to the Internet Participating Financial Institution in connection with the use of the Internet Share Application services.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (iv) Your application will not be successfully completed and cannot be recorded as a completed application unless you have completed all relevant application steps and procedures for the Internet Share Application which would result in the internet financial services website displaying the Confirmation Screen.

For the purposes of this Prospectus, "Confirmation Screen" shall mean the screen which appears or is displayed on the Internet financial services website, which confirms that the Internet Share Application has been completed and states the details your Internet Share Application, including the number of OFS Shares applied for which can be printed out by you for your records.

Upon the display of the Confirmation Screen, you shall be deemed to have confirmed the truth of the statements set out in Section 16.6.2 (iii) above.

- (v) You must have sufficient funds in your account with the Internet Participating Financial Institution or the Authorised Financial Institution at the time of making the Internet Share Application, to cover and pay for the OFS Shares and the related processing fees, charges and expenses, if any, to be incurred, failing which the Internet Share Application will not be deemed complete, notwithstanding the display of the Confirmation Screen. Any Internet Share Application which does not conform strictly to the instructions set out in this Prospectus or any instructions displayed on the screens of the Internet financial services website through which the Internet Share Application is made shall be rejected.

- (vi) You irrevocably agree and undertake to subscribe for and to accept the number of OFS Shares applied for as stated on the Confirmation Screen or any lesser number of OFS Shares that may be allotted or allocated to you in respect of the Internet Share Application. In the event that we decide to allot or allocate any lesser number of such OFS Shares or not to allot or allocate any OFS Shares to you, you agree to accept our decision as final.

In the course of completing the Internet Share Application on the website of the Internet Participating Financial Institution, your confirmation of the number of OFS Shares applied for (by way of your action of clicking the designated hyperlink on the relevant screen of the website) shall be deemed to signify and shall be treated as:-

- (a) Your acceptance of the number of OFS Shares that may be allotted or allocated to you in the event that your Internet Share Application is successful or successful in part, as the case may be; and
- (b) Your agreement to be bound by our Memorandum and Articles of Association.
- (vii) You are fully aware that multiple or suspected multiple Internet Share Applications for the OFS Shares will be rejected. Issuing House on the authority of our Directors and the Selling Shareholder reserves the right to reject any Internet Share Application or accept any Internet Share Application in part only without assigning any reason therefor. We will give due consideration to the desirability of allotting or allocating the OFS Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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- (viii) If your Internet Share Application is unsuccessful or successful in part only, Issuing House shall inform the relevant Internet Participating Financial Institution of the unsuccessful or partially successful Internet Share Application within two Market Days after the balloting date. Where your Internet Share Application is unsuccessful, the relevant Internet Participating Financial Institution will credit or arrange with the Authorised Financial Institution to credit the full amount of the application monies or the balance of it, as the case may be, in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two Market Days after receipt of written confirmation from Issuing House. You may check your account on the fifth Market Days from the balloting day.

If your Internet Share Application is successful in part only, the relevant Internet Participating Financial Institution will credit the balance of the application monies in RM (without interest or any share revenue or other benefit arising therefrom) into your account with the Internet Participating Financial Institution or the Authorised Financial Institution within two Market Days after receipt of written confirmation from Issuing House. We will, however, hold in reserve a number of applications to replace any successfully balloted applications that are subsequently rejected. If your application is held in reserve and is subsequently rejected, your application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to you by crediting into your account with the Participating Financial Institution within 10 Market Days from the date of the final ballot.

For applications that are held in reserve and are subsequently unsuccessful (or partly successful), the Internet Participating Financial Institutions will credit the application monies (or any part thereof but without interest or any share of revenue or other benefit arising therefrom) into your account within two Market Days after the receipt of confirmation from Issuing House.

Except where Issuing House is required to refund application monies, it is the sole responsibility of the Internet Participating Financial Institutions to ensure the timely refund of application monies from unsuccessful or partially successful Internet Share Applications. Therefore, you are strongly advised to consult with the Internet Participating Financial Institutions through which your application was made in respect of the mode or procedure of enquiring on the status of the Internet Share Application in order to determine the status or exact number of OFS Shares allotted or allocated, if any, before trading of our Shares on Bursa Securities.

- (ix) Internet Share Applications will be closed at 5.00 p.m. on 6 July 2015 or such other date(s) as our Directors, the Selling Shareholder and our Joint Underwriters may in their absolute discretion mutually decide. An Internet Share Application is deemed to be received only upon its completion, that is when the Confirmation Screen is displayed on the Internet financial services website. You are advised to print out and retain a copy of the Confirmation Screen for record purposes. Late Internet Share Applications will not be accepted.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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(x) You irrevocably agree and acknowledge that the Internet Share Application is subject to risk of electrical, electronic, technical and computer-related faults and breakdowns, fires and other events beyond our control and the control of Issuing House or the Internet Participating Financial Institutions and the Authorised Financial Institutions. If in any such event, we, Issuing House and/or the Internet Participating Financial Institutions do not receive your Internet Share Application and/ or the payment therefor, or in the event that any data relating to the Internet Share Application or the tape or any other devices containing such data is lost, corrupted, destroyed or otherwise not accessible, whether wholly or partially and for any reason whatsoever, you shall be deemed not to have made an Internet Share Application and you shall not claim whatsoever against us, Issuing House or the Internet Participating Financial Institution and the Authorised Financial Institution in relation to the OFS Shares applied for or for any compensation, loss or damage whatsoever, as a consequence thereof or arising therefrom.

(xi) All your particulars in the records of the relevant Internet Participating Financial Institution at the time you make your Internet Share Application shall be deemed to be true and correct, and we, Issuing House, the relevant Internet Participating Financial Institutions and all other persons who, are entitled or allowed under the law to such information or where you expressly consent to the provision of such information shall be entitled to rely on the accuracy thereof.

You shall ensure that your personal particulars as recorded by both Bursa Depository and the Internet Participating Financial Institution are correct and identical. Otherwise, your Internet Share Application is liable to be rejected. The notification letter on successful allotment or allocation will be sent to your registered or correspondence address last maintained with Bursa Depository. It is your responsibility to notify the Internet Participating Financial Institution and Bursa Depository of any changes in your personal particulars that may occur from time to time.

(xii) By making and completing an Internet Share Application, you are deemed to have agreed that:

(a) In consideration of our Company agreeing to allow and accept the making of any application for the OFS Shares via the Internet Share Application facility established by the Internet Participating Financial Institution acting as agents for us, your Internet Share Application is irrevocable;

(b) You have irrevocably requested and authorised us to register the OFS Shares allotted or allocated to you for deposit into your CDS account;

(c) Neither us nor the Internet Participating Financial Institution shall be liable for any delay, failure or inaccuracy in the recording, storage or transmission or delivery of data relating to the Internet Share Application to Issuing House or Bursa Depository due to any breakdown or failure of transmission, delivery or communication facilities or due to any risk referred to in Section 16.6.2(x) herein or to any cause beyond their control;



