

CONSTRUCTION EXCELLENCE



YEARS

1981 - 2021

CONSTRUCTION EXCELLENCE



BUILDING CONSTRUCTION



CIVIL AND INFRASTRUCTURE

YEARS



MECHANICAL, ELECTRICAL AND PLUMBING



FOUNDATION AND GEOTECHNICAL ENGINEERING



SUSTAINABLE ENERGY



MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

1981 - 2021



1981 - 2021

40 YEARS OF CONSTRUCTION EXCELLENCE



With 40 years of hard work, dedication and sustained commitment to excellence behind us, Sunway Construction can stand proud of all its achievements. Starting out from humble beginnings in completing our first ever project, a car park for a neighbourhood shophot complex in 1981, we have grown by leaps and bounds into Malaysia's largest pure play construction company.

We have our employees to thank for enabling our transformation into an integrated construction services company equipped with a full suite of design and construction services and capabilities. In the early years, it was their sacrifices and tenacity which laid the groundwork for Sunway Construction's culture of excellence that continues to advance our aspirations now and beyond.

In looking ahead, we are truly excited about what the future holds for Sunway Construction, and we remain fully committed to safeguarding the value created thus far as we continue to seek out new and innovative ways to add value to the Group for the benefit of all our stakeholders.

<https://www.sunwayconstruction.com.my>

International Expansion, 2005-2009

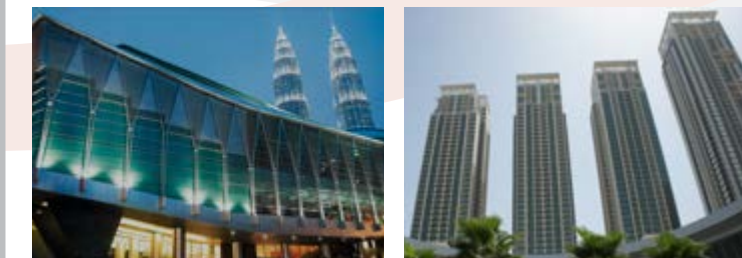
2005 - 2009

Between 2005 and 2009, we worked on bolstering our international reputation further with new projects in Trinidad & Tobago, Abu Dhabi, Singapore and India.

Within this period, we secured projects such as the:

- East-West Corridor Highway, Rajasthan, India
- East-West Corridor Highway, Uttar Pradesh, India
- Ministry of Legal Affairs Tower in Trinidad & Tobago
- Al Reem Island Development, Abu Dhabi, through a joint venture with a Malaysian consortium
- Rihan Heights in Abu Dhabi which is our largest single overseas contract valued at RM1.8 billion
- The City View at Boon Keng public housing development project with the Singapore Housing & Development Board

Domestically, we completed an iconic design & build project - the Kuala Lumpur Convention Centre - that has since hosted thousands of local and international-level events.



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Finance Building, buildings that we

2009

In addition to the expansion of our business, we continued to upgrade quality, health, safety and environment certifications by attaining the ISO 9001:2008 Quality Management System, OHSAS 18001:2007 Occupational Safety & Health Management System and the ISO 14001:2004 Environmental Management System



ABOUT THIS REPORT

Integrated thinking

We understand that sustainable value creation does not happen in isolation. In fact, it is only through the careful consideration of the relationship between the capitals that we use or affect, and the potential trade-offs inherent in our strategic choices, that we can continue to create sustained value for all stakeholders over the short, medium and long-term.

SCOPE AND BOUNDARY

This Integrated Report covers the performance of Sunway Construction Group Berhad (SunCon) and its subsidiaries for the financial year ended 31 December 2021. This Report should be read in conjunction with the full annual financial statements for a comprehensive understanding of SunCon and the year under review. Reporting on our sustainability initiatives covers the Group and its subsidiaries operating in Malaysia, and excludes subsidiaries which operate internationally. We have used top risks and opportunities arising from our operating context and stakeholder relationships as key in determining which material matters to report on.

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MATERIALITY

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We discuss our materiality determination process on pages 22 to 23 of this Report.

FORWARD-LOOKING STATEMENTS

This Integrated Report contains forward-looking statements that, unless otherwise indicated, reflect our expectations as at 31 December 2021. Actual results may differ materially from the Group's expectations if known and unknown risks or uncertainties affect the Group's business, or if estimates or assumptions prove inaccurate. The Group cannot guarantee that any forward-looking statements will materialise and, accordingly, readers are cautioned

not to place undue reliance on these statements. The Group assumes no obligation to update or revise any forward-looking statements if new information becomes available, other than as stipulated by the Main Market Listing Requirements.

ASSURANCE

SunCon's external auditor, BDO PLT., has audited the financial statements for the year ended 31 December 2021. BDO's audited report is on page 136. The scope of the audit was limited to the information in the consolidated financial statements on pages 139 to 218.

The Sustainability Statement and Key Performance Data has been externally and independently assured by SIRIM QAS International Sdn Bhd, which has verified that the policies, initiatives and data disclosed here are accurate and acceptable. For more information on the assurance report, please refer to pages 241 to 243.

FEEDBACK

We regard this Report as a further valuable opportunity to connect to and communicate with our shareholders, and to respond to matters raised. We welcome your feedback on this Report. Please direct this to Investor Relations, at 03-5639 8864 / 9793.

BOARD RESPONSIBILITY STATEMENT

SunCon's Board of Directors acknowledges its responsibility to ensure the integrity of the Integrated Report. The Board has accordingly applied its collective mind and, in its opinion, this Integrated Report addresses all material matters, and offers a balanced view of its strategy and how it relates to the organisation's ability to create value in the short, medium and long-term. The Report adequately addresses the use of and effects on the capitals, and the manner in which the availability of these capitals is impacting SunCon's strategy and business model. We, as the Board, believe that this Report has been prepared in accordance with the International Integrated Reporting <IR> Framework. This Report was approved by the board on 29 March 2022.

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DATO' IR GOH CHYE KOON
Chairman

8th

Annual General Meeting



Virtual Meeting Through Live Streaming at Broadcast Venue

Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.



Date & Time

Wednesday, 22 June 2022
3.00 pm



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Foundation Years 1981 – 1996

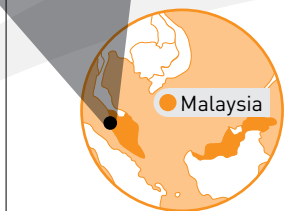
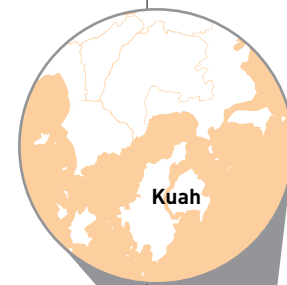
1981

Sunway Construction's storied journey begins with the commencement of business under the name of Sungei Way Quarry and Construction Sdn Bhd.



1984

The change of name to Sungei Way Construction Sdn Bhd signaled the beginning of our foray into the construction business.



1989

Our stellar track record in the construction of public infrastructure began with the rapid completion of the Kuah Jetty in Langkawi. The project, which had been abandoned by the previous contractor, was completed within 100 days to enable Malaysia to receive the visit of Queen Elizabeth II for the Commonwealth Heads of Government Meeting.

1996

As part of our expansion into other portfolios such as the construction of residential and commercial buildings, we completed the construction of our first shopping centre and Malaysia's first themed mall, the Sunway Pyramid Shopping and Convention Mall.



1992 - 1996

With growing expertise and experience in construction and civil engineering, we established subsidiaries that were specialists in their respective areas to assist the Company in its various projects, as well as to garner projects of their own.

Between 1992 and 1996, we set up subsidiaries specialising in precast materials, concrete products, machinery, engineering and geotechnical services.

1997

Sungei Way Construction achieved an important milestone via its listing on the Main Board of the Kuala Lumpur Stock Exchange, to capture and build on the value from the strong growth that the Company was experiencing. During this time of growth, we also established quality systems for health and safety standards, such as the MS ISO 9002:1994 and the OHSAS 18001:1999 to strengthen the sustainability of the business.

In 1997, the Company also completed its first design & build project that utilised precast technology with the construction of the Short-Term Car Park at the Kuala Lumpur International Airport.



1999

Sungei Way Construction was renamed to Sunway Construction Bhd, to align with our parent company Sungei Way Holdings Bhd which changed its name to Sunway Holdings Incorporated Bhd.

This year was also the year that we completed our first overseas project through the provision of construction management services for a 960 MW Combined Cycle Power Plant in Hai-Fu, Taiwan.



Growth, 1997 - 2004

2001

Sunway Construction began the first of many ventures into India with the construction of the Belgaum Bypass for the National Highways Authority of India.



2002

Sunway Construction completed the design & build of the Ministry of Finance Building, our first government building in Putrajaya, and one of many ministry buildings that we constructed for the Malaysian government.



2004

Taken private by Sunway Holdings Inc. Bhd to enable our parent company to fully unlock our intrinsic value through synergies and economies of scale.

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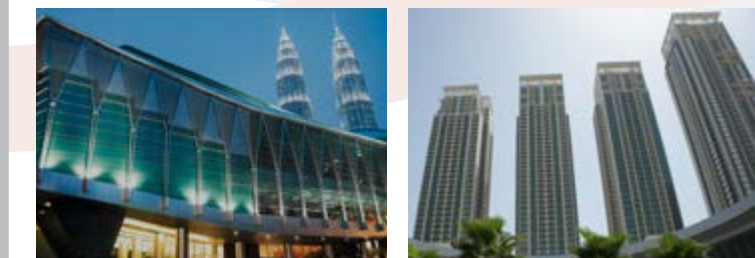
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Committing to Sustainability 2010

Cultivating Infrastructure Expertise 2011 - 2014

Malaysia's Largest Pure Play Construction Company 2015 - Current

2010

In a bid to boost productivity and improve the sustainability of our operations, Sunway Construction became one of the first few construction companies in Malaysia to implement Virtual Design and Construction. VDC, which is more commonly known as Building Information Modelling, enables the digital construction of a virtual model of a building which allows for accurate planning, scheduling and cost estimation.

Internally, we launched the Total Quality Management initiative that seeks to ensure that we do not compromise on the quality of our products and services.



2011-2014

Leveraging our experience in building public and transport infrastructure, Sunway Construction made a conscious decision to move into rail infrastructure, thus building on and further improving our overall civil engineering knowledge and expertise while contributing to nation building.

We were awarded our first Light Rail Transit (LRT) Project, which was the Kelana Jaya Line Extension, in 2011 and in 2012, we secured our first Mass Rapid Transit (MRT) Project, which was the Sungai Buloh - Kajang Package V4. In addition, we were hired to build Malaysia's first elevated Bus Rapid Transit (BRT), the BRT Sunway Line.



2015 - 2018

After a decade of unrelenting focus on developing all areas of our business, we returned to Bursa Malaysia as Sunway Construction Group Berhad, the country's largest pure play construction company.

In maturing into an integrated construction services company, we are able to provide a full range of design and construction services including building, civil engineering / infrastructure, foundation and geotechnical engineering, mechanical, electrical and plumbing (MEP) services and manufacturing and sale of precast concrete products offering end-to-end solutions for our clients as well as control over timely delivery and quality.



Aside from obtaining more infrastructure and building projects during this period, Sunway Construction continued to enhance our capabilities by implementing advanced manufacturing facilities to improve work processes. In 2018, our subsidiary, Sunway Concrete Products (S) Pte. Ltd. together with Hong Leong Asia Ltd. won the bid for the lease of land for the development of a fully automated precast plant, the Integrated Construction and Prefabrication Hub (ICPH), from Building and Construction Authority of Singapore (BCA).



2019 - 2020

Sunway Construction continues to expand its international presence through the:

- Signing of a Memorandum of Understanding (MoU) with Capital Construction Ltd (CCL) to jointly bid for potential projects in Yangon and Mandalay, Myanmar.
- Being awarded two highway projects in Tamil Nadu, India jointly with RNS Infrastructure Ltd based on a hybrid annuity model (HAM) approach.
- Signing of a Memorandum of Understanding (MoU) with ENGIE South East Asia to venture into district cooling systems for greenfield & brownfield urban development projects.

In addition, we established a new division, which is focused on developing business in the Sustainable Energy sector.



2021

In 2021, we mark 40 years of Construction Excellence. Nonetheless, we remain firmly focused on growing the business in a sustainable way. The Group is committed to upholding strategies that are grounded in our core values of integrity, humility and excellence in order to continue delivering long-term sustainable value to all our stakeholders.



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VISION

To be a leading regional construction and engineering group.

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

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

MISSION

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

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

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



CORE VALUES

INTEGRITY

We not only do the right things but do things right. We conduct ourselves in an honest, professional, and ethical manner at all times.

HUMILITY

We believe in being humble, polite, and respectful. It is about displaying empathy and demonstrating daily that we care and listen. It reminds us that no matter how much we think that we know, we still have a lot more to learn.

EXCELLENCE

We are committed to the pursuit of excellence and delivering high quality products and services in the sectors we are involved in.

SUNCON AT A GLANCE

SunCon believes that delivering landmark projects begins with a vision that eventually becomes reality through passion and determination.

With every construction project we undertake, we enrich the lives of people; fostering long-term progress and economic growth.

Since 1981, we have undertaken more than RM32 billion worth of projects across seven countries. Our Group and culture are built on more than four decades of leadership and a relentless adherence to our values, the core of which are Integrity, Humility and Excellence. These are the values that drive our delivery.

CONSTRUCTION PROJECTS IN **SEVEN COUNTRIES**

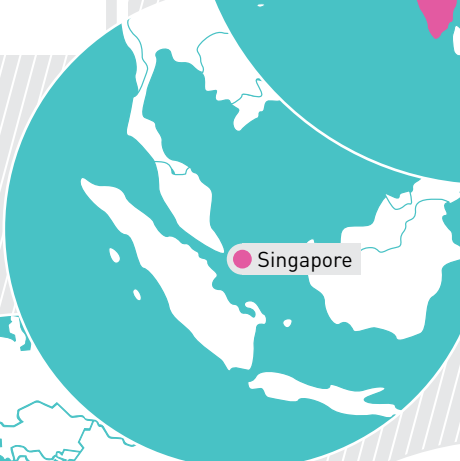
40 YEARS OF EXCELLENCE

Invested in Virtual Design & Construction since 2010

MORE THAN **RM40 MILLION**

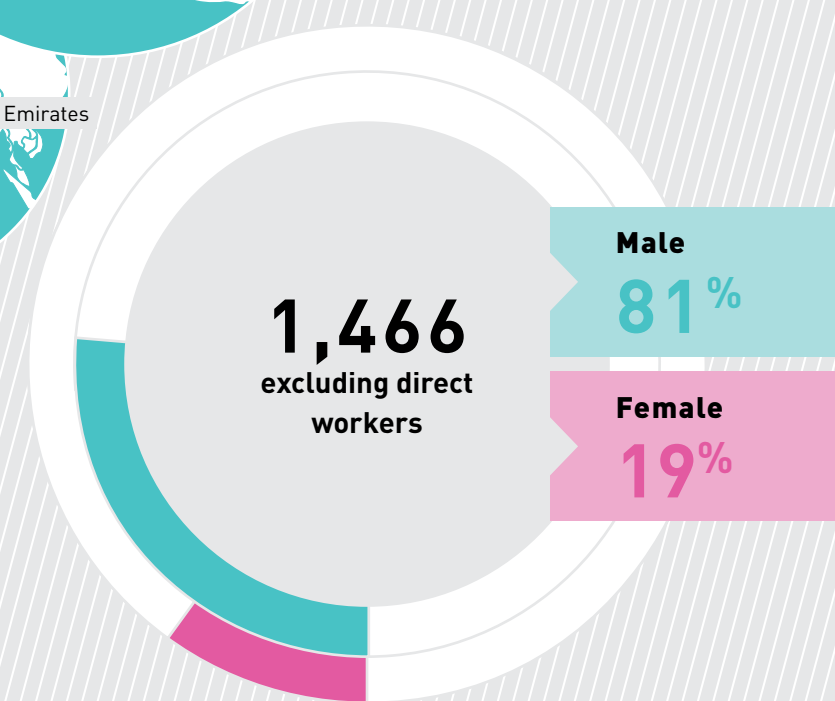
Turnover recorded to-date

RM32 BILLION



NO.1
pure play contractor
listed on Bursa Malaysia

2 precast plants at
126,000 m³
capacity

















CORPORATE PROFILE

<p>Building Construction</p>	
	<p>Our building construction services division specialises in the design and construction of special purpose buildings with a proven track record in constructing buildings that have become national landmarks such as the Kuala Lumpur Convention Centre, Traders Hotel, Pinewood Iskandar Malaysia Studio, Legoland Malaysia Theme Park, Government Buildings in Putrajaya, amongst others. We have also completed several projects overseas in the past years.</p>
<p>Civil and Infrastructure</p>	
	<p>The civil and infrastructure division specialises in civil and rail infrastructure services and has vast experience in various roads, highways, airports and runways, bridges and rail transportation infrastructure projects over the last 40 years. Some of the notable projects we have been completed are the Ipoh Airport, Kajang SILK Highway, South Klang Valley Expressway (SKVE), Light Rail Transit – Kelana Jaya Line extension (KLJ LRT), Bus Rapid Transit Sunway Line (BRTSL), Mass Rapid Transit Line 1 Package V4 (MRT1) and MRT Line 2 - Package V201 & S201 (MRT2). We have also completed the Coastal Highway Southern Link that links Medini, Johor to Singapore via the Second Link Expressway. In addition, our track record also includes seven highway projects in India.</p>
<p>Foundation and Geotechnical Engineering</p>	
	<p>SunCon has expertise in foundation and geotechnical engineering works including piling, large diameter bored piles, diaphragm wall construction, deep basement construction, top down construction and ancillary work. We also own a large fleet of machines which enables us to provide integrated geotechnical solutions for a wide range of building projects, from residential projects to large scale developments, as well as civil and infrastructure works. Our foundation and geotechnical division primarily supports all building and civil infrastructure projects that we obtain as a Group. Hence, we are able to have better control of the projects through on-site coordination and more efficient machinery utilisation.</p>
<p>Mechanical, Electrical and Plumbing</p>	
	<p>SunCon provides mechanical, electrical and plumbing (MEP) services, and specialised engineering solutions as a fully integrated construction services business. The modus operandi for our mechanical, electrical and plumbing service is very much to complement the projects under the building construction and civil infrastructure service division in achieving the Green Building Index (GBI) as planned by our clients. We are able to offer innovative, energy efficient and cost effective MEP solutions for purpose built or specialty projects. Our MEP expertise also includes District Cooling Plants, Central Utilities Facilities, Green Buildings, Biotechnology and Renewable Energy, among others. We have the resources and know-how to complete the most technically challenging project of any size.</p>
<p>Sustainable Energy</p>	
	<p>We provide sustainable energy solutions ranging from district cooling plants to renewable energy services such as large scale solar farms, and rooftop solar solutions for residential and commercial buildings, as part of our commitment to reduce the carbon footprint.</p>
<p>Manufacturing and Sale of Precast Concrete Products</p>	
	<p>We develop, design, manufacture and supply precast concrete products with manufacturing plants located in Iskandar and Senai in Johor, Malaysia. We are among the first to be awarded the license to produce Prefabricated Bathroom Units (PBU) and obtained the license to produce Prefabricated Prefinished Volumetric Construction (PPVC). Our precast sales are predominantly in Singapore where we cater to the Singapore Housing Development Board (HDB) projects and also private executive condominiums. Our precast business has been in operations since 1994 and we currently have a total of two precast plants with an annual capacity of 126,000 m³. We specialise in manufacturing building components such as precast walls, slabs, panels, PBU and PPVC.</p>

OUR APPROACH TO SUSTAINABILITY

Sustainability is core in everything we do as we stay true to Sunway Group’s corporate vision of being Asia’s model corporation in sustainable development, innovating to enrich lives for a better tomorrow. As such, we have aligned our material matters with the UN Sustainable Development Goals (SDGs) to reflect the Group’s efforts in ensuring sustainable value creation across its business operations.

 ENVIRONMENT	Our Impacts Created
SDG    	<p>RM 8.77 million investment in rooftop solar</p> <p>373 MWh solar generation at Sunway Precast Industries and Sunway Enterprise Park</p> <p>Water savings at Sunway Concrete products : > 10,000 m³</p> <p>Embarked on e-pay slips initiatives. Estimated to save more than 20,000 sheets of paper annually</p>
 ECONOMIC	Our Impacts Created
SDG  	<p>97% of our suppliers are local</p> <p>Total spent on local supplier: 84% of total expenditure</p> <p>> RM 400,000 savings from digitalisation effort</p>
 SOCIAL	Our Impacts Created
SDG     	<p>Total spend on COVID-19 prevention at workplace : > RM 3 million</p> <p>Provided platform for 114 pre-graduates through internship program to enhance employability</p> <p>> RM 1.5 million contributed in social initiatives and programmes</p> <p>3 Centralised Labour Quarters (CLQ) obtained Certificate for Accommodation from Jabatan Tenaga Kerja</p>

We are guided by our Future Value Goals 2030, which consists of three goals that cover the key areas in environmental, social and governance. Our performance under the goals can be found in the Sustainability Statement from pages 60 to 85.

OUR APPROACH TO SUSTAINABILITY

Climate change is inevitable amid rapid economic and global population growth. SunCon recognises the significance of adapting to climate change and aligned our reporting disclosures based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations to strengthen our commitment to sustainability.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURE (TCFD)

Our approach to climate change is aligned with the TCFD’s key pillars and recommended disclosures. We have also set baselines and targets to be achieved by 2030. Apart from our approach, we further strengthened our commitment to climate change by signing up as an official supporter of the TCFD in January 2021.

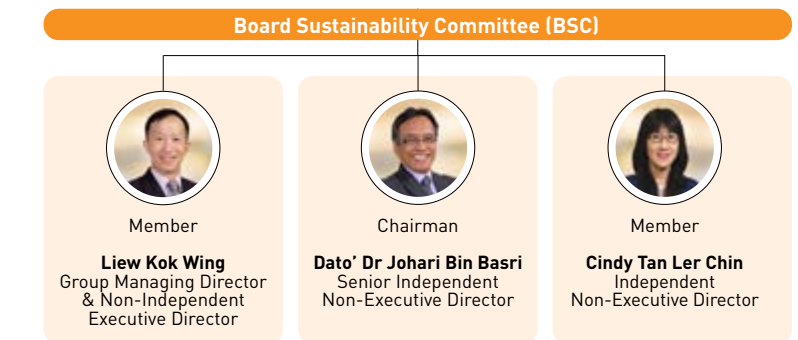
FOCUS AREA

Governance

The Board Sustainability Committee (BSC) was formed with the responsibility to assist the Board of Directors in fulfilling its oversight on the Group’s sustainability strategies and championing its sustainability agenda.

The sustainability area under the purview of the BSC includes physical impacts of climate change mitigation and adaptation, climate-related risks and opportunities, as well as areas within the sustainability pillars of environment, social and governance.

The BSC shall oversee the execution of the Group’s ESG framework, as well as provide oversight on ESG risks, which includes climate-related risks. These risks will be monitored and assessed prudently considering pragmatic risk mitigation response and strategies to ensure the Group remains resilient amidst the looming climate-related challenges.



The Sustainability Working Team supports the Board Sustainability Committee (BSC) in executing and driving its sustainability strategies and initiatives. The team is spearheaded by subject matter experts within the Group on matters in relation to environment, social and governance, synergizing the knowledge and expertise within the Group to best manage climate-related risks through embedding mitigation approach and measures into our business operations.

For more information on Sustainability Governance, please refer to page 85.

Strategy

We have conducted peer review on the climate-related risks and opportunities within the industry, both locally and internationally. The review has allowed us to better identify climate-related risks and opportunities that are relevant to our business operations, and we have further redefined these risks and opportunities into the TCFD recommendations framework.