**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

- (d) You shall hold the Internet Participating Financial Institution harmless from any damages, claims or losses whatsoever, as a consequence of or arising from any rejection of your Internet Share Application by Issuing House, us and/ or the Internet Participating Financial Institution for reasons of multiple application, suspected multiple application, inaccurate and/ or incomplete details provided by you, or any other cause beyond the control of the Internet Participating Financial Institution;
  - (e) The acceptance of your offer to subscribe for the OFS Shares for which your Internet Share Application has been successfully completed shall be constituted by written notification in the form of the issue of a notice of allotment/transfer by us or on our behalf and not otherwise, notwithstanding the receipt of any payment by us or on our behalf;
  - (f) You are not entitled to exercise any remedy of rescission for misrepresentation at any time after we have accepted your Internet Share Application;
  - (g) In making the Internet Share Application, you have relied solely on the information contained in this Prospectus. We, our Joint Underwriters and Principal Adviser and any other person involved in the Listing shall not be liable for any information not contained in this Prospectus which you may have been relied on in making the Internet Share Application; and
  - (h) Our acceptance of your Internet Share Application and the contract resulting therefrom under the Retail Offering shall be governed by and construed in accordance with the laws of Malaysia, and the applicant irrevocably submits to the jurisdiction of the courts of Malaysia.
- (xiii) The following processing fee per Internet Share Application will be charged by the respective Internet Participating Financial Institution:
- (a) Affin Bank Berhad ([www.affinOnline.com](http://www.affinOnline.com)) – No fee will be charged for application by their account holders;
  - (b) Affin Hwang Investment Bank Berhad ([trade.affinhwang.com](http://trade.affinhwang.com)) – No fee will be charged for application by their account holders;
  - (c) CIMB Bank Berhad ([www.cimbclicks.com.my](http://www.cimbclicks.com.my)) - RM2.00 for applicants with CDS accounts held with CIMB Investment Bank Berhad and RM2.50 for applicants with CDS accounts with other ADAs;
  - (d) CIMB Investment Bank Berhad ([www.eipocimb.com](http://www.eipocimb.com)) – RM2.00 for payment via CIMB Bank Berhad or via Malayan Banking Berhad;
  - (e) Malayan Banking Berhad ([www.maybank2u.com.my](http://www.maybank2u.com.my)) – RM1.00;
  - (f) Public Bank Berhad ([www.pbebank.com](http://www.pbebank.com)) – RM2.00;
  - (g) RHB Bank Berhad ([www.rhbgroup.com](http://www.rhbgroup.com)) – RM2.50.

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## 16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)

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### 16.7 OVER/UNDER-SUBSCRIPTION

In the event of an over-subscription, acceptance of applications shall be subject to a ballot to be conducted in the manner approved by our Directors and the Selling Shareholder and on a fair and equitable basis. We will give due consideration to the desirability of distributing our Shares to a reasonable number of applicants with a view of broadening our shareholding base and establishing an adequate market for our Shares.

Pursuant to the Listing Requirements, we must have at least 25% of the SCG Share Capital to be held by a minimum number of 1,000 public shareholders holding not less than 100 Shares each, upon our admission to the Official List. We expect to achieve this at the point of Listing. We may not be allowed to proceed with our Listing if the above requirement is not met pursuant to the Listing. In the event thereof, monies paid in respect of any applications for the OFS Shares will be returned in full without interest. If such monies are not returned in full within 14 days after the Selling Shareholder becomes liable to do so, the Selling Shareholder and its officers shall be liable to return such monies with interest at the rate of 10% per annum or at such other rate as may be prescribed by the SC from the expiration of that period until the full refund is made. Our Directors and the Selling Shareholder will determine how the applications will be selected.

In the event of an under-subscription subject to the clawback and reallocation as set out in Section 3.6.4 of this Prospectus, all the OFS Shares not applied for under the Retail Offering will be subscribed by the Joint Underwriters pursuant to the Retail Underwriting Agreement.

Where your successfully balloted application under the White Application Form is subsequently rejected, the full amount of your application monies, will be refunded without interest to you within 10 Market Days from the date of the final ballot by crediting into your bank account if you have provided such bank account information to Bursa Depository by ordinary/registered post to your address maintained with Bursa Depository if you have not provided such bank account information to Bursa Depository, at your own risk.

Where your successfully balloted application under the Electronic Share Application or Internet Share Application is subsequently rejected, the full amount of your application monies, will be refunded without interest to you by crediting into your account with the Participating Financial Institution or Internet Participating Financial Institution, respectively.

### 16.8 APPLICATIONS AND ACCEPTANCES

Issuing House, on the authority of our Directors and the Selling Shareholder reserves the right not to accept your application, if it does not strictly comply with the instructions or to accept your application in part only without assigning any reason therefor.

The submission of an Application does not necessarily mean that the application will be successful.

Directors and employees of Issuing House and their immediate families are strictly prohibited from applying for the OFS Shares.

**Your applications must be for at least 100 Shares or multiples thereof.**

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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IF YOUR APPLICATION IS REJECTED OR ACCEPTED IN PART ONLY, THE FULL AMOUNT OR THE BALANCE OF YOUR APPLICATION MONIES, AS THE CASE MAY BE, WILL BE REFUNDED WITHOUT INTEREST BY CREDITING INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY/REGISTERED POST TO YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT, AT YOUR OWN RISK.

NO APPLICATION SHALL BE DEEMED TO HAVE BEEN ACCEPTED BY REASON OF THE REMITTANCES HAVING BEEN PRESENTED FOR PAYMENT.

ISSUING HOUSE, ON THE AUTHORITY OF OUR DIRECTORS AND THE SELLING SHAREHOLDER RESERVES THE RIGHT TO BANK IN ALL APPLICATION MONIES FROM UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS. REFUND MONIES IN RESPECT OF UNSUCCESSFUL APPLICANTS AND PARTIALLY SUCCESSFUL APPLICANTS WILL BE REFUNDED WITHOUT INTEREST BY CREDITING INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY/REGISTERED POST TO YOUR ADDRESS LAST MAINTAINED WITH BURSA DEPOSITORY IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY WITHIN 10 MARKET DAYS FROM THE DATE OF THE FINAL BALLOT, AT YOUR OWN RISK.

IN THE EVENT THAT THE FINAL RETAIL PRICE IS LOWER THAN THE RETAIL PRICE, THE DIFFERENCE WILL BE REFUNDED TO YOU WITHOUT INTEREST THEREON. THE REFUND WILL BE CREDITED INTO YOUR BANK ACCOUNT IF YOU HAVE PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY OR BY ORDINARY/REGISTERED POST TO THE ADDRESS MAINTAINED WITH BURSA DEPOSITORY IF YOU HAVE NOT PROVIDED SUCH BANK ACCOUNT INFORMATION TO BURSA DEPOSITORY FOR APPLICATIONS MADE VIA THE WHITE APPLICATION FORM OR BY CREDITING INTO YOUR ACCOUNT WITH THE PARTICIPATING FINANCIAL INSTITUTION FOR APPLICATIONS MADE VIA THE ELECTRONIC SHARE APPLICATION OR BY CREDITING INTO YOUR ACCOUNT WITH THE INTERNET PARTICIPATING FINANCIAL INSTITUTION FOR APPLICATIONS MADE VIA INTERNET SHARE APPLICATION, WITHIN 10 MARKET DAYS FROM THE DATE OF FINAL BALLOT, AT YOUR OWN RISK.

**16.9 CDS ACCOUNTS**

Pursuant to Section 14(1) of the SICDA, Bursa Securities has prescribed our Shares as "Prescribed Securities". Therefore, the OFS Shares offered through this Prospectus will be deposited directly with Bursa Depository and any dealings in these Shares will be carried out in accordance with the aforesaid Act and Rules of Bursa Depository.

Following the above, in accordance with Section 29 of the SICDA, all dealings in our Shares will be by book entries through CDS accounts. We will not issue any share certificates to you.

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**16. PROCEDURE FOR APPLICATION AND ACCEPTANCE (CONT'D)**

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**16.9.1 Application by way of Applications Forms**

Only if you have a CDS account can you make an application by way of an Application Form. If you apply using an Application Form, you should state your CDS account number in the space provided in the Application Form and you shall be deemed to have authorised Bursa Depository to disclose information pertaining to your CDS account to Issuing House or us, and any relevant regulatory bodies, as the case may be. If you do not presently have a CDS account, you should open a CDS account at an ADA prior to making an application for the OFS Shares.

**16.9.2 Application by way of Electronic Share Applications**

Only if you have a CDS account can you make an application by way of an Electronic Share Application. If you apply using an Electronic Share Application, you shall furnish your CDS account number to the Participating Financial Institution by way of keying in your CDS account number if the instructions on the ATM screen at which you enter your Electronic Share Application require you to do so.