We have further improved our TCFD risks and opportunities reporting this year with the inclusion of climate-related risks and opportunities impact on our business.

As there is no standardised climate-related scenarios for organizations to employ at the present time, SunCon is unable to gauge the degree of resilience on its climate-related risks mitigation strategies. On this note, we will be working towards cementing our emissions reduction targets with the Science Based Targets initiative (SBTi).

SunCon has and will continue to ensure its operations are climate resilient, especially in its environment protection and risk mitigation measures.

For more information on climate-related risk & opportunities, please refer to pages 6 to 8.

Risk Management

We have conducted peer review on the climate-related risks and opportunities within the industry, both locally and internationally. The review has allowed us to better identify climate-related risks and opportunities that are relevant to our business operations. In addition, potential risks are also identified through our material matters contributing from our materiality assessment process which involves the internal and external stakeholders. The risks and opportunities identified are then assessed through SunCon Risk Management Process.

The Group’s risk management framework is benchmarked against the ISO 31000:2009 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management (ERM) into key activities, initiatives and processes of the Group. The Group has four (4) core response strategies for risk management which includes Risk Termination, Risk Reduction, Risk Acceptance, and Risk Transfer.

The overall risk assessment process is in accordance to SunCon Risk Management Process. The climate-related risks and opportunities assessment outcome, upon approval by the Board Sustainability Committee, for risks and opportunities with most significance and high impact shall be included in the Company’s principle risks.

For more information on Board risk oversight, please refer to pages 120 to 124.

Metrics and Targets

We measure our energy and water consumption, carbon emissions and waste generations. Our carbon emissions are measured by the Carbon emission intensity per unit revenue, Water use intensity per unit revenue for water consumption, Energy use intensity per unit revenue for energy consumption, and tonnes for waste generated. We also provide disclosure on our operational GHG Scope 1, 2 and 3 emissions.

For more information on Environmental Stewardship, please refer to pages 61 to 66.

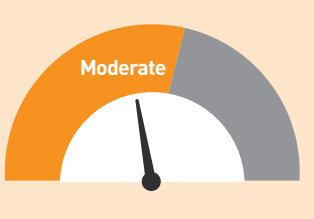
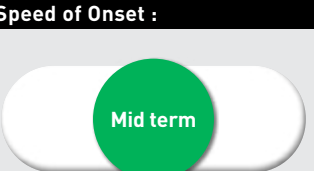
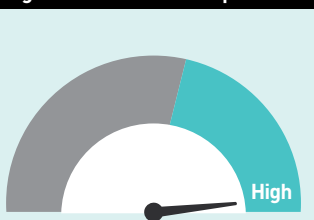
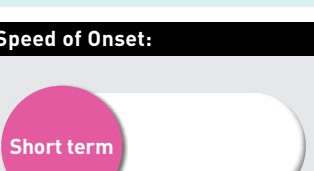

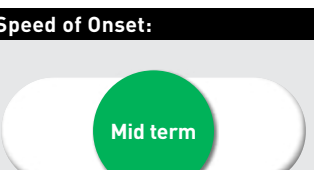
We are committed to the decarbonisation target envisioned by our parent company, Sunway Berhad to achieve Net Zero Carbon Emissions by 2050. In order to ensure we stay on course in achieving this target, we have established the SunCon Future Value Goals 2030 where its 3 strategic goals and corresponding 10 targets encompass our commitment towards measuring our ESG performance year-on-year basis.

For more information on SunCon Future Value Goals 2030, please refer to Sustainability Statement from pages 60 to 85.

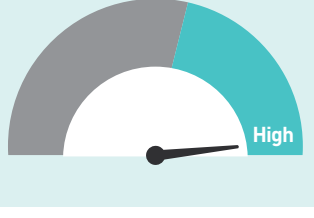
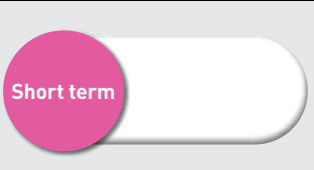
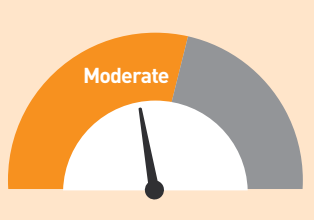
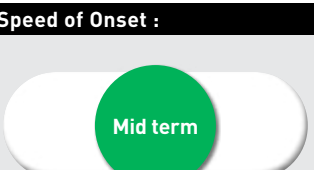

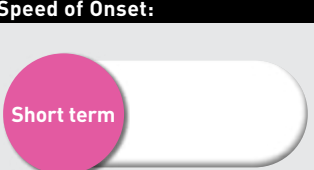
OUR APPROACH TO SUSTAINABILITY

RISKS AND OPPORTUNITIES

Climate change presents both risks and opportunities to our construction business. The table below shows how we aligned TCFD's recommended risks and opportunities with our approach to climate change.

Key Factor : Transition Risk				
1 POLICY				
Issue :	Description :	Risk :	Degree of Financial Impact :	SunCon's Response & Strategies :
Mandatory regulations on emissions controls, including embodied carbon	<ul style="list-style-type: none"> Introduction of carbon tax or change in emissions policy may increase operating and construction cost Increase in prices of raw materials from supply chain 	Financial impact: <ul style="list-style-type: none"> Increase in capital expenditures Increase in operating cost Contraction in revenue generation 	 Speed of Onset : 	<ul style="list-style-type: none"> Established SunCon Future Value Goals 2030 which outlines our strategies to achieve the Group's mission of Net Zero Carbon Emissions by 2050 Strengthen the maintenance plan of our machinery fleet to ensure they are energy efficient and minimise emissions Actively explore opportunities for circular economy in both our inputs and outputs
		Opportunity : <ul style="list-style-type: none"> Potential investment in green products – solar related, district cooling system Non-financial impact: <ul style="list-style-type: none"> Human capital Enhanced competitive edge 	 Speed of Onset: 	<ul style="list-style-type: none"> Accelerate our solar investments to meet market demand Continually explore or establish strategic partnership with interested stakeholders to develop new clean energy opportunities We have amassed vast experience on designing and constructing green buildings. We will continue to innovate and keep abreast with latest technology in constructing Zero Energy Buildings (ZEB) To invest in our human capital in ensuring they are equipped with future-proof skills
Restrictions on business based on emissions allowance	<ul style="list-style-type: none"> Government reduces construction investments to meet national emission targets Increase in operating cost with the introduction of carbon trading 	Financial impact: <ul style="list-style-type: none"> Increase in operating cost Contraction in revenue generation 	 Speed of Onset: 	<ul style="list-style-type: none"> Established SunCon Future Value Goals 2030 which outlines our strategies to achieve the Group's mission of Net Zero Carbon Emissions by 2050 To actively explore opportunities for circular economy in both our inputs and outputs To enhance efficiency of resource use and reduce carbon footprint through supply chain management To explore alternate energy source to diesel

OUR APPROACH TO SUSTAINABILITY

Key Factor : Transition Risk				
2 MARKET				
Issue :	Description :	Opportunity :	Degree of Financial Impact :	SunCon's Response & Strategies :
Increase in demand for renewable energy	<ul style="list-style-type: none"> Demand for renewable energy boost our sustainable energy business arm 	Non-financial impact: <ul style="list-style-type: none"> Human capital Enhanced competitive edge 	 Speed of Onset : 	<ul style="list-style-type: none"> Continually explore or establish strategic partnership with interested stakeholders to develop new clean energy opportunities To invest in our human capital in ensuring they are equipped with future-proof skills
Expansion of Zero Energy Building (ZEB) market	<ul style="list-style-type: none"> Increase in retrofitting projects for ZEB adoption boost our sustainable energy business arm 	Non-financial impact: <ul style="list-style-type: none"> Human capital Enhanced competitive edge 	 Speed of Onset : 	<ul style="list-style-type: none"> To invest in our human capital in ensuring they are equipped with future-proof skills Potential expansion of business model to focus on retrofitting projects Capitalise and internalise our expertise and venture in Virtual Design and Construction (VDC) 6D on Facility Management for potential retrofitting projects
Key Factor : Physical Risk				
3 CHRONIC				
Issue :	Description :	Risk :	Degree of Financial Impact :	SunCon's Response & Strategies :
Inclement weather	<ul style="list-style-type: none"> Inclement weather condition reduces productivity resulting in progress delay Risk to workers' safety and health when working in extreme weather condition 	Financial impact: <ul style="list-style-type: none"> Damage to assets Cost overrun Reduced claim: revenue Non-financial impact: <ul style="list-style-type: none"> Reputational damage Risk to workers safety and health 	 Speed of Onset: 	<ul style="list-style-type: none"> Ensure climatic constraints are taken into consideration during project planning and management Ensure workers' safety, health and welfare are protected and preserved through systematic hazard and risk assessment

OUR APPROACH TO SUSTAINABILITY

Key Factor : Physical Risk

4 ACUTE

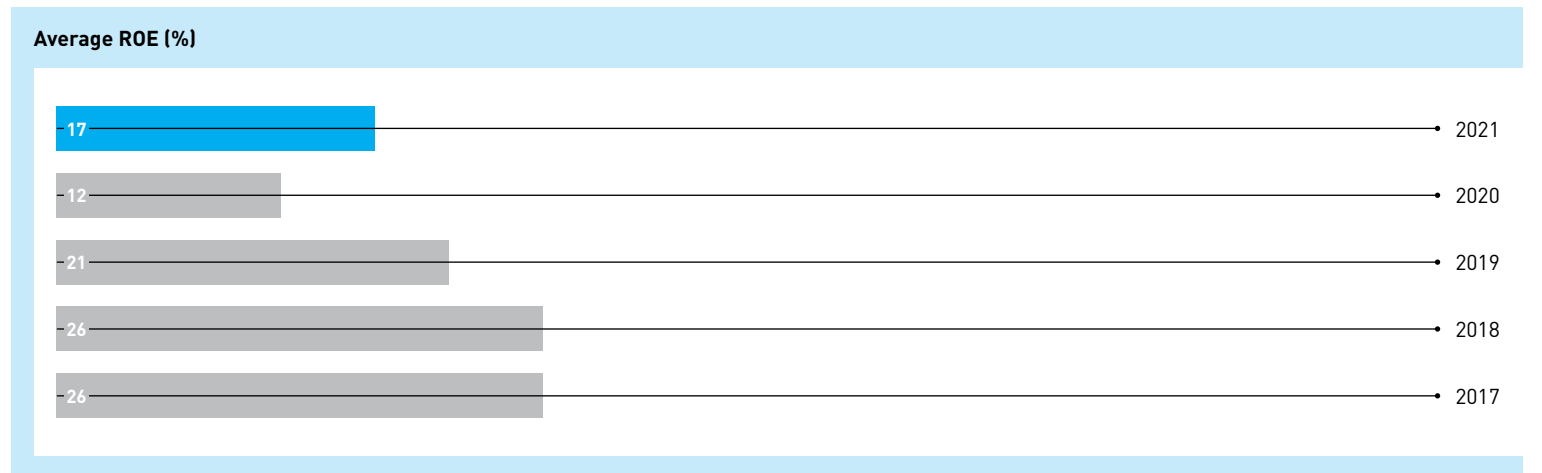
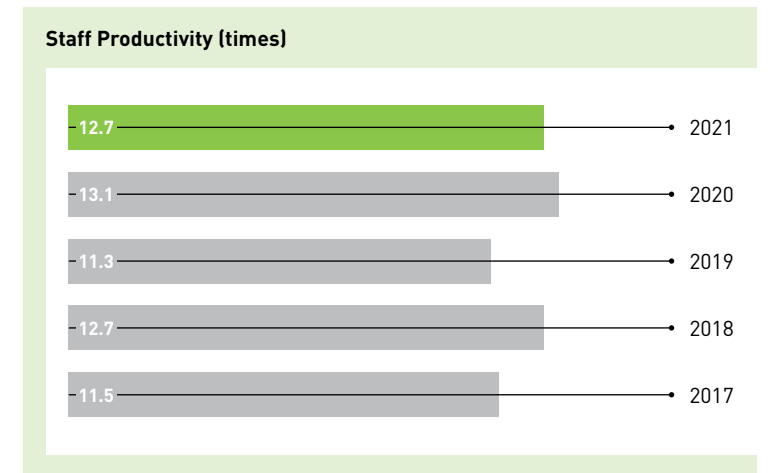
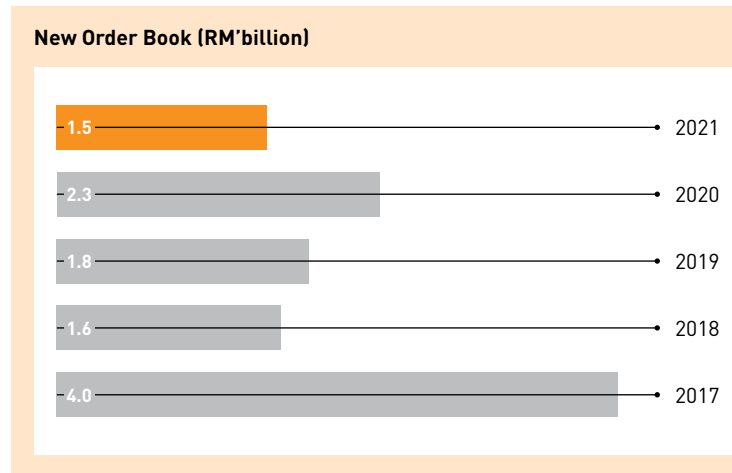
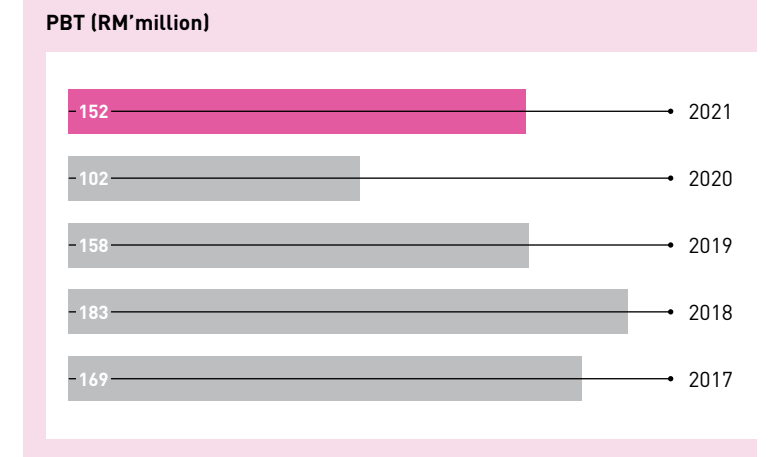
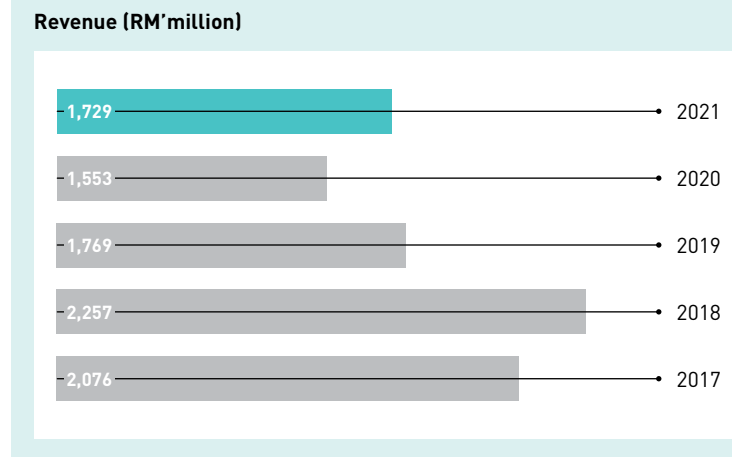
Issue :	Description :	Risk :	Degree of Financial Impact :	Speed of Onset:
<p>Increase frequency and intensity of meteorological disasters</p>	<ul style="list-style-type: none"> Increase intensity and frequency of precipitation events reduces productivity resulting in progress delay Increase chances of stranded assets for flood prone work sites Disruption to supply chain 	<p>Financial impact:</p> <ul style="list-style-type: none"> Damage to asset Cost overrun Reduced claim: revenue 		<p>Short term</p>
<p>Water security</p>	<ul style="list-style-type: none"> 16% of our project sites are within water stressed areas Frequent unscheduled water disruption may cause progress delay 	<p>Financial impact:</p> <ul style="list-style-type: none"> Increase in operating cost 		<p>Short term</p>

- SunCon's Response & Strategies :**
- Continue to practice existing internal controls where flood prone areas within our project vicinity shall be identified and flood mitigation plan shall be established
 - Ensure climatic constraints are taken into consideration during project planning and management
 - Strive to build a strong local supply chain where effects of supply chain disruption can be minimised

- Target to establish site specific water management plan by 2025 which allows us to identify alternative water source within specific worksites to reduce dependency on potable water source
- Explore the adoption of rainwater harvesting as key requirement at new project worksites for sanitary and irrigation purpose

OUR COMPETITIVE ADVANTAGE

5-YEAR FINANCIAL HIGHLIGHTS



OUR COMPETITIVE ADVANTAGE

VIRTUAL DESIGN AND CONSTRUCTION TRANSFORMATION JOURNEY

2010

VDC Journey Begins



Investment in hardware and software



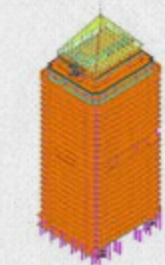
Human capital training and development in 3D modeling

2012 - 2014

Implementation at In-house project

Setting up of BIM standards, development of 4D capabilities

Structural Model



Architectural Model



MEP Model



Sunway Pinnacle, Sunway City

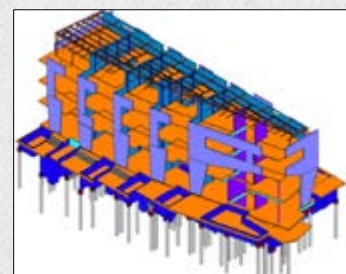
2011

Establishing BIM Standards

Develop a collaborative platform for Integrated Project Delivery (IPD) encompassing the linkage between 3D, 4D, 5D



Architectural Model



Structural Model



Avant Parc, Singapore Artist Impression

2015

Enhancing work processes



Enhancement of modeling capabilities, BIM Workflow, and development of automation skills

OUR COMPETITIVE ADVANTAGE

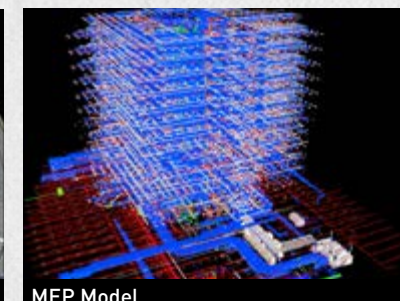
2016 - 2017

First Government Project to Implement BIM up to 6D

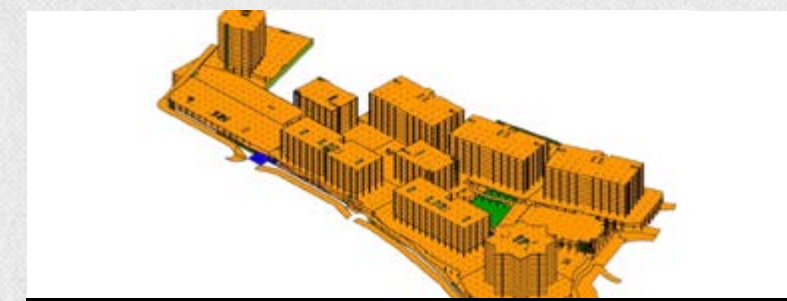
Implemented BIM up to 6D Facility Management (FM) stage for one of the largest BIM projects in Malaysia – Parcel F, Putrajaya



Architectural Model



MEP Model



Structural Model



Parcel F, Putrajaya

2018 - 2020

Implemented BIM at all SunCon projects

- Integrated Operations and Design team
- Established SunCon VDC Handbooks



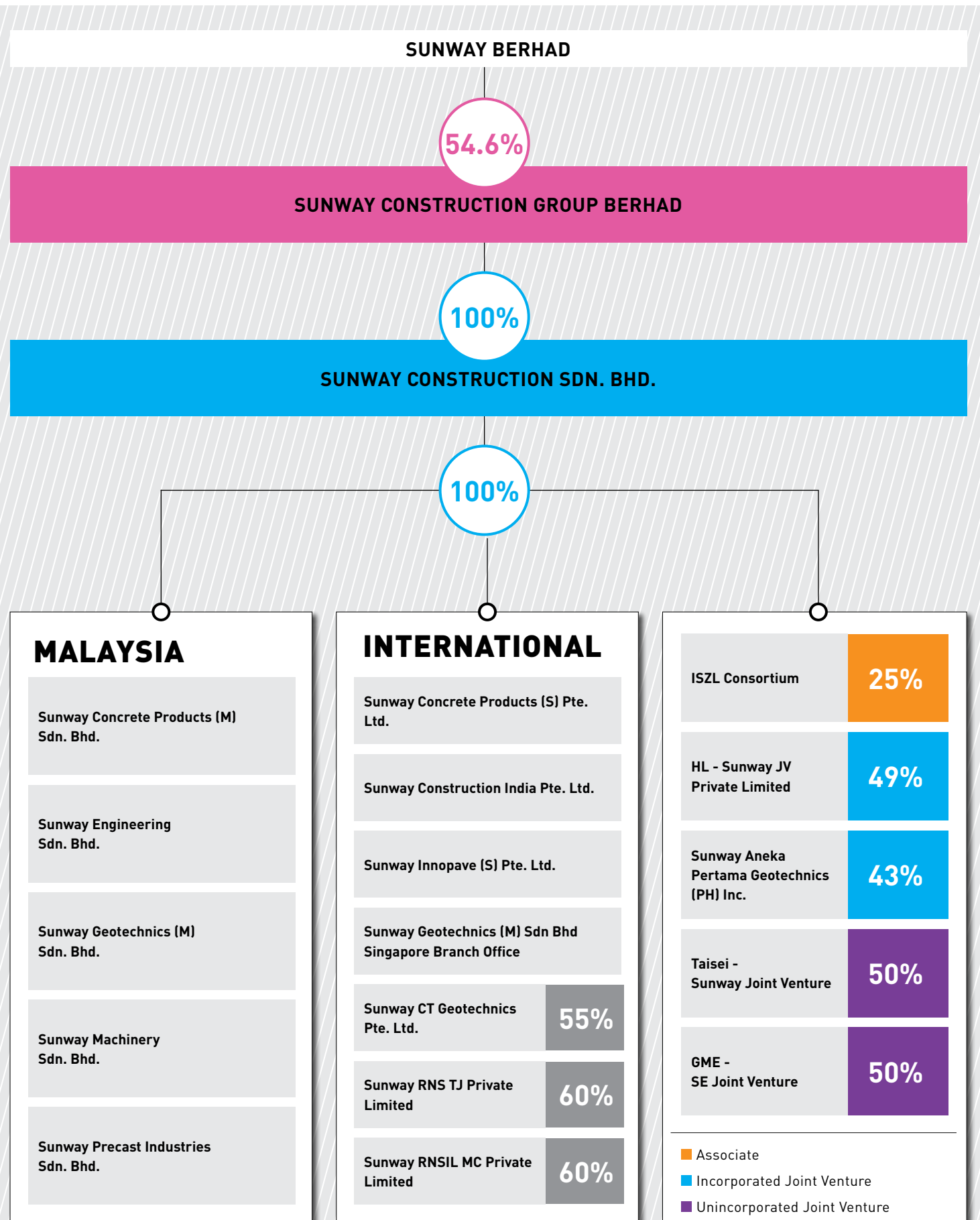
2021

Digitalisation & Automation

Automate work processes, digitalise documentation works, improve effectiveness and efficiency of project management



GROUP CORPORATE STRUCTURE



* Only major subsidiaries and joint ventures are illustrated



TNB HQ Campus Phase 2, Kuala Lumpur



Taman Selatan Station, LRT3 Package GS07&08

VIEWS FROM THE CHAIRMAN

“Remaining focused on delivering value”

The past year was yet another challenging year, as the resurgence of the COVID-19 pandemic continued to disrupt economic recoveries in Malaysia and beyond. The recovery momentum, which was expected to be strong in 2021, was dampened as movement restrictions were prolonged for a number of months.

With the number of COVID-19 cases steadily rising in the first half of the year, the government once again introduced movement restrictions that were tightened or eased depending on the pandemic situation in a particular state. However, by the end of May 2021, new cases rose to record levels, culminating in the government implementing a total lockdown, similar to the Movement Control Order we experienced in 2020. This resulted in an almost three-month shutdown of most economic sectors, including the construction sector, and severely affected the progress of ongoing projects as well as delayed the launch of new ones.

Construction activities were allowed to recommence under Phase 1 of the National Recovery Plan (NRP) in mid-August, based on the percentage of fully vaccinated workers on a project-to-project basis. As the restrictions eased further, we progressively ramped up operations while complying to COVID-19 SOPs. To date, close to 100% of our employees and business partners have been fully vaccinated, with the exception of those with health conditions.

Amid this extremely challenging backdrop, we continued to focus on operational excellence and cost efficiencies to deliver value to our shareholders. We also prioritised the safety of our people as extensive protocols were put in place to safeguard all our employees and workers. As a precautionary measure, we mass-tested all employees and continue to carry out periodic testing till this day.

DATO' IR GOH CHYE KOON

*Chairman Of
Sunway Construction
Group Berhad*

2021'S PERFORMANCE

Despite the pandemic, SunCon managed to deliver a resilient set of results. We achieved a turnover of RM1.729 billion and PBT of RM152.2 million, with improvement in profit margin to 8.8%. We successfully secured new contracts worth RM1.5 billion and maintained a healthy outstanding order book of RM4.8 billion as at 31 Dec 2021, which is expected to extend till 2023.

The resumption of construction activities in the later part of 2021 was crucial to supporting our business performance



VIEWS FROM THE CHAIRMAN

Total Revenue
RM1,729
MILLION

Total Profit After Tax
RM110.75
MILLION

The Sustainable Energy division has marked a significant milestone in 2021 with its foray into the large scale solar programme.

and more importantly, to support the nation's economy through our business activities that positively impact many others throughout our value chain. The pandemic has taught us to be agile and changed the way we operate to ensure productivity even while observing stringent SOPs and fewer workers on site.

In the year under review, I am proud to report that we have accomplished meaningful progress across all our business divisions despite the challenges of the pandemic.

We have completed the Petronas New Leadership Center (PNLC) project in Bangi, Selangor. The 4-storey building is an advanced learning facility that is designed to achieve a Platinum rating for both the Green Building Index (GBI) and Leadership in Energy and Environmental Design (LEED) systems. The successful completion of the project demonstrates our capability in delivering technically challenging facilities using innovative solutions. We have also completed the Sunway Geolake development, comprising a 44-storey condominium and 44 units of townhouses in Sunway South Quay.

Looking ahead slightly, we are expected to complete the TNB HQ Campus Phase 2 project in Kuala Lumpur as well as the LRT3 Package G07&G08 in Klang in 2022 as both projects are in the final stages of construction.

We also acknowledge that the strong pipeline of projects from our parent company, Sunway Group, has continued to cushion us from the full impact of the pandemic. In 2021, we were awarded two hospital projects from our parent company, including the Sunway Medical Centre Damansara valued at RM240 million and the Sunway Medical Centre in Ipoh valued at RM150 million.

The Sustainable Energy division has made significant progress in 2021, securing the Letter of Intent for two packages of the Large Scale Solar 4 project for the design, engineering, procurement, construction, testing and commissioning of solar photovoltaic (PV) energy generating facilities totaling RM385 million. Our foray into the large scale solar business is in addition to the multiple solar rooftop projects that we secured during the year, with total capacity of 986 kWp under implementation.

As a continuation of our efforts to diversify our business, we will be commencing the development of our maiden District Cooling System project in Commercial Precinct 2 (CP2), Sunway South Quay following the memorandum of understanding we signed with ENGIE South East Asia in 2020. ENGIE Group is the European leader in energy and value-added energy solutions with the requisite expertise that SunCon will be able to leverage on to pursue other district cooling opportunities in Malaysia.

Meanwhile, the Precast Division is expected to complete the construction of the Integrated Construction and Prefabrication Hub (ICPH) in Singapore in the second half of 2022. As an automated precast plant, its completion will be significant as it gives the Group added capacity that can help us increase our order book. With operations expected to commence at the end of 2022, we look forward to strengthening our presence in Singapore on the back of our strong track record in securing government and private projects.

For our regional projects, we have commenced construction of the two highway projects in Tamil Nadu, India as we obtained the start work order for the RM315 million Meensurutti-Chidambaran project on 8 August 2021 and the RM508 million Thorapalli Agraharam-Jittandahalli project on 7 December 2021.



Petronas New Leadership Centre

VIEWS FROM THE CHAIRMAN

In 2021, we are proud to have successfully completed the PNLC project in which we implemented full BIM standards together with facility management parameters. The project is certified to BSI (British Standards Institution) Level 2, demonstrating our capability to deliver projects that adhere to international BIM standards.

EMBEDDING DIGITALISATION TO IMPROVE EFFICIENCY

In the year under review, SunCon has paid particular attention to strengthening its Building Information Modelling (BIM) capabilities in order to improve productivity, reduce costs and speed up project delivery. For instance, as part of our digital transformation, we rolled out the SunCon Project Management Dashboard, an in-house developed platform to enable our project teams to be able to visualise 3D BIM models remotely that helped our teams to collaborate more effectively during the pandemic.

We also conducted workshops and training sessions continuously to strengthen our BIM capabilities, making project execution faster, better and more precise ensuring that we were able to meet the needs of a very competitive market. In addition, we introduced a tool that contains 360 degree as-built photos for our project teams to have an all-round view of the project virtually, and enabling as-built drawings to be updated without the need to be physically based at site.

In 2021, we are proud to have successfully completed the PNLC project in which we implemented full BIM standards together with facility management parameters. The project is certified to BSI (British Standards Institution) Level 2, demonstrating our capability to deliver projects that adhere to international BIM standards.

Internally, technology has played an important role in helping us to transition to remote working arrangements. For example, we successfully implemented e-learning using the SAP system whereby employee learning programmes were carried out virtually and learning materials were made available anytime and accessible anywhere. We have also implemented several Robotic Process Automation initiatives to improve our day-to-day operations, including one that automatically matches purchase orders, delivery orders as well as the corresponding electronic transfer forms to improve record keeping while reducing the use of paper.

SUSTAINABILITY

Over the years, our sustainability efforts have evolved to become more deliberate and cohesive as we aspire to create sustainable impacts that is guided by a robust ESG governance structure. Following the launch of our SunCon Future Value Goals 2030 which took place in 2020, we spent the year under review further refining our goals to:



The Future Value Goals serve as the cornerstone of our sustainability journey, keeping us in check on the commitments we have made and provides a clear pathway to decarbonisation. To further strengthen our sustainability governance position and to advance our sustainability agenda, we have established a Board Sustainability Committee, which is currently led by Dato' Dr. Johari bin Basri, Senior Independent Non-Executive Director. The committee shall assist the Board to provide oversight of the Group's sustainability objectives, goals, strategies and implementation of initiatives.

Our decarbonisation plan is aligned with Sunway Group's goal of achieving Net Zero Carbon Emissions by 2050, responding to the country's call to action in transitioning to a low carbon, resource-efficient and socially inclusive economy. At SunCon, we find that our values resonate strongly with the quote "Think big, start small", where we strive to be a good corporate citizen by contributing in areas which we can make a difference.

We recognise that we are living in times where climate risks are inevitable, yet we strongly believe that in every crisis lies opportunities. With prudent risk management strategies and the sustained implementation of recommendations by the Task Force on Climate-related Financial Disclosures (TCFD), we will be able to mitigate the effects of climate change and remain resilient in the face of climate adversity. The Group is committed to advancing climate-related risks adaptation to meet the expectations of our stakeholders and shareholders.

This year, while we had made good progress towards achieving our SunCon Future value Goals 2030, we acknowledge that further improvement on our business operations are required as we are falling short in one of our interim targets. On this note, the Group will intensify its efforts to address these shortcomings to ensure better performance in coming years. The Group has also heightened its efforts in supporting clean energy for all through its Sustainable Energy arm, where RM8.77 million has been spent on installing rooftop solar panels as part of our solar investment for green energy, and is on its journey to initiate its maiden District Cooling System project in 2022. Our continued inclusion in the MSCI, where we

VIEWS FROM THE CHAIRMAN

maintained a score of "BBB", demonstrates the recognition of our efforts in addressing ESG risks.

Moving forward, our sustainability agenda will be very much focused on the circular economy, where we aspire to explore sustainable alternatives within our supply chain while actively seeking feasible channels to divert our waste from landfills which will enhance the value-chain economy. The path towards decarbonisation will also continue, in both optimising our operations through sustainable consumption strategies and capitalising on our strength as a producer of sustainable energy in carbon offsetting.

DIVIDENDS

Despite the challenging year, the Group remains committed in maintaining our dividend policy. Our ability to continuously create shareholder value is attributed to the Group's financial strength and prudent risk management culture. We have been consistently paying dividends since our listing to reward shareholders for their long-standing support and we aim to uphold this commitment moving forward.

In FY2021, the Board has declared 5.25 sen in dividends (amounting to RM67.7 million) and paid 1.25 sen (amounting to RM16.117 million). The balance of 4.00 sen is payable in financial year ending 2022.

STRENGTHENING CORPORATE GOVERNANCE

The Group remains committed to maintaining high standards of corporate governance in line with our core values of integrity, humility and

excellence. In the year under review, we have conducted independent assessments of the Anti-Bribery and Corruption Policy that was rolled out in 2020 to assess the effectiveness of its implementation and to identify areas for improvement. We regularly review and strengthen our approach to governance to reflect best practices and the changing environment, to help us deliver on our vision.

In line with the call for greater diversity on the Boards of public listed companies, we have strengthened our Board leadership and diversity mix with the appointment of Ms Cindy Tan Ler Chin as the Group's Independent Non-Executive Director. Ms Tan brings vast experience and extensive knowledge in finance, investment and risk management to the Group. With 25% of women on our Board, this also reinforces our commitment to gender diversity, an integral component of good corporate governance.

We have also appointed Dato' Tan Kia Loke as Alternate Director to Mr Evan Cheah. Dato' Tan was formerly one of the pioneers in spearheading the formation of the construction arm with the Sunway Group. With the appointments of the new directors on our Board, we are confident that we will be able to further improve our performance and maximise shareholder value.

AWARDS



Minority Shareholders Watch Group (MSWG)

ASEAN Corporate Governance Awards 2020 – Construction category
(4th time SunCon has won this award)

ARC Awards 2021

Bronze Award for SunCon's Annual Report 2020

The Edge Billion Ringgit Club Award 2021

Highest Return on Equity over three years for the Construction Sector
(third consecutive award)

OUTLOOK & PROSPECTS

Going into 2022, we are cognisant of the effects of the COVID-19 pandemic which may lead to new waves of infections, especially with the emergence of the Omicron variant, the latest variant of concern. It is therefore crucial for us to remain agile and to understand that new operating norms will be here to stay for some time while also considering the possibility that operations may be disrupted again. Concurrently, it is SunCon's top priority to continue providing a safe working environment to our employees and workers at all of our premises.

However, we are adopting a cautiously optimistic view given the reopening of the economy in the fourth quarter of 2021 that has seen most businesses rebound as the nation transitions towards the endemic phase. The construction industry is expected to be on a recovery path in line with the gradual economic recovery and the Group is well positioned to capitalise on the post-pandemic recovery.

Our outstanding order book of RM4.8 billion remains strong and will be able to sustain the Group for at least two years. We are focusing on supporting the in-house pipeline of projects from our parent company, Sunway Group, while we explore new opportunities to grow our order book. With our strong balance sheet and solid track record, we are ready to seize opportunities in Private Public Partnership (PPP) projects in Malaysia such as the Klang Valley Mass Rapid Transit Line 3 (MRT3), which is one of the projects being earmarked for development in 2022. We are also working diligently to grow our business in the sustainable energy sector and will continue to focus on regional expansion to uncover opportunities for infrastructure development in India and the ASEAN region. At the same time, we remain focused on strengthening our sustainability efforts, automation and digitalisation initiatives to build on our industry leadership and to deliver value to our stakeholders.

The Group's long-term fundamentals remain strong and we anticipate that we will benefit from the long-term market trend of urbanisation and infrastructure growth through sustainable construction. As Malaysia's largest pure play construction company, our core values, business objectives and strategy built on our strong track record of over 40 years have laid a solid foundation for us to forge ahead as we navigate the headwinds to emerge stronger from the crisis and deliver sustainable shareholder value.

ACKNOWLEDGEMENT

As we celebrate our 40-year anniversary, on behalf of the Board, I would like to express our sincere appreciation to our management team and employees for their commitment and dedication. I would also like to thank our clients, business partners and shareholders for their continued support and trust in SunCon. Reaching this significant milestone would not have been possible without the strong support from all of you. We look forward to building many more years of sustainable growth and success together.



Long span bridge at Simpang Lima Roundabout, LRT3 Package 6S07&08

VIEWES FROM THE CHAIRMAN

DIVIDENDS

1st Interim Dividend of 1.25 Sen Per Share

First interim single tier dividend of 1.25 sen per ordinary share for the financial year ended 31 December 2021

19 August 2021
Announcement of the notice of entitlement and payment

10 September 2021
Date of entitlement

29 September 2021
Date of payment

2nd Interim Dividend of 4.00 Sen Per Share

Second interim single tier dividend of 4.00 sen per ordinary share for the financial year ended 31 December 2021

23 February 2022
Announcement of the notice of entitlement and payment

15 March 2022
Date of entitlement

7 April 2022
Date of payment



TNB HQ Campus Phase 2, Kuala Lumpur

DIVIDEND POLICY

	2021	2020	2019	2018	2017
Dividend per share (RM'sen)	5.25	4.00	7.00	7.00	7.00
Dividend payout (RM'000)	67,691	51,574	90,256	90,457	90,457
Profit After Tax and MI (RM'000)	112,586	72,786	129,324	144,426	132,296
Dividend Payout Ratio	60%	71%	70%	63%	68%
Share price opening 1 Jan	1.88	1.91	1.33	2.51	1.70
Dividend Yield	2.8%	2.1%	5.3%	2.8%	4.1%

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

During the year, SunCon declared a total dividend of 5.25 sen per share. We have consistently delivered higher dividend payouts since our listing in 2015.

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



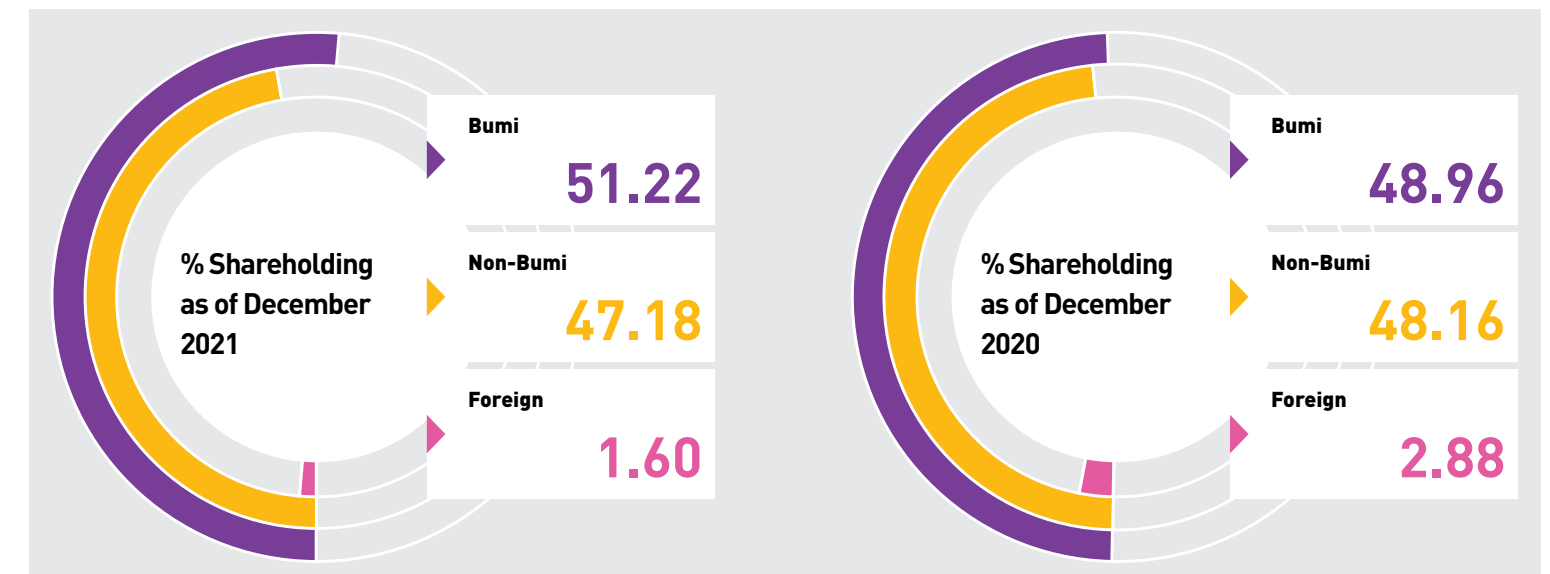
VIEWES FROM THE CHAIRMAN



Parcel CP2, Sunway City

REVIEW OF SHARE PERFORMANCE

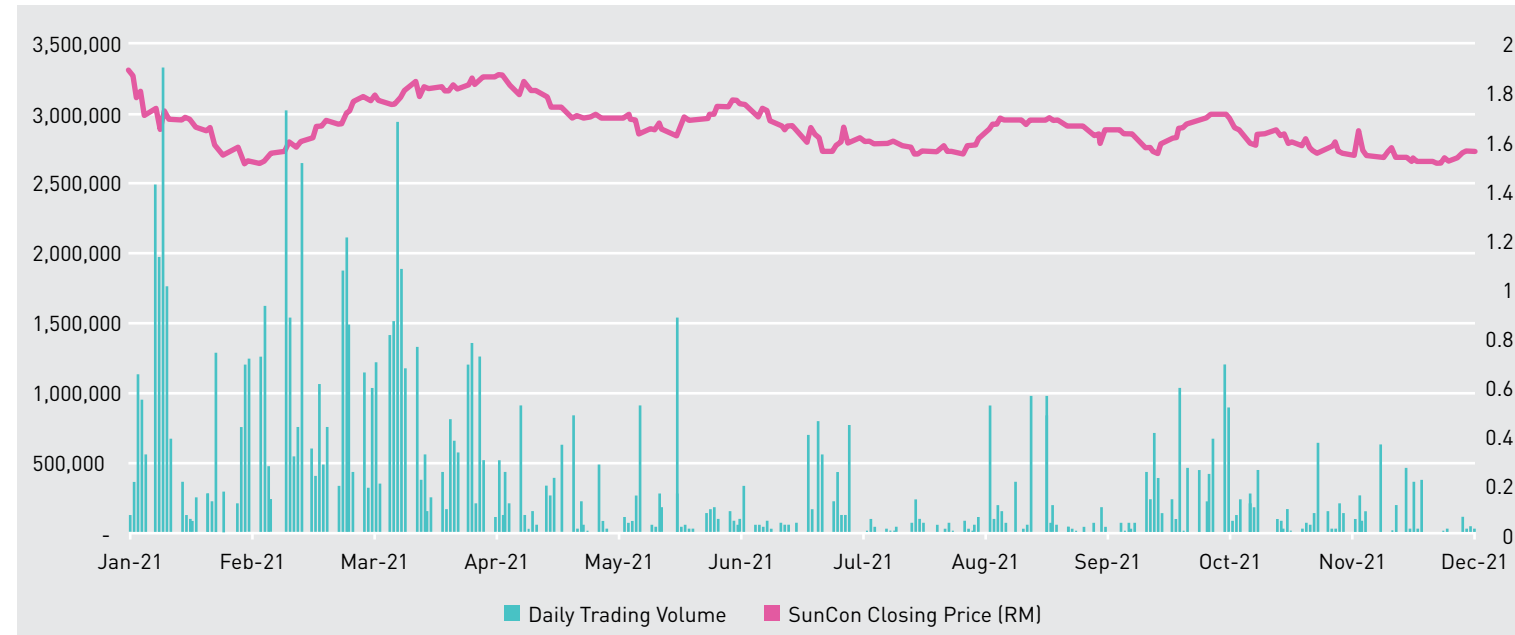
Sunway Construction Group Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad.



	Year Ended				
	2021	2020	2019	2018	2017
Market Capitalisation (RM'000)	2,016,924	2,423,995	2,462,676	1,718,687	3,244,308
Year End Closing Price (RM)	1.56	1.88	1.91	1.33	2.51
Dividend Per Share (RM'sen)	5.25	4.00	7.00	7.00	7.00
Basic EPS (RM'sen)	8.73	5.64	10.02	11.18	10.24

VIEWS FROM THE CHAIRMAN

SUNCON SHARE PRICE & VOLUME PERFORMANCE IN 2021



OPENING PRICE	SunCon 1.88	KLCI 1,627.21	KLCON 186.67
CLOSING PRICE	SunCon 1.56 ▼ 17.0%	KLCI 1,567.53 ▼ 3.7%	KLCON 153.88 ▼ 17.6%

1Q Close 31-Mar		2Q Close 30-Jun		3Q Close 30-Sep		4Q Close 31-Dec	
SunCon	1.80	SunCon	1.66	SunCon	1.63	SunCon	1.56
KLCI	1,573.51	KLCI	1,532.63	KLCI	1,537.80	KLCI	1,567.53
KLCON	180.94	KLCON	167.66	KLCON	164.55	KLCON	153.88

SunCon started the new year under the Recovery Movement Controlled Order (RMCO) phase in which construction activities were allowed to operate at a normal capacity, at RM1.88. The trading volume remained high in 1Q2021 and we eventually closed the quarter at RM1.80.

With rising COVID-19 infections, the government implemented MCO 3.0 from 6 May 2021 to 20 May 2021 in several states namely Selangor, Wilayah Persekutuan Kuala Lumpur and Johor. Subsequently, a nationwide lockdown was imposed on 12 May 2021. During these periods, selected industries were permitted to operate with the Ministry of International Trade and Industry's (MITI) approval albeit only at 60% capacity. On 1 June 2021 to 28 June 2021, Malaysia entered a full nationwide lockdown where only essential industries were permitted to operate under MITI's stringent approval. SunCon's share performance traded sideways in the first half of 2Q 2021 and subsequently closed at RM1.66.

In 3Q2021, Malaysia's COVID-19 cases reached another high point with most of the cases originating in Selangor and Kuala Lumpur. The Government then implemented an Enhanced Movement Control Order (EMCO) in many areas of Selangor and Kuala Lumpur. Our operations were halted as the majority of our construction projects are located in Selangor. Although the EMCO was lifted on 17 July 2021, only a few sites with Centralised Labour Quarters (CLQ) and on-site accommodation were allowed to restart operations and the operating capacity was determined by the percentage of workforce being fully vaccinated. The construction industry was only allowed to resume operations on 16 August 2021. SunCon's share price has been hovering within the range of RM1.60 to RM1.70 and subsequently we closed 3Q2021 at RM1.63.