**16.9.3 Application by way of Internet Share Applications**

Only if you have a CDS account can you make an application by way of an Internet Share Application. In certain cases, you can only make an Internet Share Application if you have a CDS account opened with the Internet Participating Financial Institution. Subsequently, your CDS account number would automatically appear in the electronic online application form.

If you fail to comply with these specific instructions or there is inaccuracy in the CDS account number, arising from use of invalid, third party or nominee accounts, your application may be rejected. If you are successful in your application but fail to state your CDS account number, Issuing House on the authority of our Directors and the Selling Shareholder reserves the right to reject your application. Issuing House on the authority of our Directors and the Selling Shareholder also reserves the right to reject any incomplete and inaccurate application. We may also reject your application if your particulars provided in the Application Forms, or your records with the Participating Financial Institutions in the case of Electronic Share Application or Internet Participating Financial Institutions in the case of Internet Share Application, differ from those in Bursa Depository's records such as your identity card number, name and nationality.

**16.10 NOTICE OF ALLOTMENT/TRANSFER**

If your application is successful or partially successful, we will credit our Shares allotted to you to your CDS account. We will despatch a notice of allotment/transfer to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. For Electronic Share Applications or Internet Share Applications, the notice of allotment/transfer will be despatched to you at your address last maintained with Bursa Depository at your own risk prior to our Listing. This is the only acknowledgement of acceptance of your application as we will not be issuing any share certificate to you.

You must inform Bursa Depository of your updated address promptly by adhering to certain rules and regulations of the Bursa Depository, failing which we shall send the notification letter on your allotment to your address last maintained with Bursa Depository.

You may also check the status of your application by calling your respective ADAs at the telephone number as stated in Section 17 of this Prospectus or Issuing House at 03-7841 8000 or 03-7841 8289, between 5 to 10 Market Days (during office hours only) after the balloting date.

**17. LIST OF ADAS**

The list of ADAs and their respective broker codes are as follows:

<b>Name</b>	<b>Address and telephone number</b>	<b>Broker Code</b>
<b><u>KUALA LUMPUR</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor, Bangunan AHP No. 2, Jalan Tun Mohd Fuad 3 Taman Tun Dr. Ismail 60000 Kuala Lumpur  Tel No : 03-77106688	068-009
AFFIN HWANG INVESTMENT BANK BERHAD	57-10 Level 10 The Boulevard, Mid Valley City Lingkar Syed Putra 59000 Kuala Lumpur  Tel No : 03-22872273	068-017
AFFIN HWANG INVESTMENT BANK BERHAD	Ground, Mezzanine & 3rd Floor Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur  Tel No : 03-21438668	068-018
AFFIN HWANG INVESTMENT BANK BERHAD	38A & 40A Jalan Midah 1 Taman Midah 56000 Cheras Kuala Lumpur  Tel No : 03-91308803	068-021
ALLIANCE INVESTMENT BANK BERHAD	Level 17, Menara Multi-Purpose Capital Square 8, Jalan Munshi Abdullah 50100 Kuala Lumpur  Tel No : 03- 26043333	076-001
AMINVESTMENT BANK BERHAD	15 <sup>th</sup> Floor, Bangunan AmBank Group 55, Jalan Raja Chulan 50200 Kuala Lumpur  Tel No : 03-20782788 / 20362633	086-001
BIMB SECURITIES SDN BHD	Level 32, Menara Multi Purpose Capital Square No. 8, Jalan Munshi Abdullah 50100 Kuala Lumpur  Tel No : 03-26918887	024-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
CIMB INVESTMENT BANK BERHAD	Level 17, Menara CIMB Jalan Stesen Sentral 2 Kuala Lumpur Sentral 50470 Kuala Lumpur  Tel No : 03-22618888	065-001
FA SECURITIES SDN BHD	A-10-17 & A-10-1 Level 10, Menara UOA Bangsar No. 5, Jalan Bangsar Utama 1 59000 Kuala Lumpur  Tel No : 03-22881676	021-002
HONG LEONG INVESTMENT BANK BERHAD	Level 7, Menara HLA No. 3, Jalan Kia Peng 50450 Kuala Lumpur  Tel No : 03-21616121 / 21681168	066-001
HONG LEONG INVESTMENT BANK BERHAD	Level 18, Menara Raja Laut 288, Jalan Raja Laut 50350 Kuala Lumpur  Tel No : 03-26910200 / 26928899	066-006
INTER-PACIFIC SECURITIES SDN BHD	West Wing, Level 13 Berjaya Times Square No. 1, Jalan Imbi 55100 Kuala Lumpur  Tel No : 03-21171888	054-001
INTER-PACIFIC SECURITIES SDN BHD	Ground Floor, 7-0-8, Jalan 3/109F Danau Business Centre, Danau Desa 58100 Kuala Lumpur  Tel No : 03-79847796	054-003
INTER-PACIFIC SECURITIES SDN BHD	No. 33-1 (First Floor) Jalan Radin Bagus Bandar Baru Seri Petaling 57000 Kuala Lumpur  Tel No : 03-9056 2921	054-007
JUPITER SECURITIES SDN BHD	Level 8 & 9, Menara Olympia No. 8, Jalan Raja Chulan 50200 Kuala Lumpur  Tel No : 03-20341888	055-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KAF-SEAGROATT & CAMPBELL SECURITIES SDN BHD	11 <sup>th</sup> -14 <sup>th</sup> Floor, Chulan Tower No. 3, Jalan Conlay 50450 Kuala Lumpur  Tel No : 03-21688800	053-001
KENANGA INVESTMENT BANK BERHAD	M3-A-7 & M3-A-8 Jalan Pandan Indah 4/3A Pandan Indah 55100 Kuala Lumpur  Tel No : 03-42978806	073-020
KENANGA INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor West Wing ECM Libra Building 8, Jalan Damansara Endah Damansara Heights 50490 Kuala Lumpur  Tel No : 03-20892888	073-021
KENANGA INVESTMENT BANK BERHAD	1st Floor, Wisma Genting Jalan Sultan Ismail 50250 Kuala Lumpur  Tel No : 03-21781133	073-029
KENANGA INVESTMENT BANK BERHAD	Level 8, Kenanga International Jalan Sultan Ismail 50250 Kuala Lumpur  Tel No : 03-21649080	073-001
M & A SECURITIES SDN BHD	Level 1-3, No. 45 & 47 The Boulevard, Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur  Tel No : 03-22821820	057-002
M & A SECURITIES SDN BHD	22A-1 Jalan Kuchai Maju 1 Kuchai Entrepreneurs' Park Off Jalan Kuchai Lama 58200 Kuala Lumpur  Tel No : 03-79839890	057-004
MALACCA SECURITIES SDN BHD	55-1, Jalan Metro Perdana Barat 1 Taman Usahawan Kepong 52100 Kuala Lumpur  Tel No : 03-62418595	012-009

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MAYBANK INVESTMENT BANK BERHAD	Level 5-13, MaybanLife Tower Dataran Maybank No. 1, Jalan Maarof 59000 Kuala Lumpur  Tel No : 03-22978888	098-001
MERCURY SECURITIES SDN BHD	L-7-2, No. 2 Jalan Solaris Solaris Mont' Kiara 50480 Kuala Lumpur  Tel No : 03-62037227	093-002
MIDF AMANAH INVESTMENT BANK BERHAD	Level 21, Menara MIDF 82, Jalan Raja Chulan 50200 Kuala Lumpur  Tel No : 03-21738888	026-001
PM SECURITIES SDN BHD	Ground, Mezzanine, 1 <sup>st</sup> & 10 <sup>th</sup> Floor Menara PMI No. 2, Jalan Changkat Ceylon 50200 Kuala Lumpur  Tel No : 03-21463000	064-001
PUBLIC INVESTMENT BANK BERHAD	27 <sup>th</sup> Floor, Public Bank Building No. 6, Jalan Sultan Sulaiman 50000 Kuala Lumpur  Tel No : 03-20313011	051-001
RHB INVESTMENT BANK BERHAD	Level 3A, Tower One RHB Centre, Jalan Tun Razak 50400 Kuala Lumpur  Tel No : 03-92873888	087-001
RHB INVESTMENT BANK BERHAD	12 <sup>th</sup> , 20 <sup>th</sup> & 21 <sup>st</sup> Floor, Plaza OSK Jalan Ampang 50450 Kuala Lumpur  Tel No : 03-23338333	087-018
RHB INVESTMENT BANK BERHAD	No. 62 & 64, Vista Magna Jalan Prima, Metro Prima 52100 Kuala Lumpur  Tel No : 03-62575869	087-028