With muted spending on large infrastructure in Malaysia under the 12th Malaysia Plan and Budget 2022, the Bursa Malaysia KL Construction Index has been trending downwards, trading 17.6% lower from the start of the year at 186.67 and closed the year at 153.88. SunCon saw a similar trend where we traded 17% lower during the year where trading volume has also reduced during the year.

MARKET LANDSCAPE

The Malaysian economic recovery in 2021 was derailed with the emergence of the third wave of COVID-19 infections, impacting the first three quarters of the year. The economy grew at a lower rate of 3.1% (BNM) compared to a previously higher forecasted figure largely attributed to the strict containment measures under Phase 1 of the National Recovery Plan (NRP). The sharp rise in daily cases led to multiple localised lockdowns which further impacted businesses as well as the economic situation.

The construction sector was one of the hardest hit due to temporary suspension of projects and operating capacity limits as a result of the lockdown measures, and recorded a contraction of 5% in 2021 (BNM). The industry faced challenges including delay in rollout of large public infrastructure projects, escalating prices of construction materials, slowdown in private sector spending, shortage of skilled workers due to border closures and uncertainties in COVID-19 containment measures such as quarantine protocols and compulsory sporadic fortnightly testing. Stringent requirements on centralised workers' accommodations in line with Act 446 also continues to be a challenge for the construction industry.

During the year, the prices of construction materials and bottlenecks in supply chain have increased in tandem with the reopening of the economy, impacting construction revenue. These issues together with labour shortages are anticipated to persist in 2022 and drive up construction costs as the recovery momentum picks up.

Economic activity subsequently picked up in the 4th quarter of 2021 as the National COVID-19 Immunisation Programme (PICK) gained



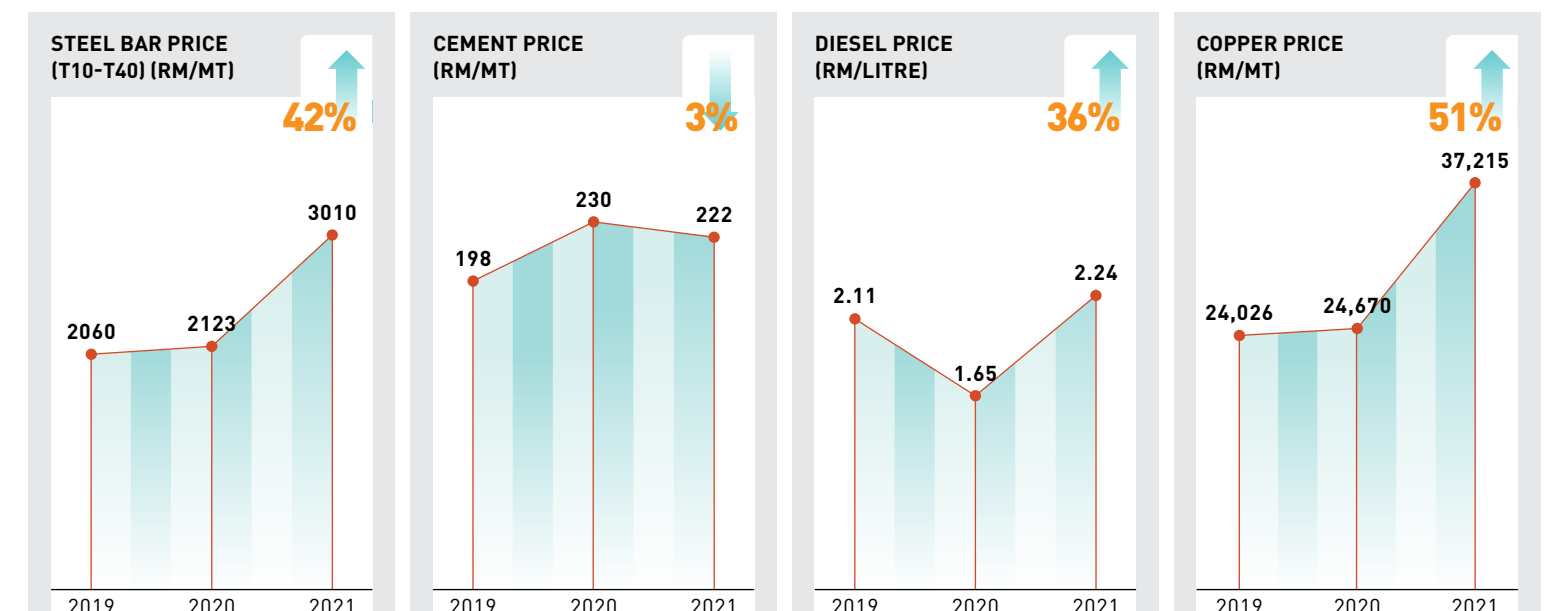
momentum while infection rates have slowed, allowing more states to shift towards Phase 4 of the National Recovery Plan with less restrictive containment measures. The construction industry was allowed to resume operations in August 2021 with the capacity based on workers' vaccination rates. Construction activities have since bounced back to pre-pandemic levels and the industry is set for a positive recovery in the year ahead. The pickup in construction activities, an improved labour market, strong external demand and the resumption in international travel together with an expansionary Budget 2022 have boosted the economy for a strong recovery in the 4th quarter of 2021. Malaysia is expected to be on the road to recovery in 2022 with growth outlook projected at 5.8% (World Bank).

In Singapore, the economy grew by 7.6% in 2021 (Ministry of Trade and Industry), a rebound from the contraction of 4.1% in the previous year. During the year, the rising number of infections led the Singapore Government to tighten restrictions in accordance with its zero-transmission policy, which weighed heavily on economic activity.

Performance of the construction sector was weighed down by declines in both public and private sector construction works. The sector was also badly impacted by significant manpower shortages, supply chain constraints, and escalating construction costs all attributable to the global pandemic. Despite this, the construction industry was recorded to bounce back with a growth of 20.1% in 2021 due to the low base effect in 2020.

Following the rollout of vaccines, Singapore was the first among several countries in Asia that had successfully transitioned to the endemic phase. A pipeline of projects is gradually building up as the economy recovers steadily, underpinned by the recovery in domestic economic activities and robust exports, as well as the continued easing of domestic and border restrictions which will help to alleviate labour shortage issues.

AVERAGE PRICE FOR THE YEAR



WHAT WE CONSIDER MATERIAL

Materiality assessments are an integral part of our sustainability journey as we continue to create value for our business and stakeholders.

We conduct a materiality assessment once every three years to engage with our internal and external stakeholders and identify the issues that matter most to them and our business. It enables us to evaluate and realign our sustainability initiatives, identify opportunities, mitigate risks and review our ESG impacts.

We define material matters as issues that substantively affect our ability to create value over the short, medium and long term*.

In 2021, we conducted an in-depth materiality assessment through an online survey and a focus group discussion to realign our material matters with our corporate strategy, current economic and sustainability trends as well as industry peers. Our last materiality assessment was in 2018. The GRI Standards' Materiality Principle was applied during the assessment to ensure that we prioritise material topics that are of importance to our stakeholders.

* Short term refers to the next 18 months, medium term 18 months to five years and long term refers to anything beyond five years.

SUNCON'S MATERIALITY ASSESSMENT PROCESS

01

Planning, Data Review & Comparative Analysis

- We began reviewing our data by conducting desktop research to align our material matters against seven industry peers
- To ensure our research is comprehensive, we referred to the sustainability disclosure topics and accounting metrics of the Engineering and Construction Services sector by the Sustainability Accounting Standards Board (SASB)
- The review also took into consideration top five mega trends and global risks - short-, medium- and long-term risks, top global risks by likelihood and top global risks by impact
- As a result, a total of 21 material matters were identified:

- Governance and Ethical Business
- Risk and Regulatory
- Economic Performance
- Indirect Economic Impacts
- Innovation
- Sustainable Procurement Practices
- Product Quality and Responsibility
- Business Resilience
- Physical Impacts of Climate Change
- Protecting Biodiversity
- Waste Management
- Energy Management
- Water Management
- Materials Management
- Safety and Health
- Talent Development
- Diversity and Inclusiveness
- Community Engagement
- Customer Privacy
- Labour Management
- Customer Satisfaction

02

Stakeholder Engagement Methodology Roll-Out

- Eleven stakeholder groups were identified for the materiality assessment:
 1. Clients
 2. Employees
 3. Authorities & Regulators
 4. Suppliers & Business Partners
 5. Business Partners (JV)
 6. Shareholders, Investors & Analysts
 7. Community
 8. Media
 9. General Public
 10. Trade Union & Professional Bodies
 11. Civil Society Organisations

03

Materiality Assessment

- An online survey on the 21 material matters as well as a set of questionnaires were sent out to the identified stakeholder groups
- The survey and questionnaires, which were conducted in about three weeks, resulted in a list of top 10 material issues
- To conclude the assessment, a focus group discussion among the C-Suite and Senior Management was held to obtain the members' insights on the 10 material issues

GOVERNANCE

- 1 Governance and Ethical Business
- 2 Risk and Regulatory Compliance

ECONOMIC

- 3 Economic Performance
- 4 Indirect Economic Impacts
- 5 Innovation
- 6 Sustainable Procurement Practices
- 7 Product Quality and Responsibility
- 8 Business Resilience

ENVIRONMENT

- 9 Physical Impacts of Climate Change
- 10 Protecting Biodiversity
- 11 Waste Management
- 12 Energy Management
- 13 Water Management
- 14 Materials Management

SOCIAL

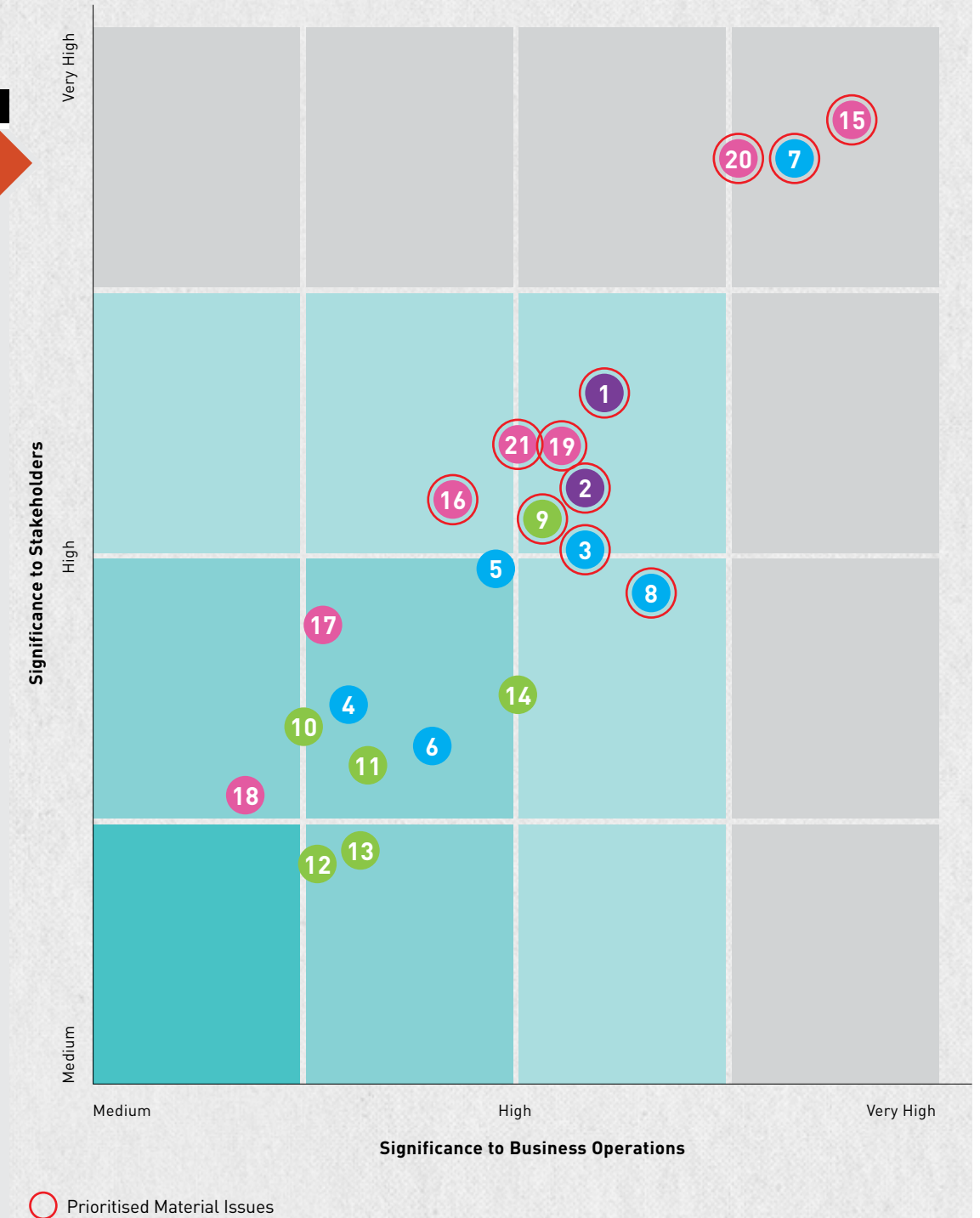
- 15 Safety and Health
- 16 Talent Retention
- 17 Diversity and Inclusiveness
- 18 Community Engagement
- 19 Customer Privacy
- 20 Customer Satisfaction
- 21 Labour Management

04

Final Report Development

In conclusion, the focus group agreed with the 10 material issues ranked by the stakeholders. In addition, they suggested to include Physical Impacts of Climate Change as a prioritised matter due to the current urgency for climate action as well as the worsening effects of extreme weather events. As such, 11 material issues were prioritised and plotted on a matrix to reflect the issues' importance to our business and to stakeholders:

- Safety and Health
- Product Quality and Responsibility
- Customer Satisfaction
- Governance and Ethical Business
- Risk and Regulatory Compliance
- Customer Privacy
- Labour Management
- Business Resilience
- Economic Performance
- Talent Retention
- Physical Impacts of Climate Change



What we consider material

HOW WE CREATE VALUE

HOW WE CREATE VALUE

OUR CAPITALS AND KEY ENABLERS THAT DRIVE US TO CREATE VALUE FROM BUSINESS ACTIVITIES CENTERED ON OUR STRATEGY TO MEET STAKEHOLDERS' NEEDS.

FINANCIAL

- Supported by:
- Robust capital management system to maintain stable financial position
 - Internally generated funds and a portion of well-adjusted debt

MANUFACTURED

- Aimed to enhance value through:
- Wide range of plant and machinery fleet with total net book value of RM59 million
 - Two Precast plants in Johor
 - On-going construction of advanced precast manufacturing facility in Singapore which enables the mechanisation of precast components production (ICPH)

HUMAN

- Empowered by our Core Values:
- Comprising a diversified workforce of 1,466 employees across all age groups and ethnicity background
 - Equipping workforce with technical knowledge and capabilities
 - With emphasis on capacity building and talent development by investing RM196,269 to upskill employees through learning programmes in creating future ready workforce

INTELLECTUAL

- Leveraging on:
- Building Information Modelling (BIM) technology as an enabler for better coordination throughout the construction lifecycle
 - Internalising data set and expertise amassed to harness the potential of Virtual Design and Construction beyond 3D models, time and cost, forging towards facility management, sustainability, and safety and health
 - Opportunities derived from the 4th Industrial Revolution (IR 4.0) where process automation enhances efficiency and enables business transformation

NATURAL

- Our commitment in reducing our impact to the environment stems from:
- Recognising our responsibilities to ensure the realisation of SDG 12: Responsible consumption and production across our business operations
 - Embedding best management practices in our business activities by investing more than RM883,000 in environmental protection, mitigation and adaptation expenditures

SOCIAL AND RELATIONSHIP

- Strive to be a good corporate citizen by:
- Building synergistic partnerships with strategic business associates for more business opportunities and diversification
 - Establishing constructive relationships and on-going dialogues with regulators, government bodies
 - Contributing to the advancement of the construction industry through active participation in relevant professional bodies

Sustainable business growth

- Aggressive business targets of:
 - i) Minimum revenue RM2 billion annually
 - ii) Maintain a Return Of Capital Employed (ROCE) > 30%
 - iii) Minimum order book replenishment of RM2 billion to RM3 billion per annum
- Awarded "Highest Return on Equity over Three Years" for the third consecutive year in the Construction category at the The Edge Billion Ringgit Club 2021

Diversified portfolio

- Global expansion (India, Indonesia, Philippines)
- Creating new products by harnessing the demand for new energy such as district cooling plants and solar energy through our Sustainable Energy Division
- Exploring opportunities as service provider for digital transformation within the built environment
- Continually harnessing BIM into achieving beyond the 6th dimension (6D) - Facility Management, traversing into 7D (Sustainability) and 8D (Safety and Health)

Robust quality, environment, safety and health (QESH) management system

- SunCon is certified to
 - i) ISO 9001:2015
 - ii) ISO 14001:2015
 - iii) ISO 45001:2018
- SunCon's Integrated QESH manual serves as our cornerstone in QESH management across all our project sites and work offices. Our Precast division also has its own QESH management system

Our workforce, our assets

- Multifaceted HR policies to protect the well-being of our people and to ensure any grievances are resolved promptly, professionally and fairly in the best interests of all parties involved
- We are committed to SDG 8 - Decent Work and Economic Growth as we do not discriminate against any demographic background. Our men to women pay equity is 1.00:0.91, with 33% women at the Executive level
- Diverse business divisions within the Sunway Group allows our employees to enjoy Perks@Work, of which the key business units are hospitality and leisure, medical care and education
- All of our Centralised Labour Quarters (CLQ) have received Certificate for Accommodation by Jabatan Tenaga Kerja

Good governance and business ethics

- Established SunCon Future Value Goals 2030 which captures our sustainability blueprint and strategic direction with 3 key goals in Enabling sustainable construction; Investing in fair, safe and inclusive workplace; and Ensuring compliance and Embracing transparency
- Established SunCon Anti-Bribery and Corruption and Anti-Money Laundering policy. These policies are linked to Sunway Group's Code of Conduct and Business Ethics and the Whistle-Blower Policy
- Appointed a Compliance Officer to ensure a high standard of compliance to all regulatory and internal requirements
- SunCon was recognised for adhering to high standards of Corporate Governance at the Minority Shareholders Watch Group (MSWG) - ASEAN Corporate Governance Award 2020, for the fifth consecutive year by clinching the Industry Excellence Award 2020 for the Construction category

OUR COMPETITIVE ADVANTAGE

We are guided by our vision to becoming the region's leading pure play construction conglomerate. This commitment has served as a driving force for us to continually create competitive edge by innovating to deliver value, building synergistic partnerships and to strive for highest standards of quality and safety excellence.

OUR BUSINESSES AND STRATEGY

Our aspiration to be the region's leading pure play construction group is enabled by our business strategies and objectives, which in turn shape our key business activities.

Note: We engage our stakeholders through various engagement channels to identify their key concerns and expectations. Read more about Stakeholder Engagement on pages 109 to 111.

Leading construction conglomerate

- We aspire to be the leading construction conglomerate by doing the right thing right first time and every time with highest cognisance of our core values: Integrity, Humility and Excellence in creating value to our customers, leveraging our diverse capabilities

For more details, please visit our corporate website on <https://www.sunwayconstruction.com.my>

Enabling sustainable construction

- We aspire to enable sustainable construction by managing our consumption and generations, and carbon footprint from supply chain while enhancing the value of our products by ensuring product safety and innovation

For more details, refer to pages 60 to 72.

Investing in fair, safe and inclusive workplace

- We aspire to invest in fair, safe and inclusive workplace by ensuring the highest level of safety and health compliance at our workplaces to safeguard the well-being of our people while focusing on our human capital development with keen insight on diversity and inclusiveness

For more details, refer to pages 73 to 84.

Ensuring compliance and embracing transparency

- We aspire to ensure compliance and embracing transparency by upholding highest level of integrity in all our business dealings and to ensure we operate within the ambit of applicable legal requirements

For more details, refer to page 85.

Clients

Customer Satisfaction Survey score:

92.2%

Authorities & Regulators

Compliance with regulatory requirements | **Zero compounds and fines related to environmental compliance**

Shareholders

Return on Equity of **17%** for FY 2021 | Dividend yield of **2.8%**

Market capitalisation of **RM2.0 billion** with outstanding order book of **RM4.8 billion** | MSCI ESG Rating **'BBB'**

Employees

RM137.2 million in salaries and rewards

Environmentally friendly, safe and healthy workplace

ZERO fatal accidents recorded in FY 2021 | Lost Time Injury Rate (per 1,000 workers) **0.16**

Training, upskilling and career progression opportunities

Contributed **RM80,000** to our staff who were affected by the flooding event in December 2021

Community

Contributed **RM1.5 million** in corporate social responsibility initiatives

PROVIDED 114 internship opportunities to young graduates | **No accidents involving community and general public**

THE RISKS WE CONSIDER

Effective risk management is fundamental to how we do business. It represents a cornerstone of executing our strategy and positioning the business for growth whilst delivering positive outcomes on a long term sustainable basis. We maintain a comprehensive risk management process which serves to identify, assess and respond to the range of financial and non-financial risks facing our business, including those risks that could threaten solvency and liquidity, as well as to identify emerging risks.

Our approach is not intended to eliminate risk entirely, but instead to manage our risk exposures across the business, whilst at the same time making the most of our opportunities.

The Board has overall responsibility for risk management with a focus on determining the nature and extent of exposure to the principal risks the business is willing to take in achieving its strategic objectives. The amount of risk is assessed in the context of our priorities and the external environment in which we operate – this is our risk appetite. It is integral to both our consideration of strategy to our medium term planning process.

The Risk Management Committee takes responsibility for overseeing the effectiveness of risk management and internal control systems on behalf of the Board and advises the Board on the principal risks facing the business including those that would threaten its solvency or liquidity. The Executive Directors are responsible for delivering the Company’s strategy, as set by the Board, and managing risk. Our risk management framework categorises our risks into external, strategic operational and financial risks. The Risk Management Committee is responsible for managing the principal risks in each category in order to achieve our performance goals.

Whilst ultimate responsibility for oversight of risk management rests with the Board, the effective day-to-day management of risk is embedded within our operational business units and forms an integral part of all activities. This bottom up approach allows potential risks to be identified at an early stage and escalated as appropriate, with mitigations put in place to manage such risks. Internal audit acts as an independent and objective assurance function by evaluating the effectiveness of our risk management and internal control processes, through independent review.

To read more about the Board risk oversight, see pages 120 to 124.