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	No. 5 & 7 Jalan Pandan Indah 4/33 Pandan Indah 55100 Kuala Lumpur  Tel No : 03-42804798	087-054
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No. 55, Zone J4 Jalan Radin Anum Bandar Baru Seri Petaling 57000 Kuala Lumpur  Tel No : 03-90587222	087-058
TA SECURITIES HOLDINGS BERHAD	Menara TA One No. 22, Jalan P. Ramlee 50250 Kuala Lumpur  Tel No : 03-20721277	058-003
UOB KAY HIAN SECURITIES (M) SDN BHD	N-1-3, Plaza Damas 60, Jalan Sri Hartamas 1 Sri Hartamas 50480 Kuala Lumpur  Tel No : 03-62056000	078-004
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 19 <sup>th</sup> Floor Menara Keck Seng 203 Jalan Bukit Bintang 55100 Kuala Lumpur  Tel No : 03-21471888	078-010
<b><u>SELANGOR DARUL EHSAN</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	16 <sup>th</sup> , 18 <sup>th</sup> -20 <sup>th</sup> Floor, Plaza Masalam No. 2, Jalan Tengku Ampuan Zabedah E9/E Section 9 40100 Shah Alam Selangor Darul Ehsan  Tel No : 03-55133288	068-002
AFFIN HWANG INVESTMENT BANK BERHAD	East Wing & Centre Link Floor 3A, Wisma Consplant 2 No. 7, Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan  Tel No : 03-56356688	068-010

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
AFFIN HWANG INVESTMENT BANK BERHAD	3 <sup>rd</sup> & 4 <sup>th</sup> Floor, Wisma Meru 1 Lintang Pekan Baru Off Jalan Meru 41050 Klang Selangor Darul Ehsan  Tel No : 03-33439999	068-019
AFFIN HWANG INVESTMENT BANK BERHAD	Lot 229, 2 <sup>nd</sup> Floor, The Curve 6 Jalan PJU 7/3 Mutiar Damansara 47800 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-77298016	068-020
AFFIN HWANG INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, 20-22 Jalan 21/12, SEA Park 46300 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-78776229	068-022
AFFIN HWANG INVESTMENT BANK BERHAD	No.79-1 & 79-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan  Tel No : 03-33221999	068-023
AMINVESTMENT BANK BERHAD	4th Floor, Plaza Damansara Utama No. 2, Jalan SS21/60 47400 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-77106613	086-001
CIMB INVESTMENT BANK BERHAD	Level G & Level 1, Tropicana City Office Tower No 3 Jalan SS20/27 47400 Petaling Jaya Selangor Darul Ehsan  Tel No : 03 – 77173388	065-009
HONG LEONG INVESTMENT BANK BERHAD	Level 10 1 First Avenue Bandar Utama 47800 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-77246888	066-002

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
JF APEX SECURITIES BERHAD	6th Floor, Menara Apex Off Jalan Semenyih, Bukit Mewah 43000 Kajang Selangor Darul Ehsan  Tel No : 03-87361118	079-001
JF APEX SECURITIES BERHAD	15 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Choy Fook On No. 1B, Jalan Yong Shook Lin 46050 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-76201118	079-002
JF APEX SECURITIES BERHAD	Block J-6-3A, Setia Walk PSN Wawasan Pusat Bandar Puchong 47160 Puchong Selangor Darul Ehsan  Tel No : 03-58790163	079-004
JUPITER SECURITIES SDN BHD	No 42-46, 3 <sup>rd</sup> Floor Jalan SS19/1D 47500 Subang Jaya Selangor Darul Ehsan  Tel No : 03-56324838	055-004
KENANGA INVESTMENT BANK BERHAD	Ground – Fifth Floor East Wing, Quattro West No. 4, Lorong Persiaran Barat 46200 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-78626200	073-005
KENANGA INVESTMENT BANK BERHAD	No. 55C, 2 <sup>nd</sup> Floor Jalan USJ 10/1F 47610 UEP Subang Jaya Selangor Darul Ehsan  Tel No : 03-80241773	073-006
KENANGA INVESTMENT BANK BERHAD	Lot 240, 2 <sup>nd</sup> Floor, The Curve No. 6, Jalan PJU 7/3 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-77259095	073-016

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	Level 1 East Wing Wisma Consplant 2 No. 7 Jalan SS 16/1 47500 Subang Jaya Selangor Darul Ehsan  Tel No : 03-56212118	073-030
KENANGA INVESTMENT BANK BERHAD	35 (Ground & 1 <sup>st</sup> Floor) Jalan Tiara 3 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan  Tel No : 03-33488080	073-035
MALACCA SECURITIES SDN BHD	No. 16, Jalan SS15/4B 47500 Subang Jaya Selangor Darul Ehsan  Tel No : 03-56361533	012-002
MALACCA SECURITIES SDN BHD	No. 58 & 60, 1 <sup>st</sup> Floor Jalan SS2/67 47300 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-78761533	012-003
MAYBANK INVESTMENT BANK BERHAD	Wisma Bentley Music Level 1, No. 3, Jalan PJU 7/2 Mutiara Damansara 47800 Petaling Jaya Selangor Darul Ehsan  Tel No : 03 77188888	098-004
MAYBANK INVESTMENT BANK BERHAD	Suite 8.02, Level 8, Menara Trend Intan Millennium Square No. 68, Jalan Batai Laut 4, Taman Intan 41300 Klang Selangor Darul Ehsan  Tel No : 03 30508888	098-003
PM SECURITIES SDN BHD	No. 157, Jalan Kenari 23A Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan  Tel No : 03-80700773	064-003

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
PM SECURITIES SDN BHD	No. 18 & 20, Jalan Tiara 2 Bandar Baru Klang 41150 Klang Selangor Darul Ehsan  Tel No : 03-33415300	064-007
RHB INVESTMENT BANK BERHAD	Ground Floor and First Floor No.13 Jalan Kenari 3 Bandar Puchong Jaya 47100 Puchong Selangor Darul Ehsan  Tel No : 03-80706899	087-049
RHB INVESTMENT BANK BERHAD	11-1, Jalan PJU 5/12 Dataran Sunway Kota Damansara 47810 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-61483361	087-051
RHB INVESTMENT BANK BERHAD	Unit 1B & 2B Jalan USJ 10/1J 47610 UEP Subang Jaya Selangor Darul Ehsan  Tel No : 03-80221888	087-059
RHB INVESTMENT BANK BERHAD	24, 24M, 24A, 26M, 28M, 28A & 30 Jalan SS 2/63 47300 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-78736366	087-011
RHB INVESTMENT BANK BERHAD	No. 37, Jalan Semenyih 43000 Kajang Selangor Darul Ehsan  Tel No : 03-87363378	087-045
RHB INVESTMENT BANK BERHAD	Ground & 1st Floor No. 15, Jalan Bandar Rawang 4 48000 Rawang Selangor Darul Ehsan  Tel No : 03-60928916	087-047