THE RISKS WE CONSIDER

Risk Category: Regulatory Financial Operations Human Capital Market Condition Legal

Likelihood Parameters:

Rare Event may occur only in exceptional circumstances, e.g. approximately below 5% chance of occurring in the next 12 months	Unlikely The event could occur at some time, e.g. approximately below 25% but above 5% chance of occurring in the next 12 months	Possible The event might occur at some time, e.g. approximately below 50% but above 25% chance of occurring in the next 12 months	Likely The event will probably occur in most circumstances, e.g. approximately below 95% but above 50% chance of occurring in the next 12 months	Almost certain The event is expected to occur in most circumstances, e.g. approximately above 95% chance of occurring in the next 12 months
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1 RISK OF BRIBERY & CORRUPTION PRACTICES Likelihood : Unlikely

Risk Category: Regulatory, Legal

Link to Material Matters: Governance and Ethical Business, Risk and Regulatory Compliance

<ul style="list-style-type: none"> SunCon’s Anti-Bribery and Corruption Policy (ABC Policy) complies and adheres to applicable laws, rules and regulations and upholds the highest ethical standards. The policy is applicable to all SunCon’s employees and associates and covers gifts, entertainment and hospitality, donations, sponsorships, corporate responsibilities, facilitation payments, kickbacks and money laundering, political contribution, dealing with associates and third parties, dealing with public officials, and recruitment of employees. SunCon’s Whistleblowing Policy & Procedures protects the employees or associates acting in good faith to report any cases. 	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Financial losses/legal suit/regulatory fine/negative goodwill Public embarrassment Investigations by 3rd party and/or government departments 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Tone from the top – direct messages from top management to all employees, and business associates including government officials in relation to Anti-Bribery and Corruption (ABC) Policy Town hall meetings to communicate our ABC Policy with subcontractors/suppliers and they are required to declare their stance on our ABC Policy during tender/procurement process All employees are required to complete mandatory e-training program on Code of Conduct Business Policy, Conflict of Interest Policy in SAP Success Factor Cloud Based HR Solution Implementation of Whistleblowing policy and procedures Annual assessment to be conducted by Group Internal Audit Department (GIAD) Continuously monitor and identify areas of weakness in the company’s culture, structure and existing approval controls
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2 COST OVER RUN Likelihood : Possible

Risk Category: Financial, Operations, Market Condition

Link to Material Matters: Economic Performance, Sustainable Procurement Practices, Material Management, Waste Management

<ul style="list-style-type: none"> This risk concerns the Group as the recent increase in raw material prices, particularly steel bar and concrete, may result in the overrun of project costs from the tender costs. This would in turn increase the project cost and possibly reduce the margin. 	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Erosion of overall project margins would render Return on Investment to an unattractive percentage The cost in relation to adhering to the SOPs and government regulations such as Covid Testing, quarantine and Act 446 Accommodation Act increases the cost to project and company 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Pursuing Variation Order and Loss and Expense with client Monitoring of material cost and wastage Negotiate with supplier to hedge the raw material prices to protect against fluctuation of prices Tracking cost spent on compliance
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THE RISKS WE CONSIDER

3 RETURN ON INVESTMENT OF MACHINERY/ASSETS & IDLE MACHINES Likelihood : Possible

<p>Risk Category: </p> <ul style="list-style-type: none"> The Group needs to have an adequate pool of projects to minimise the risk of having non-productive idling machines. 	<p>Link to Material Matters:</p> <p>Economic Performance</p>	
	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Unable to recoup the investment - the machines may be redundant after the completion of the projects Idle machines incurred storage cost Additional depreciation charge not absorbed by projects 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Keep sourcing for new jobs Rent out idling machineries to external party/overseas

4 RELIABILITY OF SUB-CONTRACTORS Likelihood : Possible

<p>Risk Category: </p> <ul style="list-style-type: none"> The construction sector requires various sub-contractors with specialised technical abilities to complete each project. Hence, the reliability of the sub-contractor is critical. Due to the COVID-19 pandemic where the borders are closed and foreign workers are returning to their home country, sub-contractors are also faced with the issue of shortage of legal foreign workers especially in the specialist trade. Therefore, the sufficiency of sub-contractors' workers is also an apparent criteria for them to be reliable in completing the scope of work awarded. 	<p>Link to Material Matters:</p> <p>Economic Performance, Quality Management</p>	
	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Over-reliance on these sub-contractors Lower margins due to potential high pricing from the few sub-contractors 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Maintain cordial relationship with existing performing sub-contractors Conduct periodical review of subcontractors' performance Source for new sub-contractors to increase the existing pool

5 LEGAL WORKERS Likelihood : Possible

<p>Risk Category: </p> <ul style="list-style-type: none"> All foreign workers present and working at construction sites must have a legal working permit and valid CIDB Green Card. Due to the COVID-19 pandemic, borders remained closed leading to a shortage of legal foreign workers in the market which poses risk of shortages of skilled workers (own and subcontractors' workers) for construction industry. 	<p>Link to Material Matters:</p> <p>Economic Performance, Quality Management, Risk and Regulatory Compliance</p>	
	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Imposition of penalty on main contractor Group image may be negatively affected Stop work orders may be issued by authority causing delays in site progress Reduces site's productivity 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Site engineers and PIC to ensure constant monitoring and regular checks are conducted to ensure all workers at site and Centralised Labour Quarters (CLQ) possess valid work permits and passports More regular checks are being carried out at project sites by site personnel as the authority is going around sites to conduct checking on the compliance of the employer with the new Act 446

THE RISKS WE CONSIDER

6 DEPENDENCE ON THE PROPERTY MARKET AND GOVERNMENT INFRASTRUCTURE SPENDING Likelihood : Possible

<p>Risk Category: </p> <ul style="list-style-type: none"> In the current economic climate, the slowdown in the local and global economy affects the Group in terms of order book replenishment. The decline of demand in the property sector and government infrastructure spending adds stress to the construction industry. In Singapore, the manufacturing and sale of precast concrete products business segment is also dependent on the number and timing of launches by the Housing Development Board ("HDB"). 	<p>Link to Material Matters:</p> <p>Economic Performance</p>	
	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Excess staff Idling machines Group profit would be negatively affected 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Take up more in-house projects Venture overseas for more projects (ASEAN countries) - Infrastructure (India), Geotechnics (Singapore, India and Philippines) Continue to tender for local projects - Geotechnics Explore more opportunities in sustainable energy sector Prepare for tender for MRT3 project

7 COVID-19 PANDEMIC Likelihood : Unlikely

<p>Risk Category: </p> <ul style="list-style-type: none"> Covid-19 outbreak, a pandemic as declared by WHO has adversely impacted the Group in all aspects. To help counter the COVID-19 pandemic, the government has initiated the Movement Control Order (MCO) and Conditional Movement Control Order (CMCO). <p>This pandemic has caused all projects to stop its operations during the MCO period and thus heavily impacted the company financially and its operations. The Group has since been back to full operations with the lifting of the Movement Control Orders (MCO) and is operating at full capacity to catch up with lost time and productivity during MCO.</p>	<p>Link to Material Matters:</p> <p>Economic Performance, Safety and Health, Risk and Regulatory Compliance</p>	
	<p>Potential Impact(s):</p> <ul style="list-style-type: none"> Loss of revenue and profit Lower productivity due to compliance with new safe work procedures Risk of stop work order in the event of major non-compliance to SOP 	<p>Mitigating actions:</p> <ul style="list-style-type: none"> Implemented Business Continuity Plan 2, Post-MCO Safe Work Procedures (e.g. temperature scan, daily log, contact tracing, mandatory mask wearing, restriction of physical meetings/gatherings, process flow chart, social distancing, sanitizing schedule, staggered working hours, etc.) Accelerate digitalisation initiatives to minimise disruption to our workflow and enhance productivity Operations to catch up on site progress/work done when site is permitted to operate under strict SOP in order to minimise the revenue claim gap between actual and budget Monitor and control Group's expenses to further minimise the financial impact of MCO All employees and workers are to undergo biweekly testing using Saliva Test Kit

THE RISKS WE CONSIDER

8 CREDIT AND LIQUIDITY Likelihood : Unlikely

Risk Category: 

Link to Material Matters:

Economic Performance, Indirect Economic Impacts

• These risks arise from the inability to recover debts in a timely manner which may negatively affect the Group's profitability and cash flows. The construction industry is cash intensive in which heavy capital funding is required initially and throughout the project in order to achieve physical progress while waiting for certifications and payments from clients. The slowdown of the industry coupled with longer payment terms have gradually increased the debtors' turnover ratio.

Potential Impact(s):

- Collection issue

Mitigating actions:

- The Group minimises such exposures through persistent and close monitoring of collections and overdue debts, engaging in active negotiations and employing strict debt repayment policies
- Fortunately, the Group has accumulated substantial cash reserves over the years and built up good image and credibility. Hence, the risk is further minimised and the Group is able to access to funds whenever necessary
- The Group is very selective in the projects that we tender for and adopts a very stringent approach to credit risk

9 DELAY IN PROJECT DELIVERY Likelihood : Unlikely

Risk Category: 

Link to Material Matters:

Economic Performance

• As the Group strives to maintain its position as Malaysia's largest listed pure play construction group by revenue, this risk is perennial and holds a significant weight in risk analysis. Any delay in project delivery may result in the Group being faced with Liquidated and Ascertained Damages ("LAD") as well as affecting the reputational risk of the Group.

Potential Impact(s):

- Potential LAD compensation

Mitigating actions:

- The Group has ensured that all documentation is in place in the event that we need to apply for Extension of Time ("EOT") due to matters beyond our control such as late handover of site possession or changes in design.

THE RISKS WE CONSIDER

10 ANTI MONEY LAUNDERING ACT (AMLA) Likelihood : Unlikely

Risk Category: 

Link to Material Matters:

Governance and Ethical Business, Risk and Regulatory Compliance

• SunCon's Anti Money Laundering Policy has been adopted and approved on 7th January 2020 and the policy is also uploaded on our company website. Money Laundering is an offence under the Anti-Money Laundering Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (the AMLATFA).

• This Policy establishes the general framework to manage and prevent the risks of SunCon's businesses from being used as a conduit for money laundering and terrorism financing activities. All SunCon employees are required to adhere to the requirements of this Policy when carrying out their daily responsibilities. This Policy applies to all SunCon's business units and the standards set out in this policy are the minimum requirements for businesses or entities in SunCon.

Potential Impact(s):

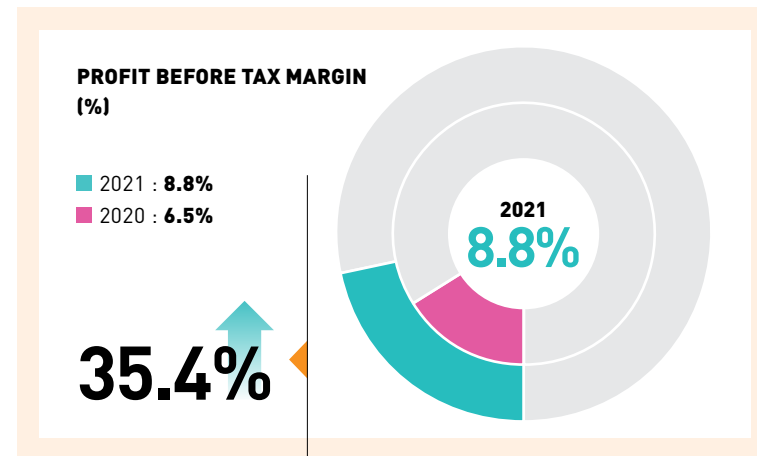
- Legal suits / regulatory fines / negative goodwill / jail terms
- Public embarrassment
- Investigations by 3rd party and/or government departments

Mitigating actions:

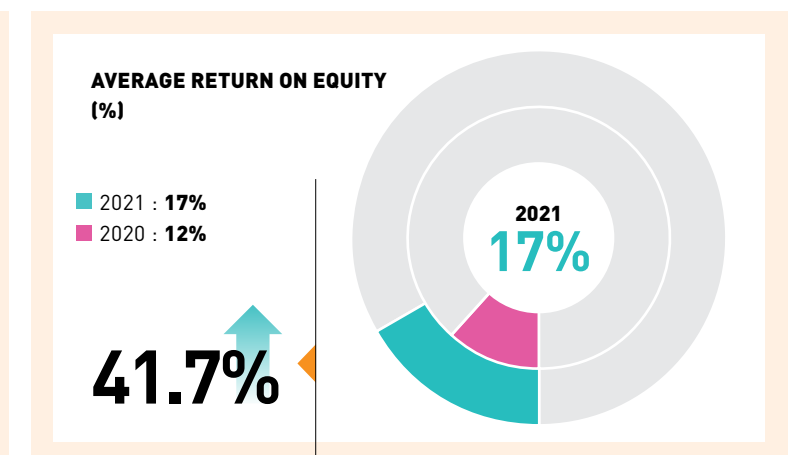
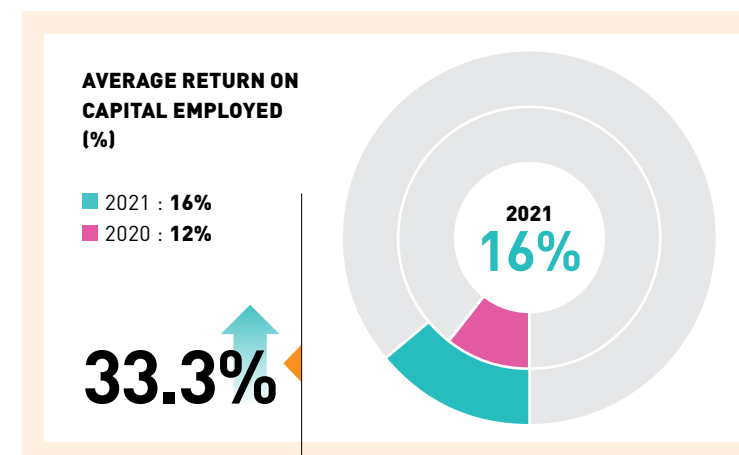
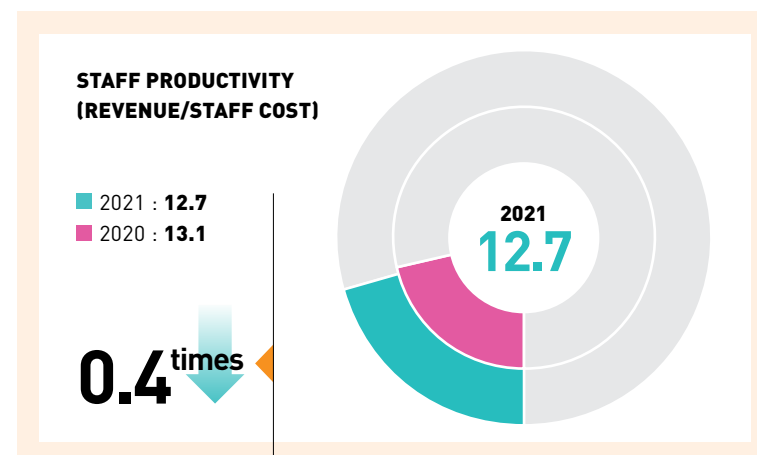
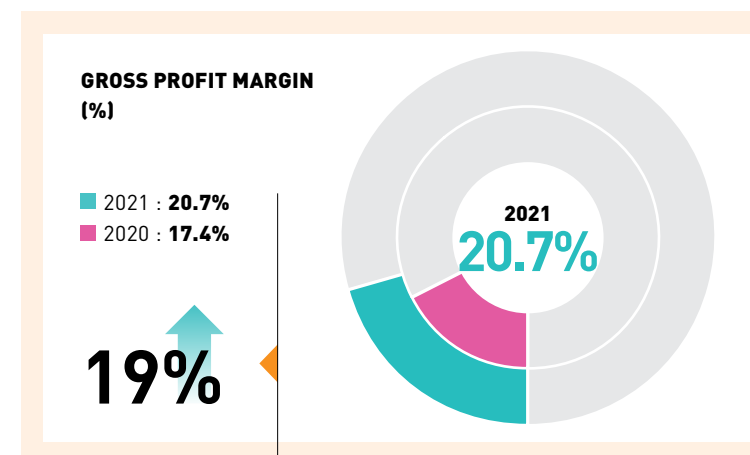
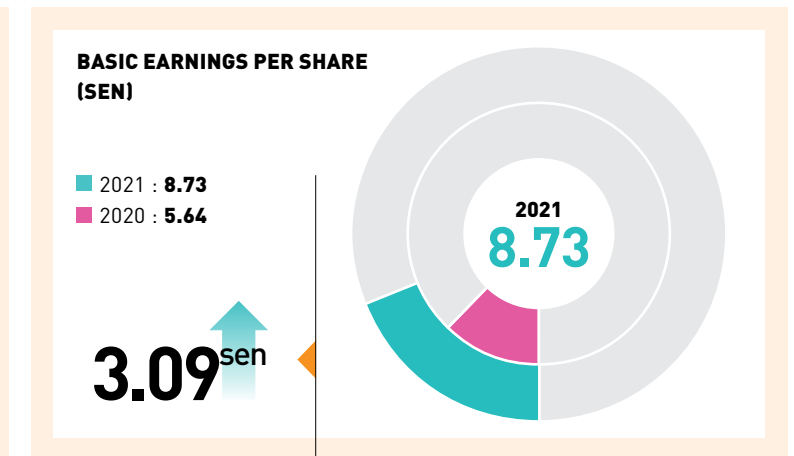
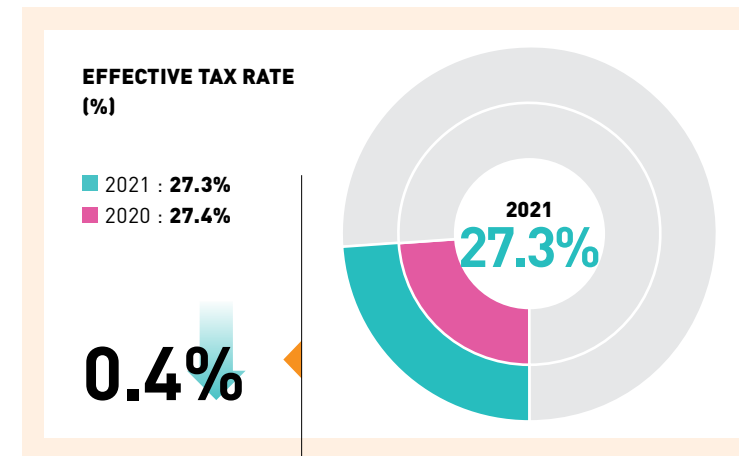
- Tone from the top – direct messages from top management to all employees, and business associates including government officials in relation to Anti Money Laundering Policy
- All SunCon Business Units are required to perform customer due diligence (CDD) procedures which should include:-
 - identifying the customer (including foreign corporate body) and verify such customer's identity using reliable, independent source of documents, data or information;
 - identifying and taking reasonable measures to verify the identity of the beneficial owner(s), using relevant information or data obtained from reliable sources;
 - understanding and, where relevant, obtaining information on the purpose of opening an account and the intended nature of the business relationship; and performing appropriate background checks where necessary
- Prohibits all involvement in money laundering activities which includes but not limited to payments in cash/cash equivalents (out of normal business practice), payments made in currencies that differ from invoices and payments to or from accounts of third parties that are not parties to the contract

FINANCIAL PERFORMANCE

Despite the turbulent backdrop, SunCon has recorded a resilient full year performance with revenue of RM1.7 billion, sustained by our business expansion strategies and our in-house orders.



FINANCIAL PERFORMANCE



STATEMENT OF FINANCIAL PERFORMANCE

CONDENSED FINANCIAL STATEMENT

RM'000	2021	2020	2019	2018	2017
Revenue	1,729,155	1,552,652	1,768,727	2,256,835	2,076,290
Profit Before Tax	152,245	101,504	157,925	182,731	168,660
Income Tax Expense	(41,495)	(27,777)	(27,066)	(37,966)	(36,227)
Profit Net of Tax	110,750	73,727	130,859	144,765	132,433
Profit Attributable to:					
- Non-Controlling Interest	(1,836)	941	1,535	339	137
- Owners of the Parent	112,586	72,786	129,324	144,426	132,296
FINANCIAL RATIOS					
Gross Profit Margin (%)	20.7%	17.4%	21.4%	19.7%	20.6%
Profit Before Tax Margin (%)	8.8%	6.5%	8.9%	8.1%	8.1%
Effective Tax Rate (%)	27.3%	27.4%	17.1%	20.8%	21.5%
Basic Earnings Per Share (sen)	8.73	5.64	10.02	11.18	10.24
Staff Productivity (Revenue/staff cost)	12.7	13.1	11.3	12.7	11.5
Average Return on Capital Employed (%)	16%	12%	23%	32%	31%
Average Return on Equity (%)	17%	12%	21%	26%	26%

SEGMENTAL REVENUE

RM'000	2021	%	2020	%	2019	%	2018	%	2017	%
	RM'000		RM'000		RM'000		RM'000		RM'000	
Building Construction	1,060,586	66%	901,424	62%	1,033,113	64%	1,377,444	65%	1,288,046	67%
Civil and Infrastructure	400,536	25%	416,961	29%	460,830	28%	570,042	27%	487,866	25%
Foundation and Geotechnical Engineering	58,138	4%	143,620	10%	237,954	15%	252,752	12%	202,840	11%
Mechanical, Electrical and Plumbing	437,450	27%	367,995	25%	330,176	20%	510,555	24%	465,975	24%
Renewable Energy	22,946	1%	9,050	1%						
Others	5,024	0%	1,871	0%	2,151	0%	6,669	0%	5,217	0%
Consolidated Adjustment	(378,432)	-23%	(385,695)	-27%	(445,310)	-27%	(594,300)	-28%	(518,552)	-27%
Total Construction	1,606,248	100%	1,455,226	100%	1,618,914	100%	2,123,162	100%	1,931,392	100%
Total Precast	122,907		97,426		149,813		133,673		144,898	
TOTAL TURNOVER	1,729,155		1,552,652		1,768,727		2,256,835		2,076,290	

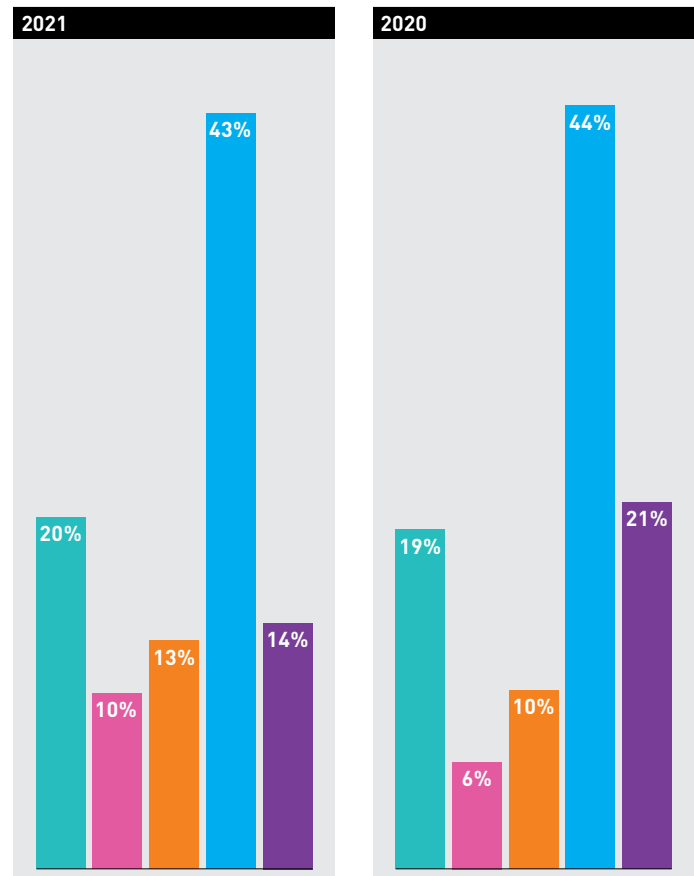
FINANCIAL PERFORMANCE

SEGMENTAL PROFIT

RM'000	2021	2020	2019	2018	2017					
GROSS PROFIT MARGIN										
Construction	21.5%	18.0%	22.4%	20.6%	20.4%					
Precast	9.4%	9.9%	9.9%	4.8%	24.0%					
TOTAL	20.7%	17.4%	21.4%	19.7%	20.6%					
PROFIT BEFORE TAX										
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Construction	148,784	9.3%	98,775	6.8%	155,172	9.6%	181,764	8.6%	141,173	7.3%
Precast	3,461	2.8%	2,729	2.8%	2,753	1.8%	967	0.7%	27,487	19.0%
TOTAL	152,245	8.8%	101,504	6.5%	157,925	8.9%	182,731	8.1%	168,660	8.1%