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 87 & 89, Jalan Susur Pusat Perniagaan NBC Batu 1½, Jalan Meru 41050 Klang Selangor Darul Ehsan  Tel No : 03-33439180	087-048
SJ SECURITIES SDN BHD	Ground Floor, Podium Block Wisma Synergy Lot 72, Persiaran Jubli Perak Section 22 40000 Shah Alam Selangor Darul Ehsan  Tel No : 03-51920202	096-001
SJ SECURITIES SDN BHD	101B, Jalan SS15/5A 47500 Subang Jaya Selangor Darul Ehsan  Tel No : 03-56317888	096-002
SJ SECURITIES SDN BHD	No. 47-2 Jalan Batu Nilam 5 Bandar Bukit Tinggi 41200 Klang Selangor Darul Ehsan  Tel No : 03-33221915	096-004
SJ SECURITIES SDN BHD	No. A-3-11 Block Alamanda 10 Boulevard Lebuhraya Sprint PJU 6A 47400 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-77323862	096-005
TA SECURITIES HOLDINGS BERHAD	No. 2-1, 2-2, 2-3 & 4-2 Jalan USJ 9/5T, Subang Business Centre 47620 UEP Subang Jaya Selangor Darul Ehsan  Tel No : 03-80251880	058-005
TA SECURITIES HOLDINGS BERHAD	2nd Floor, Wisma TA 1A Jalan SS20/1 Damansara Utama 47400 Petaling Jaya Selangor Darul Ehsan  Tel No : 03-77295713	058-007

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
<b>MELAKA</b>		
CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 191, Taman Melaka Raya Off Jalan Parameswara 75000 Melaka  Tel No : 06-2898800	065-006
KENANGA INVESTMENT BANK BERHAD	71 (A&B) & 73 (A&B) Jalan Merdeka Taman Melaka Raya 75000 Melaka  Tel No : 06-2881720	073-028
KENANGA INVESTMENT BANK BERHAD	22A & 22A -1 and 26 & 26 – 1 Jalan MP 10 Taman Merdeka Permai 75350 Batu Berendam Melaka  Tel No : 06-3372550	073-034
MALACCA SECURITIES SDN BHD	No. 1, 3 & 5, Jalan PPM9 Plaza Pandan Malim (Business Park) Balai Panjang 75250 Melaka  Tel No : 06-3371533	012-001
MERCURY SECURITIES SDN BHD	No. 81-B & 83-B, Jalan Merdeka Taman Melaka Raya 75000 Melaka  Tel No : 06-2921898	093-003
PM SECURITIES SDN BHD	No. 13, Jalan PM2 Plaza Mahkota 75000 Melaka  Tel No : 06-2866008	064-006
RHB INVESTMENT BANK BERHAD	No 19, 21 & 23, Jalan Merdeka Taman Melaka Raya 75000 Melaka  Tel No : 06-2833622 / 2818823	087-002
RHB INVESTMENT BANK BERHAD	579, 580 & 581 Taman Melaka Raya 75000 Melaka  Tel No : 06-2825211	087-026

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	59, 59A, 59B Jalan Merdeka Taman Melaka Raya 75000 Melaka  Tel No : 06-2862618	058-008
UOB KAY HIAN SECURITIES (M) SDN BHD	7-2, Jalan PPM8 Malim Business Park 75250 Melaka  Tel No : 06-3352511	078-014
<b><u>PERAK DARUL RIDZUAN</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	21, Jalan Stesen 34000 Taiping Perak Darul Ridzuan  Tel No : 05-8066688	068-003
AFFIN HWANG INVESTMENT BANK BERHAD	2 <sup>nd</sup> & 3 <sup>rd</sup> Floor No. 22, Persiaran Greentown 1 Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan  Tel No : 05-2559988	068-015
CIMB INVESTMENT BANK BERHAD	Ground, 1st, 2nd & 3rd Floor No. 8, 8A-C Persiaran Greentown 4C Greentown Business Centre 30450 Ipoh Perak Darul Ridzuan  Tel No : 05-2088688	065-010
HONG LEONG INVESTMENT BANK BERHAD	51-53, Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan  Tel No : 05-2530888	066-003
KENANGA INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 4 <sup>th</sup> Floor No. 63 Persiaran Greenhill 30450 Ipoh Perak Darul Ridzuan  Tel No : 05-2422828	073-022



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	No. 7B-1, Jalan Laman Intan Bandar Baru Teluk Intan 36000 Teluk Intan Perak Darul Ridzuan  Tel No : 05-6222828	073-026
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 25 & 25A Jalan Jaya 2, Medan Jaya 32000 Sitiawan Perak Darul Ridzuan  Tel No : 05-6939828	073-031
M & A SECURITIES SDN BHD	M&A Building 52A, Jalan Sultan Idris Shah 30000 Ipoh Perak Darul Ridzuan  Tel No : 05-2419800	057-001
MAYBANK INVESTMENT BANK BERHAD	B-G-04 (Ground Floor), Level 1 & 2 42 Persiaran Greentown 1 Pusat Dagangan Greentown 30450 Ipoh Perak Darul Ridzuan  Tel No : 05-2453400	098-002
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 17, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan  Tel No : 05-6236498	087-014
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> Floor No. 23 & 25 Jalan Lumut 32000 Sitiawan Perak Darul Ridzuan  Tel No : 05-6921228	087-016
RHB INVESTMENT BANK BERHAD	21-25, Jalan Seenivasagam Greentown 30450 Ipoh Perak Darul Ridzuan  Tel No : 05-2415100	087-023

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground Floor, No. 40, 42 & 44 Jalan Berek 34000 Taiping Perak Darul Ridzuan  Tel No : 05-8088229	087-034
RHB INVESTMENT BANK BERHAD	72, Ground Floor Jalan Idris 31900 Kampar Perak Darul Ridzuan  Tel No : 05-4651261	087-044
RHB INVESTMENT BANK BERHAD	Ground Floor No. 2, Jalan Wawasan 4 Taman Wawasan 34200 Parit Buntar Perak Darul Ridzuan  Tel No : 05-7170888	087-052
TA SECURITIES HOLDINGS BERHAD	Ground, 1st & 2nd Floor Plaza Teh Teng Seng No. 227, Jalan Raja Permaisuri Bainun 30250 Ipoh Perak Darul Ridzuan  Tel No : 05-2531313	058-001
UOB KAY HIAN SECURITIES (M) SDN BHD	29G, Jalan Intan 2 Bandar Baru 36000 Teluk Intan Perak Darul Ridzuan  Tel No : 05-6216010	078-009
UOB KAY HIAN SECURITIES (M) SDN BHD	153A Jalan Raja Musa Aziz 30303 Ipoh Perak Darul Ridzuan  Tel No : 06-2411290	078-013
<b><u>PULAU PINANG</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 2, 3, 4, 5, 7 & 8 Wisma Sri Pinang 60, Green Hall 10200 Pulau Pinang  Tel No : 04-2636996	068-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
AFFIN HWANG INVESTMENT BANK BERHAD	No. 2 & 4 Jalan Perda Barat Bandar Perda 14000 Bukit Mertajam Pulau Pinang  Tel No : 04-5372882	068-006
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Bangunan Barkath 21, Lebuhr Pantai 10300 Pulau Pinang  Tel No: 04-2611688	076-015
AMINVESTMENT BANK BERHAD	3rd Floor, Menara Liang Court 37, Jalan Sultan Ahmad Shah 10050 Pulau Pinang  Tel No : 04-2261818	086-001
CIMB INVESTMENT BANK BERHAD	Ground Floor, Suite 1.01 Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang  Tel No : 04-2385900	065-001
INTER-PACIFIC SECURITIES SDN BHD	Ground, Mezzanine & 8th Floor Sentral Tower 3, Penang Street 10200 Pulau Pinang  Tel No : 04-2690888	054-002
JF APEX SECURITIES BERHAD	368-2-5, Jalan Burmah Belissa Row 10350 Pulau Tikus Pulau Pinang  Tel No : 04-2289188	079-005
JUPITER SECURITIES SDN BHD	20-1, Persiaran Bayan Indah Bayan Bay, Sungai Nibong 11900 Bayan Lepas Pulau Pinang  Tel No : 04-6412881	055-003
KENANGA INVESTMENT BANK BERHAD	7 <sup>th</sup> , 8 <sup>th</sup> & 16 <sup>th</sup> Floor Menara Boustead Penang 39, Jalan Sultan Ahmad Shah 10050 Pulau Pinang  Tel No : 04-2283355	073-023

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
M & A SECURITIES SDN BHD	332H-1 & 332G-2 Harmony Square Jalan Perak 11600 Georgetown Pulau Pinang  Tel No : 04-2817611	057-005
M & A SECURITIES SDN BHD	216, 216A, 218 & 218A Pengkalan Weld Lebuh Macallum 10300 Penang  Tel No : 04-2617611	057-008
MALACCA SECURITIES SDN BHD	Suite 98-3-13A, 13B, 13C Prima Tanjung Jalan Fettes 11200 Tanjung Tokong Pulau Pinang  Tel No : 04-8981525	012-004
MALACCA SECURITIES SDN BHD	48 Jalan Todak 2, 13700 Seberang Jaya Pulau Pinang  Tel No : 04-3905669	012-006
MALACCA SECURITIES SDN BHD	No.17, 1 <sup>st</sup> Floor Persiaran Bayan Indah Taman Bayan Indah 11900 Bayan Lepas Pulau Pinang Tel No: 04-6421533	012-007
MAYBANK INVESTMENT BANK BERHAD	Lot 1.02, 1 <sup>st</sup> Floor Bangunan KWSP Jalan Sultan Ahmad Shah 10050 Georgetown Pulau Pinang  Tel No : 04-2196888	098-006
MERCURY SECURITIES SDN BHD	Ground, 1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Floor Wisma UMNO Lorong Bagan Luar Dua 12000 Butterworth, Seberang Perai Pulau Pinang  Tel No : 04-3322123	093-001

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
MERCURY SECURITIES SDN BHD	2 <sup>nd</sup> Floor Standard Chartered Bank Chambers 2 Lebuah Pantai 10300 Pulau Pinang  Tel No : 04-2639118	093-004
MERCURY SECURITIES SDN BHD	70-1-22 Jalan Mahsuri 11900 Bandar Bayan Baru Pulau Pinang  Tel No : 04-6400822	093-006
PM SECURITIES SDN BHD	Level 25, Menara BHL 51, Jalan Sultan Ahmad Shah 10050 Pulau Pinang  Tel No : 04-2273000	064-004
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 2677, Jalan Chain Ferry Taman Inderawasih 13600 Seberang Prai Pulau Pinang  Tel No : 04-3900022	087-005
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 11A, Jalan Keranji Off Jalan Padang Lallang 14000 Bukit Mertajam Pulau Pinang  Tel No : 04-5402888	087-015
RHB INVESTMENT BANK BERHAD	834 Jalan Besar, Sungai Bakap 14200 Sungai Jawi Seberang Perai Selatan Pulau Pinang  Tel No : 04-5831888	087-032
RHB INVESTMENT BANK BERHAD	64 & 64-D Ground Floor-3rd Floor & 5th-8th Floor Lebuah Bishop 10200 Pulau Pinang  Tel No : 04-2634222	087-033
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 15-G-5, 15-G-6, 15-1-5 & 15-1-6 Medan Kampung Relau (Bayan Point) 11950 Pulau Pinang  Tel No : 04-6404888	087-042

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	41-A, 41-B and 41-C Lintang Angsana Bandar Baru Air Itam 11500 Pulau Pinang  Tel No : 04-8352988	087-056
SJ SECURITIES SDN BHD	12 <sup>th</sup> Floor, Office Tower Hotel Royal Penang No 3 Jalan Larut 10050 Georgetown Pulau Pinang  Tel No : 04-2289836	096-003
TA SECURITIES HOLDINGS BERHAD	3 <sup>rd</sup> Floor, Bangunan Heng Guan No 171, Jalan Burmah 10050 Pulau Pinang  Tel No: 04-2272339	058-010
UOB KAY HIAN SECURITIES (M) SDN BHD	1 <sup>st</sup> Floor, Bangunan Heng Guan 171 Jalan Burmah 10050 Pulau Pinang  Tel No : 04-2299318	078-002
UOB KAY HIAN SECURITIES (M) SDN BHD	Ground & 1 <sup>st</sup> Floor No. 2, Jalan Perniagaan 2 Pusat Perniagaan Alma 14000 Bukit Mertajam Pulau Pinang  Tel No : 04-5541388	078-003
<b><u>PERLIS INDRA KAYANGAN</u></b>		
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 39, Taman Suriani Persiaran Jubli Emas 01000 Kangar Perlis Indra Kayangan  Tel No : 04-9793888	087-060
<b><u>KEDAH DARUL AMAN</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	70 A, B, C, Jalan Mawar 1 Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman  Tel No : 04-4256666	068-011

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	Lot T-30, 2 <sup>nd</sup> Floor, Wisma PKNK Jalan Sultan Badlishah 05000 Alor Setar Kedah Darul Aman  Tel No : 04-7317088	076-004
RHB INVESTMENT BANK BERHAD	No. 112, Jalan Pengkalan Taman Pekan Baru 08000 Sungai Petani Kedah Darul Aman  Tel No : 04-4204888	087-017
RHB INVESTMENT BANK BERHAD	35, Ground Floor Jalan Suria 1, Jalan Bayu 09000 Kulim Kedah Darul Aman  Tel No : 04-4964888	087-019
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor 214-A, 214-B, 215-A & 215-B Medan Putra, Jalan Putra 05150 Alor Setar Kedah Darul Aman  Tel No : 04-7209888	087-021
JOB KAY HIAN SECURITIES (M) SDN BHD	Lot 4, 5 & 5A, 1 <sup>st</sup> Floor EMUM 55 No. 55, Jalan Gangsa Kawasan Perusahaan Mergong 2 Seberang Jalan Putra 05150 Alor Setar Kedah Darul Aman  Tel No : 04-7322111	078-007
<b><u>NEGERI SEMBILAN DARUL KHUSUS</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	1 <sup>st</sup> Floor, 105, 107 & 109 Jalan Yam Tuan 70000 Seremban Negeri Sembilan Darul Khusus  Tel No : 06-7612288	068-007
AFFIN HWANG INVESTMENT BANK BERHAD	6, Upper Level, Jalan Mahligai 72100 Bahau Negeri Sembilan Darul Khusus  Tel No : 06-4553188	068-013

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	1C & 1D, Ground & 1st Floor Jalan Tunku Munawir 70000 Seremban Negeri Sembilan  Tel No : 06-7655998	073-033
MAYBANK INVESTMENT BANK BERHAD	Wisma HM No. 43, Jalan Dr Krishnan 70000 Seremban Negeri Sembilan  Tel No : 06-7669555	098-005
PM SECURITIES SDN BHD	Ground, 1st-3rd Floor 18-21, Jalan Kong Sang 70000 Seremban Negeri Sembilan Darul Khusus  Tel No : 06-7623131	064-002
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 32 & 33, Jalan Dato' Bandar Tunggal 70000 Seremban Negeri Sembilan Darul Khusus  Tel No : 06-7641641	087-024
RHB INVESTMENT BANK BERHAD	1st Floor, No. 3601, Jalan Besar 73000 Tampin Negeri Sembilan Darul Khusus  Tel No : 06-4421000	087-037
RHB INVESTMENT BANK BERHAD	Ground & Mezzanine Floor No. 346 & 347, Batu ½, Jalan Pantai 71000 Port Dickson Negeri Sembilan Darul Khusus  Tel No : 06-6461234	087-046
<b><u>JOHOR DARUL TAKZIM</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Level 7, Johor Bahru City Square (Office Tower) 106-108 Jalan Wong Ah Fook 80000 Johor Bahru Johor Darul Takzim  Tel No : 07-2222692	068-004