MAJOR CUSTOMERS

RM'000	2021	2020
	RM'000	RM'000
Setia Utama LRT3 Sdn Bhd	329,000	280,000
Petronas Management Training Sdn Bhd	152,871	88,086
Tenaga Nasional Berhad	210,453	149,759
In-House	695,940	629,034
Others	217,984	308,347
TOTAL CONSTRUCTION TURNOVER	1,606,248	1,455,226



REVENUE

RM'000	2021	2020
	RM'000	RM'000
Construction	1,606,248	1,455,226
Precast	122,907	97,426
TOTAL	1,729,155	1,552,652

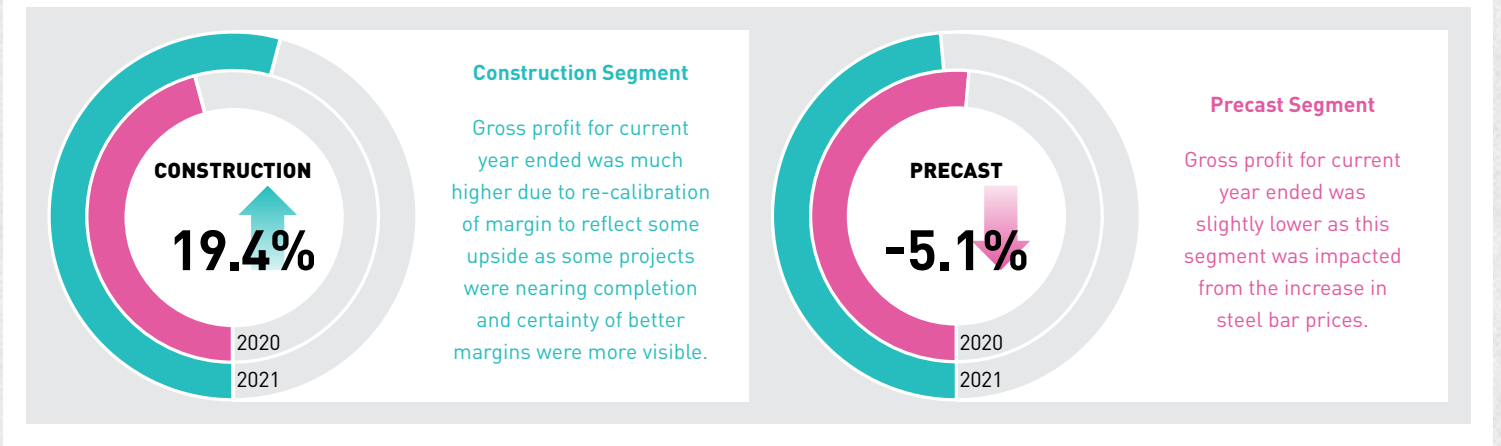
CHANGES:



FINANCIAL PERFORMANCE

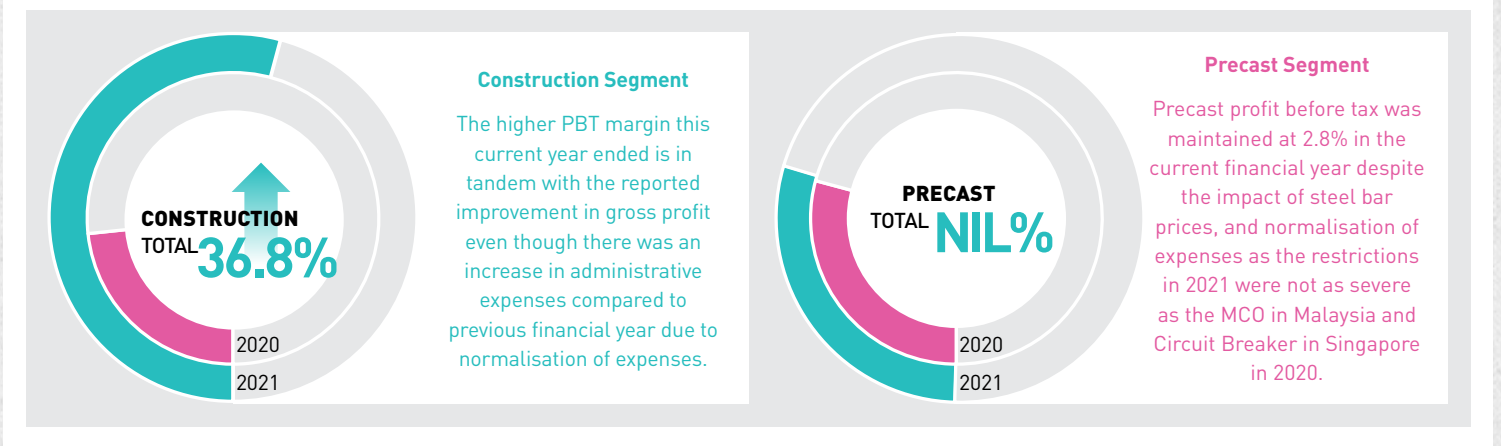
GROSS PROFIT MARGIN

	2021	2020
Construction	21.5%	18.0%
Precast	9.4%	9.9%



PROFIT BEFORE TAX

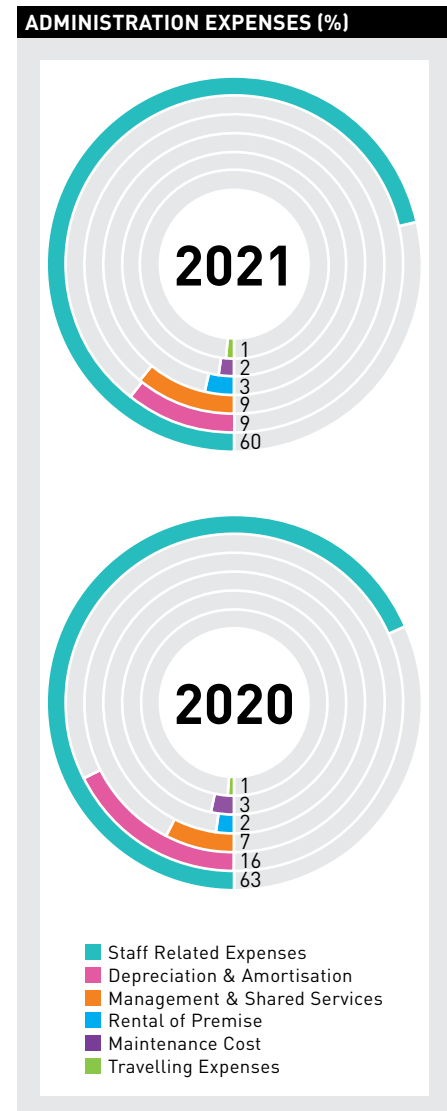
RM'000	2021	%	2020	%
	RM'000		RM'000	
Construction	148,784	9.3%	98,775	6.8%
Precast	3,461	2.8%	2,729	2.8%
TOTAL	152,245	8.8%	101,504	6.5%



FINANCIAL PERFORMANCE

OTHER INCOME

Other income for financial year 2021 was at RM21.3 million (2020 : RM20.5 million). Other income includes gain on disposal of assets and scrap sales. On top of that, we continued to receive COVID-19 assistance from both Malaysia and Singapore Government in 2021 (2021 : RM1.3 million, 2020 : RM2.5 million).



Administrative Expense increased by 23% from RM 177.1 million in year 2020 to RM218.6 million in 2021 mainly from :

- a) Higher staff cost from higher bonus for the current financial year as a result of improved performance of the Group. Group staff strength continued to consolidate in FYE 2021 with a reduction in the number of staff (excluding direct workers) from 1,176 to 1,083 (8% reduction) as we continue to manage staff productivity.
- b) India upfront bank charges for our 2 India HAM projects financial close.
- c) Normalisation of Group management fees and SLA fees after a big discount was given in 2020 as a result of COVID-19 impact.
- d) Provision for certain legal case on prudence ground.

NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND OTHER EXPENSES

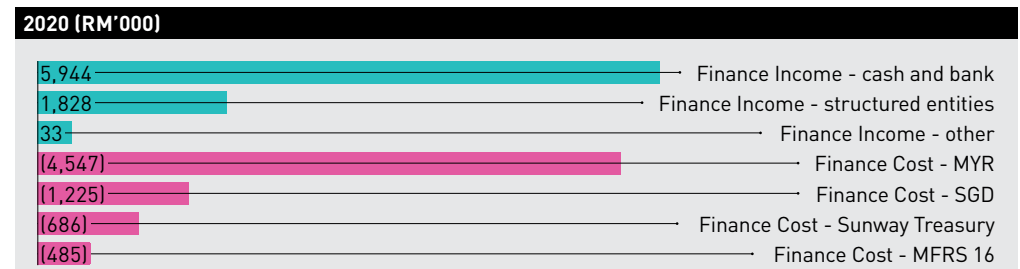
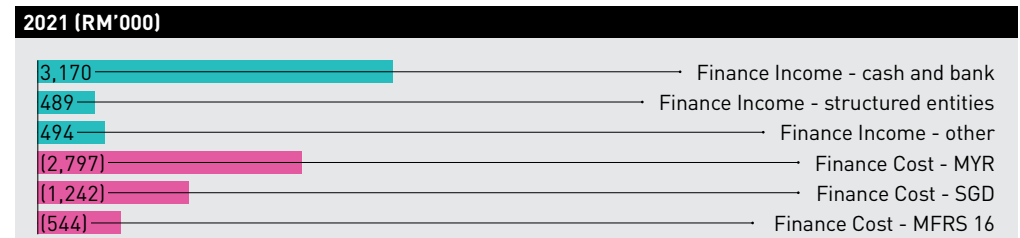
The total net impairment losses on financial assets and other expenses amounted to RM20.9 million (FYE 2020 : RM23.1 million). These expenses for current financial year mainly comprises MFRS 9 allowance. In FYE 2020 we had a one off goodwill write off of RM3.6 million.

FINANCE INCOME AND FINANCE COST

Malaysia : Finance income for FYE 2021 was at RM4.2 million (2020 : RM7.8 million). Malaysia's OPR during year 2020 has had several downwards revision from 3.0% to 1.75%. As a result, FYE 2021 effective interest rate is lower than that of FYE 2020. Finance income is mainly tax exempt as they are placed with money market instruments with special tax exemption. In tandem with lower weighted average OPR rate in FYE 2021, the Group overall enjoyed a lower interest cost and hence lower interest expense (2021 : RM4.6 million, 2020 : RM6.9 million).

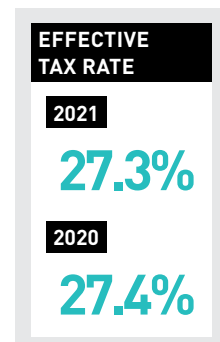
Singapore : In FYE 2020, Singapore's overnight rate decreased from 1.56% to 0.2%. The overnight rates in 2021 was stable around an average band of 0.1% to 0.3%.

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



FINANCE INCOME RATE	FINANCE COST RATE - MALAYSIA	FINANCE COST RATE - SINGAPORE
2021 1.62% to 2.55%	2021 2.18% to 2.33%	2021 0.70% to 0.95%
2020 2.34% to 3.90%	2020 2.72% to 3.01%	2020 0.92% to 1.08%

TAXATION



The effective tax rate for FYE 2020 of 27.4% was higher than Malaysia's statutory tax rate of 24% mainly due to under provision of tax in 2019 coupled with non deductibility of expense with regards to goodwill write off. In FYE 2021, the effective tax rate is also higher than the statutory tax rate at 27.3% due to non deductibility of provision expense for the legal case.

SUNCON'S APPROACH TO TAX

All companies tax compliance are outsourced to the Finance Shared Service by Sunway Group which has a dedicated tax team supported by our tax consultant, BDO Tax Services Sdn Bhd for the Group's key companies. They will ensure timely and accurate submission. We are also supported by Sunway Berhad's Group Tax Department and frequent engagement with our tax consultant (BDO) on areas of concern for a consensus approach. For our overseas ventures, we also have an external tax agent assisting us, including local JV partners who are more familiar with complex foreign tax laws (eg, India).

FINANCIAL PERFORMANCE

For SunCon Group of Companies in Malaysia, the tax issue that we frequently face is under Public Ruling 2/2009 whereby a degree of judgement is needed to be exercised especially with assessing final estimate profit for completed projects to the year of substantial completion or when Certificate of Practical Completion (CPC) is obtained whilst client normally takes 1 to 2 years after physical completion to finalise the project revenue (final account). As a result, there might exist occurrence of over/under estimation of tax payable.

STATEMENT OF FINANCIAL POSITION

	Note	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
KEY BALANCE SHEET						
Property, Plant and Equipment	1	124,668	107,321	138,507	176,468	164,342
Investments in joint arrangements	2	126,601	44,805	44,261	44,739	-
Other Non Current Assets		598,150	451,637	12,411	9,673	132,764
Total Non Current Assets		849,419	603,763	195,179	230,880	297,106
Trade Receivables	3	600,607	866,397	817,936	884,359	1,005,106
Cash and Bank and Placement	*	98,845	200,071	614,605	493,615	339,015
Intercompany		189,243	143,395	123,190	83,516	73,650
Tax Recoverable	4	19,710	19,720	21,721	22,100	21,922
Other Current Assets (inventories + other debtors + financial assets)	5	106,391	72,717	229,700	216,361	88,090
Total Current Assets		1,014,796	1,302,300	1,807,152	1,699,951	1,527,783
Total Assets		1,864,215	1,906,063	2,002,331	1,930,831	1,824,889
Trade Payables	6	766,656	836,187	674,640	656,182	728,039
Borrowings and Lease Liabilities	*	97,708	235,620	235,907	117,267	136,876
Intercompany		25,393	13,347	14,408	62,460	149,087
Other Current Liabilities		102,254	108,840	195,252	226,840	247,397
Total Current Liabilities		992,011	1,193,994	1,120,207	1,062,749	1,261,399
Borrowings and Lease Liabilities	*	152,547	72,729	61,553	10,739	13,053
Intercompany		-	-	95,833	96,314	-
Other Non Current Liabilities		2,886	730	2,273	6,536	7,009
Total Non Current Liabilities		155,433	73,459	159,659	113,589	20,062
Total Liabilities		1,147,444	1,267,453	1,279,866	1,176,338	1,281,461
Total Equity		716,771	638,610	722,465	754,493	543,428
Total Liabilities and Equity		1,864,215	1,906,063	2,002,331	1,930,831	1,824,889

* Please refer to Capital Management on page 40.

FINANCIAL RATIOS

	Note	2021	2020	2019	2018	2017
Precast Segment						
Trade Receivables Turnover (Days)	3	148	185	190	127	99
Trade Payables Turnover (Days)	6	118	77	88	76	88
Inventory Turnover (Days)	5	139	143	65	85	79
Construction Segment						
Trade Receivables Turnover (Days)	3	99	162	132	103	129
Trade Payables Turnover (Days)	6	102	125	91	84	113
Net working capital days	7	5	34	64	42	11

FINANCIAL PERFORMANCE

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

NET BOOK VALUE (NBV) IN RM' 000	2021		2020		2019	
Freehold Land	8,538	7%	8,538	8%	8,538	6%
Buildings	10,929	9%	11,962	11%	12,177	9%
Plant and Machinery	58,889	47%	72,519	68%	97,770	71%
Motor Vehicles	4,001	3%	6,079	5%	8,895	6%
Office Equipment	1,831	1%	1,836	2%	947	1%
Capital Work in Progress	28,545	23%	3	0%	-	0%
Right of Use Assets	11,935	10%	6,384	6%	10,180	7%
TOTAL	124,668		107,321		138,507	

There was additional acquisition of RM34.8 million (2020 : RM3.4 million) and total disposal of NBV of RM0.9 million (2020 : RM0.1 million) in FYE 2021. Most of the acquisition spend were for plant and machineries purchased for production in the ICPH plant. Besides that, RM5.0 million was spent on rooftop solar investment. The PPEs were captured under capital work in progress as some of the machine parts are not completely installed for use.

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

The net book value of RM10.9 million under the Buildings category consists of our casting yards and site offices for both our Iskandar and Senai precast plant. Both the precast plants are located in Johor, Malaysia.

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

Office equipment, furnitures and fittings of RM1.8 million is mainly IT equipment in the likes of hardware and specialised software.

NOTE 2 : INVESTMENTS IN JOINT ARRANGEMENTS

Investment in joint arrangements pertains to investment in HL Sunway JV Pte Ltd to acquire the land in Singapore for ICPH as well as to fund the construction of building as it was agreed by both JV partners that there will not be borrowing under this joint venture.

NOTE 3 : TRADE RECEIVABLES

Both precast and construction segment saw marked improvement in collection compared to FYE 2020 when many clients were faced with cashflow issues due to the COVID-19 pandemic.

Trade receivable turnover for precast segment is generally higher due to longer duration required for settlement as the process for final account tends to require more time.

NOTE 4 : TAX RECOVERABLE

Total tax recoverable amounted to RM19.7 million (2020: RM19.7 million). Amount recoverable from India tax authorities amounted to RM11.0 million (2020: 12.3 million) and is mostly under legal proceeding. SunCon continues to pursue its recoverability of taxes from the tax authorities in India. The legal proceeding for both 2021 and 2020 were largely delayed and postponed due to COVID-19 pandemic.

The balance of the tax recoverable are with the Inland Revenue Board of Malaysia of which majority are for over payment of taxes with respect to tax audit for year assessment of which we have received written confirmation of settlement and are of the opinion the amount can be recovered soon.

NOTE 5 : INVENTORIES

Our Precast Segment's inventory turnover mainly comprised finished goods (2021: 67%; 2020: 66%). The level of finished goods is very dependent on the ability of our client to take delivery of our precast component as per schedule. For the current financial year, we saw improvement in the holding days for inventory from 143 days to 139 days. Our precast plant raw material holding period was averaging around 40 to 50 days for both financial year 2021 and 2020.

NOTE 6 : TRADE PAYABLES

Precast Division : Increased average creditor turnover is due to higher steel bar purchase in the last month of the year to stock up on steel bars (FYE 2021: 118 days; FYE 2020: 77 days).

Construction Division : Payment terms to our creditors improved in line with better trade debtors collection (FYE 2021 : 102 days; FYE 2020 : 125 days).

NOTE 7 : NET WORKING CAPITAL DAYS

Generally, for pure play construction companies, net working capital days tend to be low and good. For SunCon, it is exceptionally low at only 5 days due to our strong client base that are prompt paymasters.

FINANCIAL PERFORMANCE

STATEMENT OF CASH FLOWS

CONDENSED CASH FLOW STATEMENT

RM' 000	FINANCIAL YEAR ENDED				
	2021	2020	2019	2018	2017
Dividend from Joint Venture	211	110	790	731	2,153
Other Operating Cash Flows	238,499	87,692	193,333	196,062	56,683
Total Operating Cash Flows	238,710	87,802	194,123	196,793	58,836
Acquisition of Property, Plant and Equipment	(34,819)	(3,393)	(8,312)	(56,169)	(54,688)
Disposal of Property, Plant and Equipment	3,290	1,537	3,564	1,393	6,246
(Acquisition) / Disposal of Investment	(147,550)	(359,017)	3,216	(73,219)	(120,102)
Net cashflow from equity contribution of non-controlling interest	18,043	10,633	(66,052)	162,817	-
Net cashflow from loss of control of structured equity	-	(5,890)	-	-	(36,929)
Placement in Funds	-	-	(24,490)	24,125	(24,125)
Release/(Placement) of deposits pledged to licensed banks	43,986	181,753	(263,784)	-	-
Other Investing Cash Flows	(56,961)	1,200	-	237	(7)
Total Investing Cash Flows	(174,011)	(173,177)	(355,858)	59,184	(229,605)
Dividend	(51,574)	(61,245)	(90,357)	(96,918)	(71,090)
(Repayment to) / Advanced Received from Related Company	-	(95,833)	(46,618)	24,413	83,314
Other Financing Cash Flows	(70,804)	9,783	156,459	(29,574)	(2,851)
Total Financing Cash Flows	(122,378)	(147,295)	19,484	(102,079)	9,373

OPERATING CASH FLOWS

Operating cashflow was higher compared to last financial year due to improved collection as evident from our trade debtors turnover period.

INVESTING CASH FLOWS

This financial year saw a reduction of deposit pledged to licenced bank for our Singapore term loan as we restructured our security terms with our bankers.

Capital expenditure is higher in this current financial year due to the plant and machinery spent for our ICPH plant.

FINANCING CASH FLOWS

The financing activities for this year was mainly from the repayment of loans as well as payment of dividend.

FINANCIAL PERFORMANCE

CAPITAL MANAGEMENT

	2021	2020	2019	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
Term Loans - Long term	145,390	67,203	52,656	-	-
Term Loans - Short term	-	76,367	76,270	-	-
Loan Bills Discounting	65,524	107,345	157,124	107,544	134,659
Revolving Credits	27,000	50,000	-	6,087	-
Total Borrowings	237,914	300,915	286,050	113,631	134,659
Total Finance Cost (financial institute only)	4,039	5,750	7,729	4,177	3,459
Total Finance Income (financial institute only)	3,170	5,944	12,363	15,170	6,974
[Net Finance Cost]/[Net Finance Income]	[869]	194	4,634	10,993	3,515
FINANCIAL RATIOS					
Net Gearing Ratio (Times)	0.19	0.16	← Net Cash Position →		
Interest Coverage Ratio	35	16	18	42	46

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

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

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

DEBT MANAGEMENT

SunCon has borrowings of RM65.5 million (FYE 2020 : RM107.3 million) from Loan Bill Discounting where monthly project progress certificates are being used as an instrument for lending with maturity tenure ranging from 30 to 120 days. These short term borrowings are mainly used to manage our receivables turnaround period. It is also used to support the initial capital requirement of new projects, capital expenditure requirements, bulk purchase of materials for better economies of scale and optimisation of interest rates differential.

Apart from that, our borrowings also consists of term loan for our Singapore precast division's ongoing ICPH plant expansion.

Due to accounting treatment of our placement in Maybank Shariah Institutional Income Fund and Kenanga Money Extra Fund 2 to investment in associate, SunCon Group registered a net gearing position of 0.19 times (FYE 2020 : 0.16 times) in this financial year.

INVOICE FACTORING

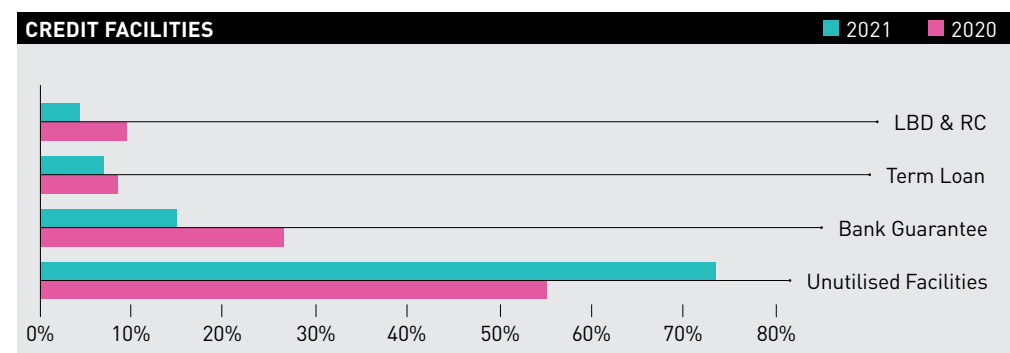
In any construction job, cash turnaround is of great importance. As such, SunCon strives to ensure that our payments to subcontractors and suppliers are on a timely basis so that they have sufficient cash flow to work around. Any disruption to our subcontractors and suppliers will have a chain effect on the progress at site. However, in any circumstances where our subcontractors require funds earlier than the stipulated credit period, we will arrange for them to factor their invoices with Sunway Credit Factoring so that they are able to obtain their required funds within 3 business days with competitive rates. As at December 2021 a total RM52 million (2020 : RM25 million) was financed through Sunway Credit Factoring.

SHARIAH COMPLIANT FUNDS

SunCon has cash under conventional accounts and investments of RM98.8 million (FYE 2020 : RM200.1 million), the ratio of cash under conventional accounts and instruments over total assets was at 5% (2020 : 11%) hence satisfying the compliant regulation that requires cash that are placed under conventional accounts and instruments to be less than 33% of total assets. Total assets in year ended 31 December 2021 amounted to RM1,864.2 million (FYE 2020 : RM1,906.1 million).

CREDIT FACILITIES

It is important to ensure that we have sufficient credit facilities on hand to ensure that we can seize any job opportunity in the market. Our credit facilities vary for the issuance of bank guarantees such as performance bond, advanced payment bonds, tender bonds, security bonds, loan bill discounting, revolving credit and term loans. In 2021, we have utilised 27% (2020 : 45%) of our credit facilities.



VALUE ADDED STATEMENT

VALUE CREATION

FINANCIAL YEAR ENDED	2021	2020		
	(RM'000)	(RM'000)		
VALUE ADDED				
Revenue	1,729,155	1,552,652		
Purchases of goods and services	(1,416,826)	(1,293,418)		
	312,329	259,234		
Share of profits of associates	8,621	10,014		
Share of profits of joint ventures	4,639	110		
Adjustment arising from MFRS 9	(15,456)	(12,332)		
Financing Cost	(4,583)	(6,943)		
Other Income and Expenses	15,855	9,735		
TOTAL VALUE ADDED	321,405	259,818		
RECONCILIATION:				
Profit for the year	112,586	72,786		
Add: Depreciation and amortisation	27,417	33,442		
Finance cost	4,583	6,943		
Staff costs	137,160	117,929		
Taxation	41,495	27,777		
Minority Interests	(1,836)	941		
TOTAL VALUE ADDED	321,405	259,818		
Value Distributed				
Employees				
Salaries and other staff costs	137,160	117,929	43%	45%
Government				
Corporate Taxation	41,495	27,777	13%	11%
Providers of Capital				
Dividends	51,574	61,245	16%	24%
Finance costs	4,583	6,943	1%	3%
Minority Interest	(1,836)	941	-1%	0%
Reinvestment and growth				
Depreciation and amortisation	27,417	33,442	9%	13%
Income retained by the Group	61,012	11,541	19%	4%
TOTAL DISTRIBUTED	321,405	259,818	100%	100%

Note:

Minority interest contribution is due to initial operation costs for our operations in India.

SEGMENTAL PERFORMANCE

SEGMENTAL PERFORMANCE



CONSTRUCTION SEGMENT



TNB HQ Campus Phase 2, Kuala Lumpur

Overview

Despite the pandemic-induced lockdowns disrupting and slowing operations, we continued to forge ahead with our growth plans and were able to deliver a solid performance during the year.

The contract sum for the CP2 mixed development has been increased to RM756 million from the original contract value of RM463 million and the completion date has been extended to December 2023.

In addition, we are constructing Phase 4 of the Sunway Medical Centre, due to be completed in the fourth quarter of 2022 and the Sunway Belfield service apartment due to be completed in 2024. Construction for both Plot A and B of the Sunway Velocity service apartment and office tower is also underway with Plot A expected to be completed in the third quarter of 2022 and Plot B in 2024.

In the Northern Region, the Sunway Carnival Mall extension and the Sunway Medical Centre in Seberang Jaya are progressing steadily and are on track for completion in 2022. In the Southern Region, the Big Box Office 12-storey office tower in Iskandar, Johor is expected to be completed in the second quarter of 2022.

Building Construction Services

2021 REVIEW

In the year under review, the Building Construction Services division has grown its order book by RM441 million through three newly awarded projects, which are the Sunway Medical Centre Damansara (RM240 million), Sunway Medical Centre Ipoh (RM150 million) and Big Box Office in Iskandar, Johor (RM51 million).

The Sunway Medical Centre Damansara located in Kota Damansara is a 13-storey private hospital with 4-storey carpark and 2-storey basement carpark. The Sunway Medical Centre Ipoh is an 8-storey private hospital with 1-storey basement carpark. Upon completion, both of these private hospitals will contribute more than 400 beds to Sunway Group's growing healthcare division.

The Big Box Office in Iskandar, Johor is a 12-storey office building with 1-storey basement and is located adjacent to the Big Box Hotel that we constructed in 2020. The project is expected to be completed in 2022.

The newly awarded projects which are from our parent company, Sunway Bhd, have continued to sustain our business amidst the economic slowdown.

In 2021, we completed the construction of the PETRONAS New Leadership Centre (PNLC). The 4-storey institutional

building has a gross floor area of 452,725 sq ft and was constructed to full BIM standards. Such standards incorporate facilities management considerations in the overall design process and implements the greatest level of detail (LOD) under BIM, which assures that all elements of the building are field-verified post construction (LOD 500). The PNLC building is designed for GBI and LEED platinum ratings, and also has rooftop solar panels installed.

In addition, we also completed the 44-storey Sunway GeoLake condominium and 44 units of townhouses in Sunway South Quay in the year under review.

A BUSY YEAR AHEAD

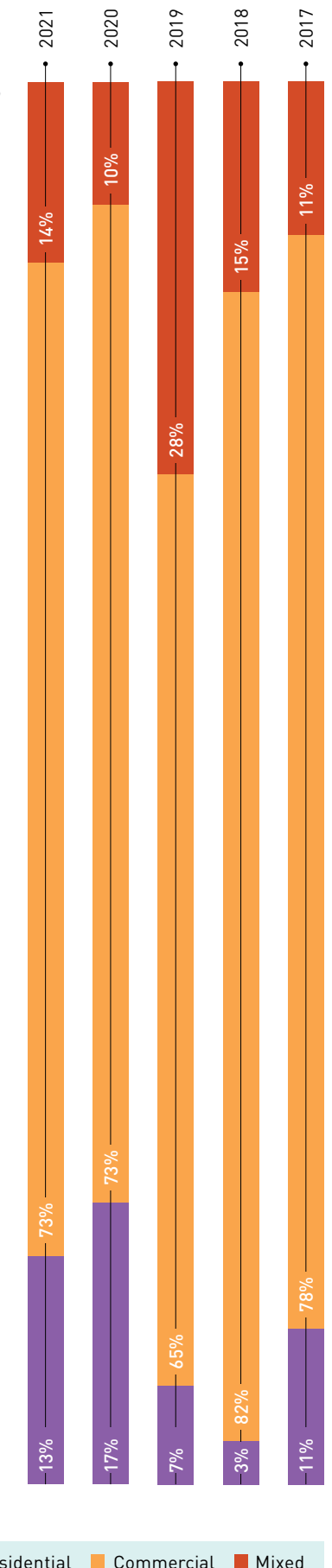
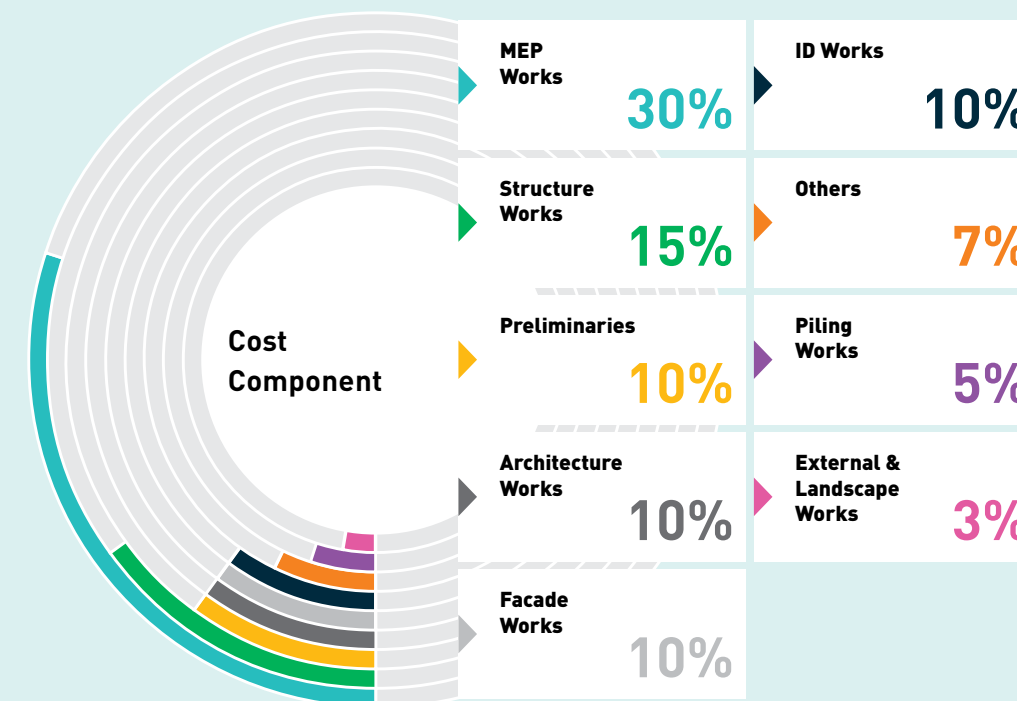
In the Central Region, the construction of TNB's Headquarters Campus Phase 2 is now in its final stages, and we expect to complete this project by the third quarter of 2022. The iconic development comprises four office towers ranging from 7 to 19 storeys, a convention centre, childcare facilities and a central plaza sitting on 14 acres of prime land on Jalan Bangsar in Kuala Lumpur. TNB's new headquarters are GBI-platinum rated and we have also implemented BIM to LOD 500 in the project.

The division's other projects underway in the Central Region comprise the Sunway Serene luxury apartment blocks and the Sunway International School which are targeted to be completed in the third and fourth quarter of 2022, respectively. Located in USJ, the Sunway International School is designed to accommodate up to 3,000 students and is Malaysia's first GreenRE Platinum certified school. Construction of the CP2 mixed development in Sunway South Quay is also in progress, and we are currently carrying out the reinforced concrete works for the five-level basement of the development.

WORKFORCE

Staff Force	2021	2020	2019
Male	460	533	618*
Female	100	98	109*
Total	560	631	727*
Staff Category (%)	2021	2020	2019
Executive	50	43	36*
Non Executive	50	57	64*

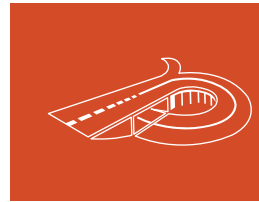
* Restated



3 projects awarded in 2021

RM441 MILLION

SEGMENTAL PERFORMANCE



Highway Projects

Total length constructed

437 KM

Total contract value

RM3.6 BILLION

Rail & Mass Transit Projects

Total length constructed

34.2 KM

Total contract value

RM4.9 BILLION



LRT3 Package GS07&08

Civil and Infrastructure Services

2021 REVIEW

Our civil and infrastructure works are progressing steadily following the easing of movement restrictions in the third quarter of FY2021. The LRT3 Package GS07&08 project from Kawasan 17 to Taman Sri Andalas, Klang is now 85% complete as at the end of the year under review, which puts the project ahead of schedule.

The LRT3 package GS07&08 includes 9.2km of viaduct, 6 stations, and a bridge over the Klang River. To date, we have completed the:

- Launching of all U-girders for the viaduct
- Construction of four of the six elevated stations
- Construction of all six Traction Power Sub-Station (TPSS) / Low Voltage Sub-Station (LVSS)
- Construction of all long spans, including the long span across Klang River

SEGMENTAL PERFORMANCE

We are now focusing on completing the remaining two elevated stations and anticipate to complete the project by the end of 2022.

On the international front, both of our projects in India which we are constructing on a joint venture with RNS Infrastructure Limited have commenced construction. We have obtained the work order for the Meensurutti-Chidambaram (MC) highway project from the National Highways Authority of India (NHAI) on 8 August 2021 following the financial close on 10 May 2021. The Thorapalli Agraharam-Jittandahalli section of NH844 highway project achieved financial close on 20 May 2021 and work order was obtained on 7 December 2021. The projects, valued at a combined total of RM823 million, are being operated under the Hybrid Annuity Model (HAM) approach and include a 15-year operations and maintenance contract.

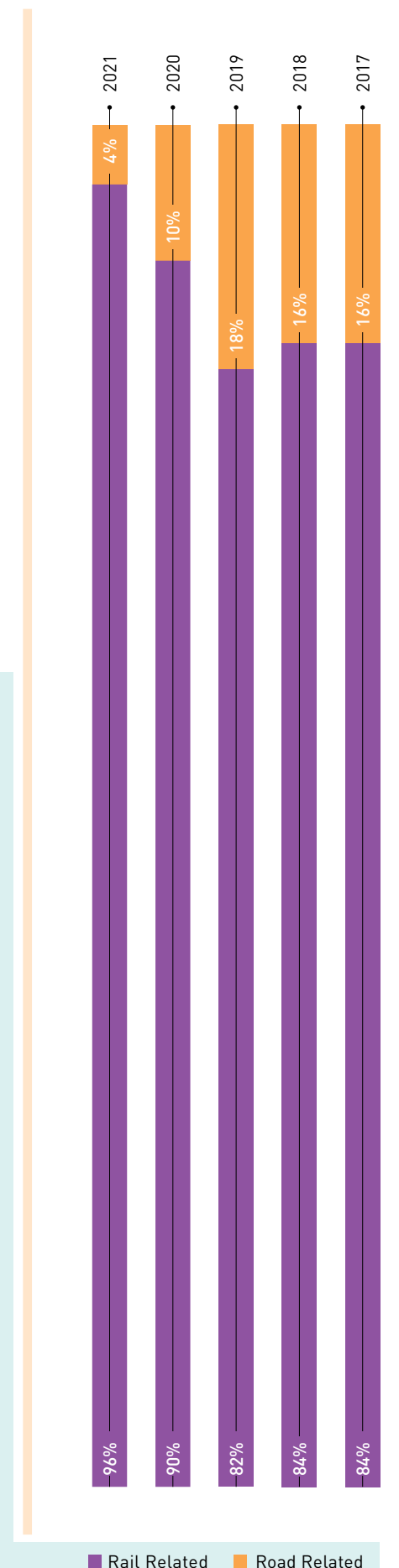
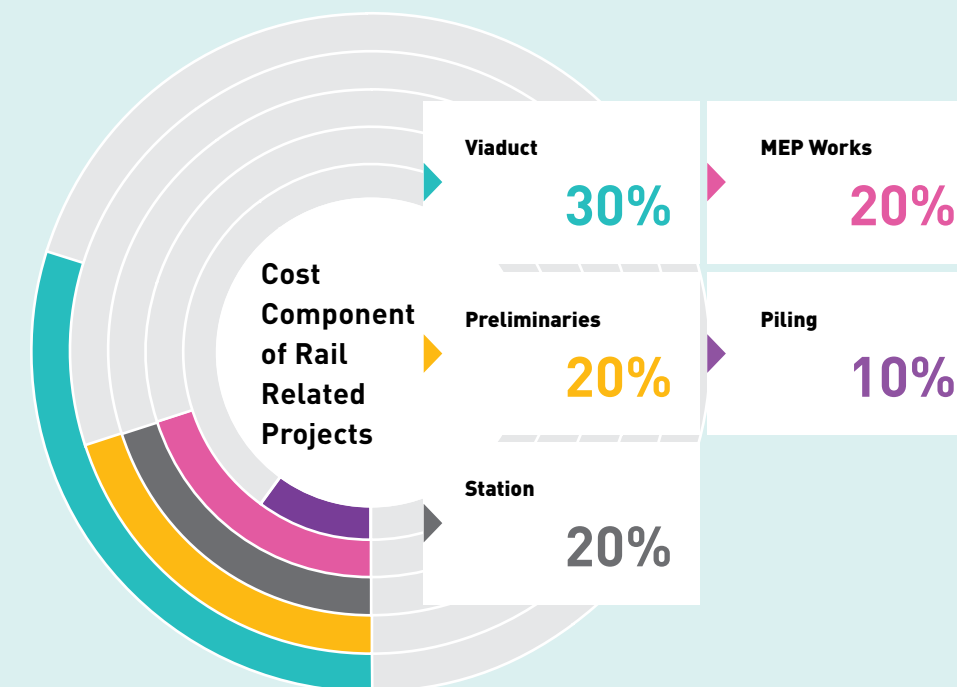


Construction of Meensurutti - Chidambaram Highway, Tamil Nadu, India

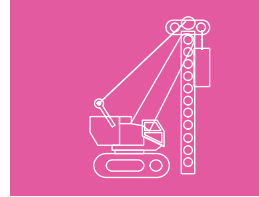
WORKFORCE

Staff Force	2021	2020	2019
Male	208	374	560*
Female	29	38	53*
Total	237	412	613*
Staff Category (%)	2021	2020	2019
Executive	31	28	24
Non Executive	69	72	76

* Restated



SEGMENTAL PERFORMANCE



4 projects completed in 2021

RM239
MILLION



Foundation works at Parcel CP2, Sunway City

Foundation and Geotechnical Engineering Services

2021 REVIEW

As a crucial component of the construction value chain, the geotechnical division has steadily advanced ongoing projects despite the pandemic. The completed projects comprised bored piling works for the dedicated ramp to Sunway International School and the dedicated ramp from the Butterworth Kulim Expressway to Sunway Carnival Mall in Penang.

In addition, the ongoing foundation and geotechnical works for the mixed development at Parcel CP2 in Bandar Sunway is now 80% complete with an overall targeted completion by the first quarter of 2022. To date, we have constructed the reinforced concrete retaining wall, ground anchors, steel beam struts, foundation piling and rock bolting. We are currently carrying out earthworks and reinforced concrete work for the five-level basement up to the lower ground floor of the development.

In the year under review, we secured a new project for piling and substructure work for Bangsar Rising, a proposed service apartment on Jalan Abdullah in Bangsar valued at RM4.6

million. Operationally, we successfully obtained recertification of our ISO 9001, ISO 14001 and ISO 45001 management systems underscoring our commitment to quality, environment, safety and health in our business.

Although our operations were affected by the lockdowns with our piling machinery unable to be fully utilised, we continued to focus on cost optimisation initiatives and productivity enhancement to deliver value. We commissioned our piling rigs to help expedite the progress of other ongoing projects, in addition to streamlining our fleet of rigs. We also increased staff productivity, reduced wastage at project sites and reduced modification costs by proposing alternatives based on existing owned and available boring tools.

The slowdown also gave us a chance to conduct a thorough housekeeping exercise of all our machinery and tools, thereby enabling us to optimise the space in our machinery yard to create a more conducive and operationally efficient environment that would benefit us when construction activities fully resume.

SEGMENTAL PERFORMANCE

RIG UTILISATION RATE

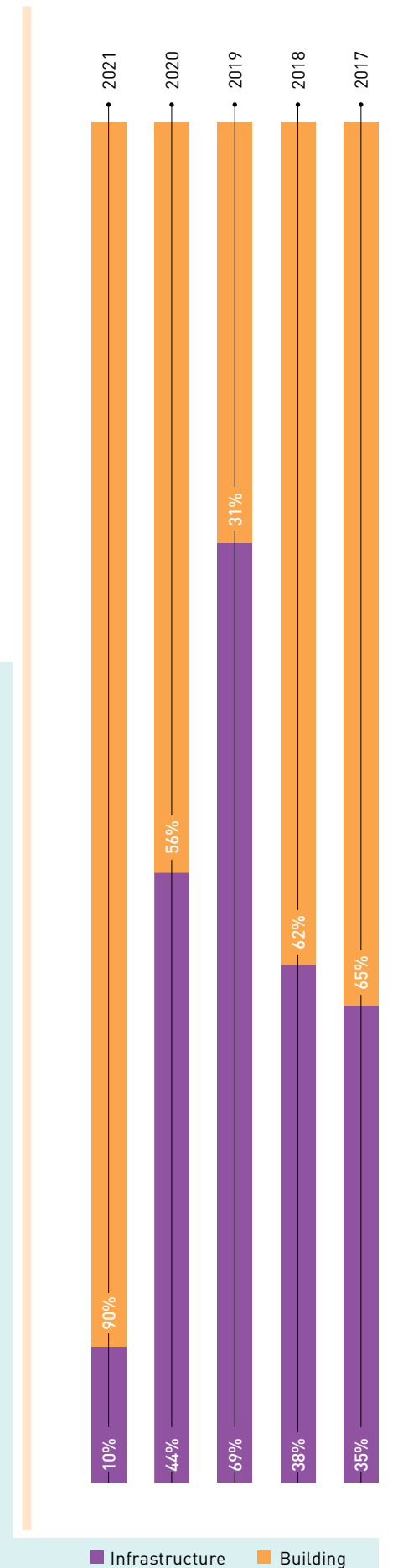
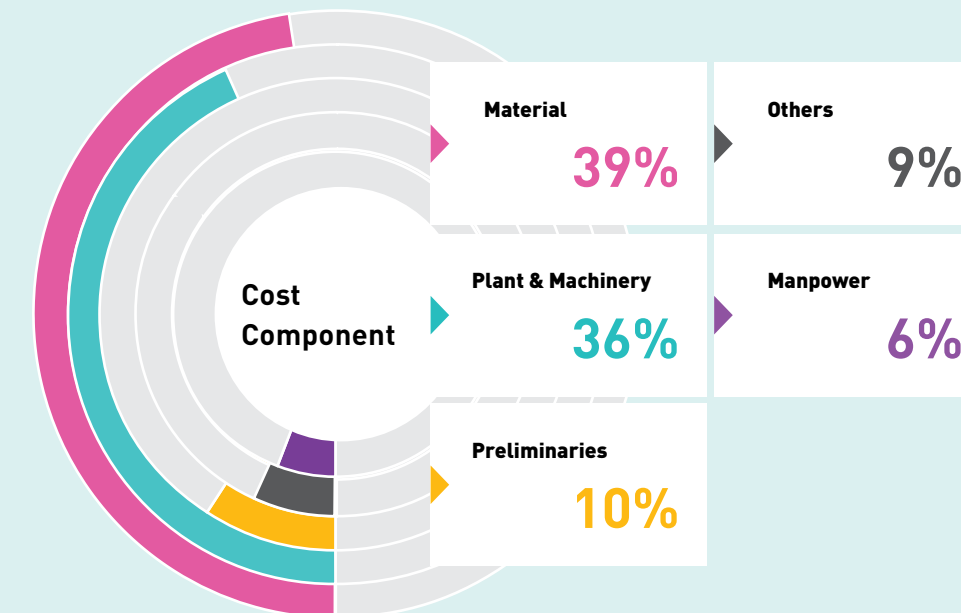
	2021	2020	2019
No. of rigs	26	26	28
Rig utilisation rate	30%	55%	75%



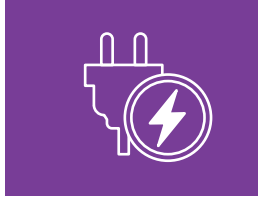
Bored piling works at Sunway International School, Subang

WORKFORCE

Staff Force	2021	2020	2019
Male	69	98	144
Female	15	22	29
Total	84	120	173
Staff Category (%)	2021	2020	2019
Executive	61	56	52
Non Executive	39	44	48



SEGMENTAL PERFORMANCE



Chilled water plant room at IOI City Mall project, Putrajaya

4 projects completed in 2021

RM275
MILLION



Mechanical, Electrical and Plumbing Services

2021 REVIEW

Our MEP division continues to provide support to the Group's building construction and civil/infrastructure projects through MEP works that are vital to delivering completed projects to our customers.