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
ALLIANCE INVESTMENT BANK BERHAD	No. 73, Ground & 1st Floor Jalan Rambutan 86000 Kluang Johor Darul Takzim  Tel No : 07-7717922	076-006
AMINVESTMENT BANK BERHAD	18 <sup>th</sup> Floor, Selesa Tower Jalan Dato' Abdullah Tahir 80300 Johor Bahru Johor Darul Takzim  Tel No : 07-3343855	086-001
AMINVESTMENT BANK BERHAD	3 <sup>rd</sup> Floor, Penggaram Complex 1, Jalan Abdul Rahman 83000 Batu Pahat Johor Darul Takzim  Tel No : 07-4342282	086-002
CIMB INVESTMENT BANK BERHAD	No 73, Ground Floor No 73A & 79A, First Floor Jalan Kuning Dua 80400 Johor Bahru Johor Darul Takzim  Tel No : 07-3405888	065-011
INTER-PACIFIC SECURITIES SDN BHD	95, Jalan Tun Abdul Razak 80000 Johor Bahru Johor Darul Takzim  Tel No : 07-2231211	054-004
JUPITER SECURITIES SDN BHD	30-1, Jalan Molek 1/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim  Tel No : 07-3538878	055-002
KENANGA INVESTMENT BANK BERHAD	Level 2, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim  Tel No : 07-3333600	073-004
KENANGA INVESTMENT BANK BERHAD	Ground & Mezzanine Floor 34 Jalan Genuang 85000 Segamat Johor Darul Takzim  Tel No : 07-9333515	073-009

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	33 & 35 (A&B), Ground Floor Jalan Syed Abdul Hamid Sagaff 86000 Kluang Johor Darul Takzim  Tel No : 07-7771161	073-010
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 4, Jalan Dataran 1 Taman Bandar Tangkak 84900 Tangkak Johor Darul Takzim  Tel No : 06-9782292	073-011
KENANGA INVESTMENT BANK BERHAD	24, 24A & 24B Jalan Penjaja 3 Kim Park Centre 83000 Batu Pahat Johor Darul Takzim  Tel No : 07-4326963	073-017
KENANGA INVESTMENT BANK BERHAD	Suite 16-02, 16-03 & 16-03A Level 16 Menara MSC Cyberport No. 5 Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim  Tel No : 07-2237423	073-019
KENANGA INVESTMENT BANK BERHAD	57, 59 & 61, Jalan Ali 84000 Muar Johor Darul Takzim  Tel No : 06-9531222	073-024
KENANGA INVESTMENT BANK BERHAD	Ground Floor No. 234, Jalan Besar Taman Semberong Baru 83700 Yong Peng Johor Darul Takzim  Tel No : 07-4678885	073-025
M & A SECURITIES SDN BHD	Suite 5.3A, Level 5, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim  Tel No : 07-3381233	057-003

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
M & A SECURITIES SDN BHD	No 27, 27A & 27B Jalan Molek 3/10 Taman Molek 81100 Johor Bahru Johor Darul Takzim  Tel No : 07-3551988	057-007
MALACCA SECURITIES SDN BHD	74 Jalan Serampang Taman Pelangi 80400 Johor Bahru Johor Darul Takzim  Tel No : 07-3351533	012-005
MERCURY SECURITIES SDN BHD	Suite 17.1, Level 17, Menara Pelangi Jalan Kuning, Taman Pelangi 80400 Johor Bahru Johor Darul Takzim  Tel No : 07-3316992	093-005
PM SECURITIES SDN BHD	Ground & 1 <sup>st</sup> Floor No. 43 & 43A, Jalan Penjaja 3 Taman Kim's Park, Business Centre 83000 Batu Pahat Johor Darul Takzim  Tel No : 07-4333608	064-008
RHB INVESTMENT BANK BERHAD	6 <sup>th</sup> Floor, Wisma Tiong-Hua 8, Jalan Keris, Taman Sri Tebrau 80050 Johor Bahru Johor Darul Takzim  Tel No : 07-2788821	087-006
RHB INVESTMENT BANK BERHAD	53, 53-A & 53-B, Jalan Sultanah 83000 Batu Pahat Johor Darul Takzim  Tel No : 07-4380288	087-009
RHB INVESTMENT BANK BERHAD	No. 33-1, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor Jalan Ali 84000 Muar Johor Darul Takzim  Tel No : 06-9538262	087-025

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 119 & 121 Jalan Sutera Tanjung 8/2 Taman Sutera Utama 81300 Skudai Johor Darul Takzim  Tel No : 07-5577628	087-029
RHB INVESTMENT BANK BERHAD	Ground, 1st & 2nd Floor No. 3, Jalan Susur Utama 2/1 Taman Utama 85000 Segamat Johor Darul Takzim  Tel No : 07-9321543	087-030
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 40 Jalan Haji Manan 86000 Kluang Johor Darul Takzim  Tel No : 07-7769655	087-031
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 10, Jalan Anggerik 1 Taman Kulai Utama 81000 Kulai Johor Darul Takzim  Tel No : 07-6626288	087-035
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. 343, Jalan Muar 84900 Tangkak Johor Darul Takzim  Tel No : 06-9787180	087-038
RHB INVESTMENT BANK BERHAD	No. 2, 1 <sup>st</sup> Floor, Jalan Makmur Taman Sri Aman 85300 Labis Johor Darul Takzim  Tel No : 07-9256881	087-039
RHB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor, Nos. 21 & 23 Jalan Molek 1/30, Taman Molek 81100 Johor Bahru Johor Darul Takzim  Tel No : 07-3522293	087-043

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	7A, Jalan Genuang Perdana Taman Genuang Perdana 85000 Segamat Johor Darul Takzim  Tel No : 07-9435278	058-009
UOB KAY HIAN SECURITIES (M) SDN BHD	Level 6 & 7, Menara MSC Cyberport No. 5, Jalan Bukit Meldrum 80300 Johor Bahru Johor Darul Takzim  Tel No : 07-3332000	078-001
UOB KAY HIAN SECURITIES (M) SDN BHD	42-8, Main Road Kulai Besar 81000 Kulai Johor Darul Takzim  Tel No : 07-6637398	078-005
UOB KAY HIAN SECURITIES (M) SDN BHD	171 Ground Floor Jalan Bestari 1/5 Taman Nusa Bestari 81300 Skudai Johor Darul Takzim  Tel No : 07-5121633	078-008
UOB KAY HIAN SECURITIES (M) SDN BHD	70 Jalan Rosmerah 2/17 Taman Johor Jaya 81100 Johor Bahru Johor Darul Takzim  Tel No : 07-3513218	078-006
<b><u>PAHANG DARUL MAKMUR</u></b>		
ALLIANCE INVESTMENT BANK BERHAD	Ground, Mezzanine & 1 <sup>st</sup> Floor B400, Jalan Beserah 25300 Kuantan Pahang Darul Makmur  Tel No : 09-5660800	076-002
CIMB INVESTMENT BANK BERHAD	Ground, 1 <sup>st</sup> & 2 <sup>nd</sup> Floor No. A-27 Jalan Dato' Lim Hoe Lek 25200 Kuantan Pahang Darul Makmur  Tel No : 09-5057800	065-007

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
JUPITER SECURITIES SDN BHD	2 <sup>nd</sup> Floor Lot No 25 Jalan Chui Yin 28700 Bentong Pahang Darul Makmur  Tel No : 09-2234136	055-005
KENANGA INVESTMENT BANK BERHAD	A15, A17 & A19, Ground Floor Lorong Tun Ismail 2 Sri Dagangan 2 25000 Kuantan Pahang Darul Makmur  Tel No : 09-5171698	073-027
MALACCA SECURITIES SDN BHD	P11-3, Jalan Chui Yin 28700 Bentong Pahang Darul Makmur  Tel No : 09-2220993	012-008
RHB INVESTMENT BANK BERHAD	B32 & B34, Lorong Tun Ismail 8 Seri Dagangan II 25000 Kuantan Pahang Darul Makmur  Tel No : 09-5173811	087-007
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor 98 Jalan Pasdec 28700 Bentong Pahang Darul Makmur  Tel No : 09-2234943	087-022
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 76-A, Persiaran Camelia 4 Tanah Rata 39000 Cameron Highlands Pahang Darul Makmur  Tel No : 05-4914913	087-041
<b><u>KELANTAN DARUL NAIM</u></b>		
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 3953-H, Jalan Kebun Sultan 15350 Kota Bharu Kelantan Darul Naim  Tel No : 09-7430077	087-020

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
TA SECURITIES HOLDINGS BERHAD	298, Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim  Tel No : 09-7432288	058-004
UOB KAY KIAN SECURITIES (M) SDN BHD	Ground & 1 <sup>st</sup> Floor Lot 712, Sek 9, PT 62 Jalan Tok Hakim 15000 Kota Bharu Kelantan Darul Naim  Tel No : 09-7473906	078-015
<b><u>TERENGGANU DARUL IMAN</u></b>		
ALLIANCE INVESTMENT BANK BERHAD	Ground & Mezzanine Floor Wisma Kam Choon 101, Jalan Kampung Tiong 20100 Kuala Terengganu Terengganu Darul Iman  Tel No : 09-6317922	076-009
FA SECURITIES SDN BHD	No. 51 & 51A Ground, Mezzanine & 1st Floor Jalan Tok Lam 20100 Kuala Terengganu Terengganu Darul Iman  Tel No : 09-6238128	021-001
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor 9651, Cukai Utama Jalan Kubang Kurus 24000 Kemaman Terengganu Darul Iman  Tel No : 09-8583109	087-027
RHB INVESTMENT BANK BERHAD	31A, Ground Floor 31A & 31B, 1st Floor Jalan Sultan Ismail 20200 Kuala Terengganu Terengganu Darul Iman  Tel No : 09-6261816	087-055

**17. LIST OF ADAS (CONT'D)**

Name	Address and telephone number	Broker Code
<b><u>SARAWAK</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Ground Floor & 1 <sup>st</sup> Floor No. 1, Jalan Pending 93450 Kuching Sarawak  Tel No : 082-341999	068-005
AFFIN HWANG INVESTMENT BANK BERHAD	282, 1 <sup>st</sup> Floor Park City Commercial Centre Phase 4, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak  Tel No : 086-330008	068-016
AMINVESTMENT BANK BERHAD	No. 164, 166 & 168 1st Floor, Jalan Abell 93100 Kuching Sarawak  Tel No : 082-244791	086-001
CIMB INVESTMENT BANK BERHAD	Level 1, Wisma STA 26 Jalan Datuk Abang Abdul Rahim 93450 Kuching Sarawak  Tel No : 082-358606	065-001
CIMB INVESTMENT BANK BERHAD	No. 6A, Ground Floor Jalan Bako, Off Brooke Drive 96000 Sibul Sarawak  Tel No : 084-367700	065-001
KENANGA INVESTMENT BANK BERHAD	Lot 2465, Jalan Boulevard Utama Boulevard Commercial Centre 98000 Miri Sarawak  Tel No : 085-435577	073-002
KENANGA INVESTMENT BANK BERHAD	Level 2-4, Wisma Mahmud Jalan Sungai Sarawak 93400 Kuching Sarawak  Tel No : 082-338000	073-003



## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
KENANGA INVESTMENT BANK BERHAD	11-12, Ground & 1 <sup>st</sup> Floor Lorong Kampung Datu 3 96000 Sibul Sarawak  Tel No : 084-313855	073-012
KENANGA INVESTMENT BANK BERHAD	Ground Floor of Survey Lot No 4203 Parkcity Commerce Square Phase 6, Jalan Diwarta 97000 Bintulu Sarawak  Tel No : 086-337588	073-018
MERCURY SECURITIES SDN BHD	1 <sup>st</sup> Floor 16, Jalan Getah 96100 Sarikei Sarawak  Tel No : 084-659019	093-007
RHB INVESTMENT BANK BERHAD	Yung Kong Abell Units No. 1-10, 2nd Floor Lot 365, Section 50 Jalan Abell 93100 Kuching Sarawak  Tel : 082- 250888	087-008
RHB INVESTMENT BANK BERHAD	2nd Floor, Lot 1268 & Lot 1269 Centre Point Commercial Centre Jalan Melayu 98000 Miri Sarawak  Tel No : 085-422788	087-012
RHB INVESTMENT BANK BERHAD	No. 102, Pusat Pedada Jalan Pedada 96000 Sibul Sarawak  Tel No : 084-329100	087-013
RHB INVESTMENT BANK BERHAD	Ground Floor & 1 <sup>st</sup> Floor No. 10, Jalan Bersatu 96100 Sarikei Sarawak  Tel No : 084-654100	087-050

## 17. LIST OF ADAS (CONT'D)

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Ground & 1 <sup>st</sup> Floor No. 221, Park City Commerce Square Phase III, Jalan Tun Ahmad Zaidi 97000 Bintulu Sarawak  Tel No : 086-311770	087-053
TA SECURITIES HOLDINGS BERHAD	12G, H & I Jalan Kampong Datu 96000 Sibul Sarawak  Tel No : 084-319998	058-002
TA SECURITIES HOLDINGS BERHAD	2 <sup>nd</sup> Floor, Bangunan Binamas Lot 138, Section 54 Jalan Padungan 93100 Kuching Sarawak  Tel No : 082-236333	058-006
<b><u>SABAH</u></b>		
AFFIN HWANG INVESTMENT BANK BERHAD	Suite 1-9-E1, CPS Tower Centre Point Sabah No. 1, Jalan Centre Point 88000 Kota Kinabalu, Sabah  Tel No : 088-311688	068-008
CIMB INVESTMENT BANK BERHAD	1 <sup>st</sup> & 2 <sup>nd</sup> Floor Central Building No.28, Jalan Sagunting 88000 Kota Kinabalu Sabah  Tel No : 088-328878	065-001
KENANGA INVESTMENT BANK BERHAD	Level 8, Wisma Great Eastern 68, Jalan Gaya 88000 Kota Kinabalu Sabah  Tel No : 088-236188	073-032
RHB INVESTMENT BANK BERHAD	2 <sup>nd</sup> Floor 81 & 83, Jalan Gaya 88000 Kota Kinabalu Sabah  Tel No : 088-269788	087-010

**17. LIST OF ADAS (CONT'D)**

Name	Address and telephone number	Broker Code
RHB INVESTMENT BANK BERHAD	Lot 14-0, Ground Floor Lorong Lintas Plaza 2 Lintas Plaza, Off Jalan Lintas 88300 Kota Kinabalu Sabah  Tel No : 088-258618	087-036
RHB INVESTMENT BANK BERHAD	Ground Floor, Block 2 Lot 4 & Lot 5, Bandar Indah, Mile 4 North Road 91000 Sandakan Sabah  Tel No : 089-229286	087-057
UOB KAY HIAN SECURITIES (M) SDN BHD	11, Equity House, Block K Sadong Jaya, Karamunsing 88100 Kota Kinabalu Sabah  Tel No : 088-234090	078-011
UOB KAY HIAN SECURITIES (M) SDN BHD	Lot 177 & 178, Ground Floor Blok 17, Phase 2, Prima Square Mile 4, North Road 90000 Sandakan Sabah  Tel No : 089-218681	078-012

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