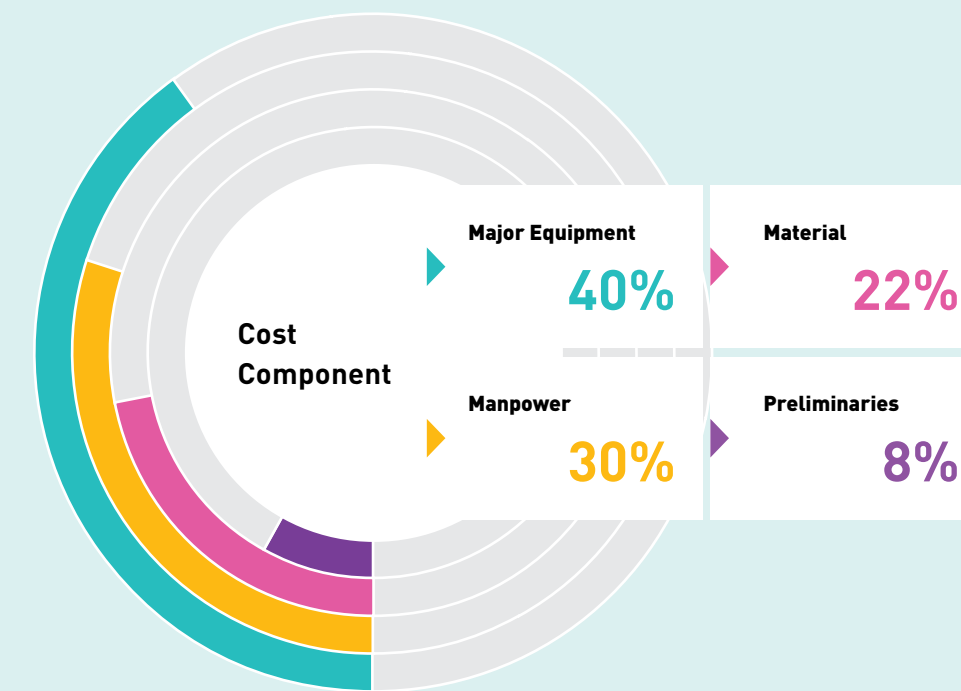
In the year under review, we have made significant progress for the MRT Line 2 Chan Sow Lin and MRT Line 2 Sentul West underground stations, which were awarded by MMC Gamuda KVMRT. Both projects, which have a combined contract value of RM111 million, are expected to be completed by the first quarter of 2022. We have also made good progress with the installation of the Air Conditioning and Mechanical Ventilation system at IOI City Mall, which will contain a Thermal Energy storage system, and therefore help improve the mall's overall energy efficiency. The IOI City Mall project is also expected to be completed by the first quarter of 2022.

The division is currently focusing on the MEP works at the TNB Headquarters Campus and renovation works at the Sunway Resort Hotel within 2022 as well as other on-going projects under our building construction and civil / infrastructure services divisions.

SEGMENTAL PERFORMANCE

WORKFORCE

Staff Force	2021	2020	2019
Male	115	121	113
Female	24	22	20
Total	139	143	133
Staff Category (%)	2021	2020	2019
Executive	82	81	80
Non Executive	18	19	20

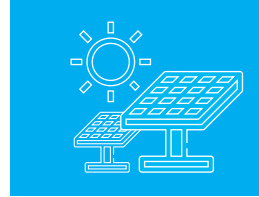


MEP works at MRT Line 2 Chan Sow Lin underground station



■ Building ■ Infrastructure ■ Energy

SEGMENTAL PERFORMANCE



7 projects awarded in 2021

RM387 MILLION

EPCC and investment
Total Installed Solar Capacity to date

21.1 MWp

EPCC District Cooling System
Total installed to date

44,250 RT



F&N Dairies Manufacturing Plant, Pulau Indah, Klang

Sustainable Energy Services

2021 REVIEW

The Group continues to chart significant growth of its sustainable energy division in the year under review, securing several new renewable energy projects that will further boost our track record and contribute to Malaysia's transition to a low carbon economy.

During the year, we successfully secured two projects under the Large Scale Solar 4 (LSS4) scheme totalling RM385 million for the design, engineering, procurement, construction, testing and commissioning of solar photovoltaic (PV) energy generating facilities. The first project is for a solar PV energy generating facility in Kampar, Perak for RM200 million from GBS Suria Sdn Bhd, a wholly-owned subsidiary of Gopeng Berhad. The second project is for similar work in Klang, Selangor for RM185 million for Sharp Ventures Solar Sdn Bhd. These projects mark our first major forays into the large scale solar energy sector to foster a cleaner environment.

Apart from that, we have successfully entered into new Solar Power Purchase Agreements (PPA) for two projects in 2021, including 294 kWp rooftop solar facilities for Central Park in Kota Damansara and 44 kWp rooftop solar facilities for Caltex Petrol Station in Sunway City. The PPA for both projects are for a duration

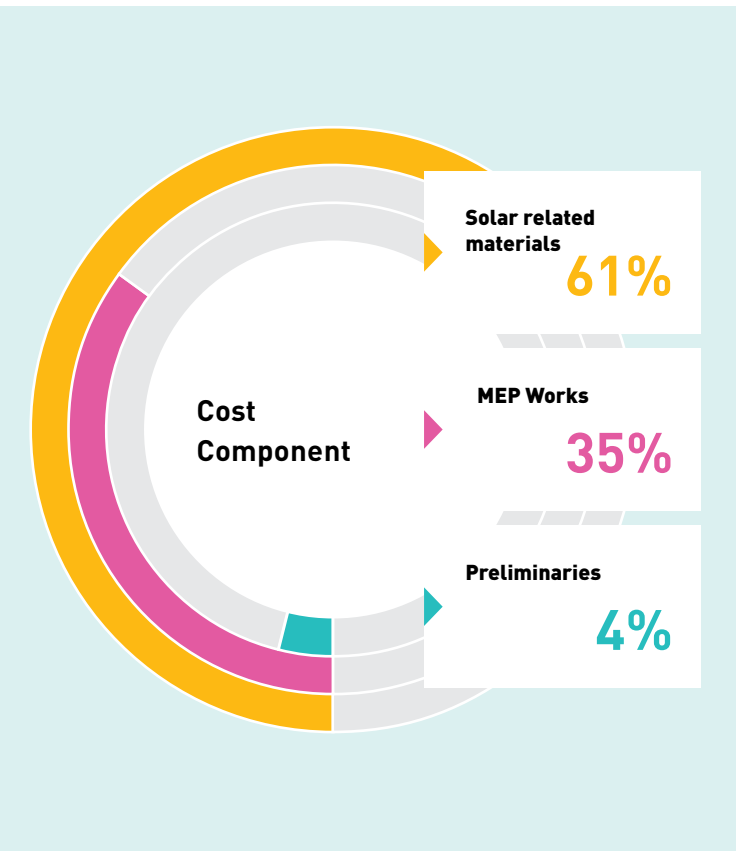
of 25 years. Looking ahead to 2022, we target to sign the PPA for the Universiti Sains Malaysia (USM) project that we secured earlier in 2020.

Other new orders that we secured during the year include rooftop solar PV projects for various commercial, industrial and residential buildings for in-house developments in Kuala Lumpur, Penang and Ipoh, totalling 2,159 kWp which are expected to be completed in 2022. These projects are part of Sunway Group's initiatives to improve energy efficiency and reduce GHG emissions in its sustainable cities.

In addition to the new projects that we have secured, the division is steadily progressing its other on-going rooftop solar PV projects at the TNB Headquarters in Kuala Lumpur, F&N and Insafoam manufacturing facilities, as well as the Sunway Resort Hotel in Bandar Sunway, and we expect these projects to be completed by 2022.

During the year, we have completed the installation of 1,809 kWp solar panels at the Petronas New Leadership Centre as well as the 50 kW solar PV grid connected net energy metering system and the advanced high voltage Battery Energy Storage System (BESS) for SIRIM Bhd's manufacturing plant in Terengganu with capacity of 76 kWh.

SEGMENTAL PERFORMANCE



TF Value Mart, Tambun



Sunway Spun Pile factory, Batang Kali

SEGMENTAL PERFORMANCE



NAVIGATING A CHALLENGING OPERATING ENVIRONMENT

The pandemic posed significant challenges to the construction industry as we navigated the stringent COVID-19 standard operating procedures (SOPs) and imposition of various phases of movement restrictions throughout the year.

In most instances and also depending on the severity of the lockdown, construction site closures and slower work progress affected our overall performance. Meanwhile, the stringent SOPs that were implemented to prevent the spread of COVID-19 meant we could not deploy the optimal number of workers, thus slowing project-specific progress. Compounding this, border closures

led to a shortage of hireable skilled workers. To mitigate this, we accelerated efforts to fully vaccinate our staff and workers to ensure that projects could be completed on time, while stepping up efforts to train our own workers. In terms of our vaccination progress, except for those with health conditions, almost all of our staff and workers have been fully vaccinated.

A perennial issue that plagues the construction industry is rising costs and in the year under review, we have seen both materials and regulatory costs adding pressure to the business. With steel bar, cement and copper prices rising up to 20% nationwide due to the impact of COVID-19 and rising global market prices, the division has been closely monitoring prices and taking the necessary actions to ensure

cost stability. On the regulatory front, we are striving to comply with Act 446, or the Workers' Minimum Standards of Housing and Amenities Act, which calls on employers to provide proper accommodation and amenities for workers.

In terms of challenges for the solar industry, although there has been an increase in the cost of solar panels in recent times due to disruptions across the supply chain as a result of the pandemic, we expect prices to normalise in 2022 amid the global vaccination rollout. We also view with some optimism the recent announcement of a major Chinese solar cell manufacturer setting up their factory here in Malaysia, and we hope it will help reduce the cost incurred when procuring solar panels.



Sunway Serene, Petaling Jaya

SEGMENTAL PERFORMANCE



Sunway Medical Centre 4, Sunway City

OUTLOOK

Looking ahead, the Construction segment has a strong order book of RM4.8 billion, which will ensure sustained revenue for the next two years. We are cautiously optimistic regarding the country's economic recovery and we are assured that our various divisions remain well-positioned to capture new opportunities in tandem with the expected rebound in construction activities.

In the Building Construction Service sector, our focus will be on in-house projects, particularly in supporting Sunway's healthcare division in their expansion with up to six hospitals to be constructed over the next four years. Sunway Group has identified potential developments with Gross Development Value (GDV) of over RM59 billion for its healthy landbank of 3,334 acres as at end of 2021. These developments play right into the division's strength of constructing hotels, residential and mixed commercial developments and will help drive growth across the Sunway Construction Group. Operationally, the division will continue to leverage and implement BIM to optimise our cost, stay efficient and to remain lean during these challenging times.

The Civil and Infrastructure sector is anticipated to regain its momentum in the year ahead with the resumption of major infrastructure projects such as the Mass Rapid Transit 3 (MRT3), Johor - Singapore Rapid Transit System (RTS) and others. These projects will likely adopt the Public Private Partnership approach and leveraging on our strong track record, we look forward to participating in the ensuing tenders, such as for the MRT3 project. On the regional front, having re-established our foothold in India, we will continue to explore infrastructure opportunities in line with the country's growth plans.

For the Geotechnical division, beyond supporting the pipeline of in-house projects such as the Sunway Valley City in Penang, we are actively bidding for projects to replenish our order book. We are also focusing on growth opportunities regionally, as we plan to strengthen our presence in Philippines, Singapore and India.

Our MEP division will continue to complement all the projects we undertake by providing advanced and value-added solutions to support the design, delivery and operation of the facilities

we construct. We are also well-positioned to contribute to Malaysia's shift towards a carbon neutral nation considering our established track record in designing and implementing energy efficient and sustainability-focused projects that utilise advanced technology.

The outlook for the renewable energy industry in Malaysia remains positive, with greater focus on environment, social and governance (ESG) matters by the government and private sector towards a greener future in order to mitigate the effects of climate change.

Malaysia's long-term goal is for renewable energy to contribute to 31% of the nation's capacity mix by 2025 and 40% by 2035. To achieve the 2025 target, 1,178 MW of new RE capacity will need to be developed. Apart from that, government initiatives such as net energy metering and green technology incentives will help boost the growth of the solar PV industry further. This indicates the opportunities present going forward and we will continue to ride this wave by bidding on new projects as well as participating in future LSS projects.

SEGMENTAL PERFORMANCE



Manufacturing and Sale of Precast Concrete Products



Current progress of Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore

Our precast division operates mainly in Singapore, and in the year under review, successfully secured six new projects with a total value of RM298 million (S\$99.6 million), exceeding the targeted order book for the year. The newly secured projects include the supply of precast products, Prefabricated Prefinished Volumetric Construction (PPVC) and Prefabrication Bathroom Units (PBU) for various residential building projects for the Housing Development Board (HDB).

SEGMENTAL PERFORMANCE

2021 REVIEW

This achievement is impressive considering the pandemic backdrop and was largely bolstered by the resumption of construction activities in 2021 as the Singaporean economy charted its path to recovery. Economic growth was recorded at 7.6% compared to the 4.1% decline in 2020, while the construction sector expanded by 20.1%, a sharp rebound due to the low base effects.

In addition to securing new projects, we have also picked up the pace for the construction of the Integrated Construction and Prefabrication Hub (ICPH) in Pulau Punggol Barat, Singapore. Situated on a 38,000 m² site, the ICPH is a multi-storey advanced manufacturing facility for producing prefabricated construction elements and will be fitted with automated and integrated production, storage and racking systems. The project is progressing according to schedule and is expected to be completed in 2022. We anticipate production to commence at the end of 2022, and we are aiming to build up our order book to take advantage of the new plant's capacity.

NAVIGATING A CHALLENGING OPERATING ENVIRONMENT

Overall, the construction industry in Singapore was impacted by manpower shortages due to ongoing border restrictions, and the disruption in supply chains for building materials such as steel bars and cement due to new waves of infections and lockdowns in neighbour countries. The overall effect was an increase in costs and a decrease in productivity.

In addition, due to the Movement Control Order (MCO) in Malaysia, production activities at our precast plants in Senai and Iskandar, Johor were suspended. Production only recommenced in September 2021 following the relaxation of movement restrictions.

OUTLOOK

We are closely monitoring the construction progress of the ICPH to ensure its timely completion in 2022. Following this, we plan to apply for the license to be an approved supplier for precast components for HDB projects. The completion of the ICPH will also enable us to offer an expanded product range of products including large panel slabs, precast walls and tunnels for infrastructure projects. With this, we believe that the Group's position to capture the growing demand for precast and prefabricated products in the Singapore market will be enhanced.

WORKFORCE

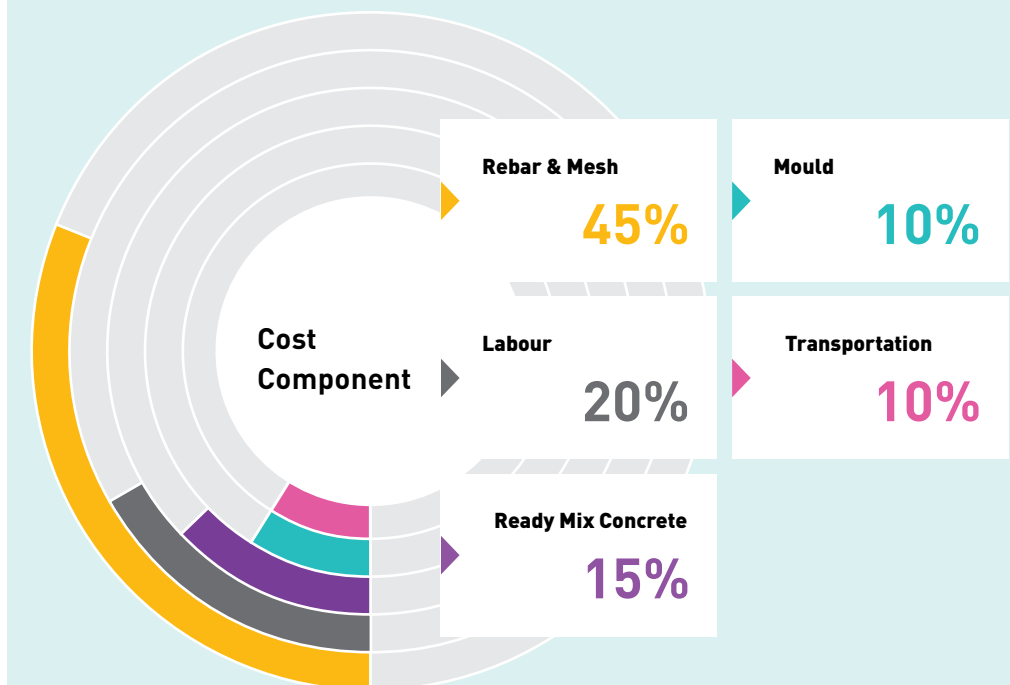
Staff Force	2021	2020	2019
Male	87	85	58
Female	18	8	9
Total	105	93	67
Staff Category (%)	2021	2020	2019
Executive	42	20	33
Non Executive	58	80	67

PRECAST SEGMENT INDICATORS

	2021	2020	2019
HDB BTO Launched in Singapore (units)	17,109	16,752	14,591
Precast Division Sales - Private (%)	3%	10%	4%
Precast Division Sales - HDB (%)	97%	90%	96%
Maximum Plant Capacity (m ² per annum)	126,000	126,000	126,000
Overall Plant Utilisation (%)	44%	47%	65%

Looking ahead, the number of Build to Order (BTO) flats to be launched by the Housing and Development Board (HDB) in 2022 is expected to be 23,000 units, a 34.4% increase compared to the 17,109 units launched in 2021. The BTO launches have been ramped up over the years to meet increasing demand and this bodes well for our precast business. With more than 90% of our precast segment sales going to the development of HDB's, our prospects are therefore largely dependent on there being a strong pipeline of launches.

We look forward to strengthening our presence in Singapore with the completion of the new ICPH plant coupled with our strong track record in securing government and private projects which will increase our contribution to the Group's financials.



SEGMENTAL PERFORMANCE



Machinery Division



SunCon's Machinery New Workshop at Sunway Enterprise Park Puchong

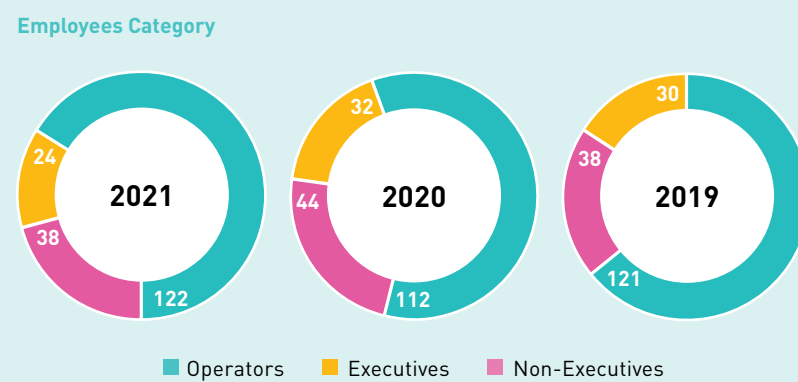
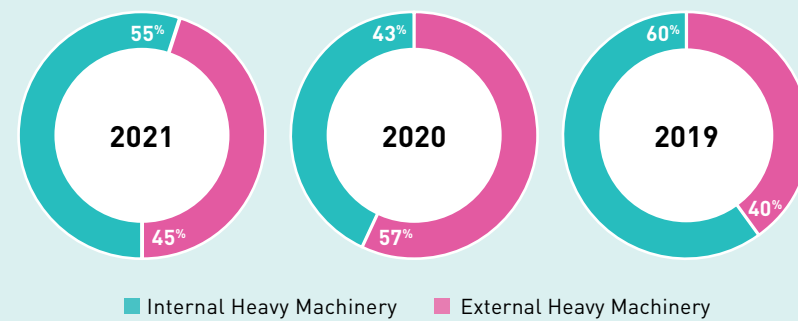
SunCon's machinery division specialises in supplying machines and providing related support services for our building, geotechnical and civil/infrastructure construction projects.

We own and operate a full range of heavy construction machinery and equipment such as lifting and hoisting machines, earthwork machines, foundation construction machines, water and concrete pumps, transportation and haulage and system formwork.

Our machines are all registered and licensed with valid operating permits by the relevant authority and our operators are also accredited by the Construction Industry Development Board (CIDB) and Jabatan Keselamatan Dan Kesihatan Pekerjaan (JKKP).

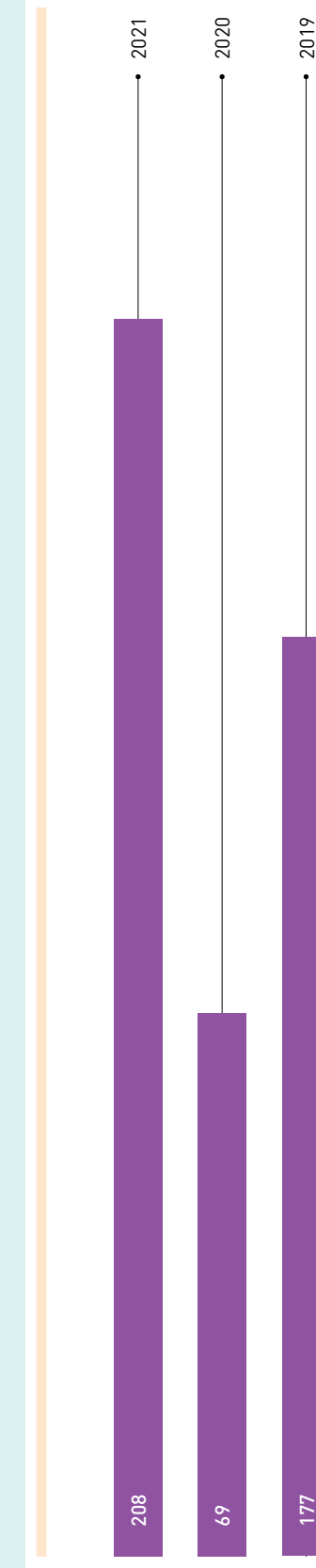
2021 REVIEW

During the year, we have started operations at our new sustainable facility in Sunway Enterprise Park (SEP), Puchong which



SEGMENTAL PERFORMANCE

EMPLOYEES TRAINED BY SUNWAY MACHINERY SDN BHD - TRAINING ACADEMY



FLEET OF MACHINERY

26 Boring Rigs	18 Tower Cranes	11 Crawler Cranes
7 Skylifts	3 Concrete Pump Trucks	7 Lorry Cranes
5 Vibrating Rollers	4 Diesel Trucks	8 Water Trucks
23 Hydraulic/Wheeled Excavators	17 Rough Terrains/Mobile Cranes	3 Placing booms c/w Static Pump
10 Backhoes	5 Tipper Trucks	45,000m ² Formwork

provides a centralised location for our machinery workshop and warehouses, thus enabling better efficiency to support our construction projects. The sustainable establishment is equipped with solar panels on the rooftop to generate electricity for our own consumption as well as a rainwater harvesting system as part of our commitment to reduce our environmental footprint.

With a large fleet of machinery under our portfolio, we are continuously finding ways to enhance and upgrade our machinery to ensure optimum performance. During the year under review, the division has taken steps to further enhance the safety of our tower cranes by installing anemometers on all our tower cranes. This device gives our operators information on the wind speed and load, and thus empowering them to stop operations should the readings exceed the manufacturer's recommendation. As part of the steps taken to improve our operations, we are now also capable of performing in-house painting and spraying on all our machines and equipment to ensure that our machinery is always kept in tip-top condition and to reduce the need to hire external vendors while the machines are being serviced.

To overcome the lower utilisation of our machinery due to the pandemic, we streamlined our fleet of machinery to remain lean and asset light, while seeking out external customers that required machinery in order to increase the utilisation of our machines.

SunCon's machinery division is also closely involved in supporting the construction industry via the upskilling of machinery operators, mechanics and workers through the Sunway Machinery Sdn Bhd - Training Academy. During

the year, we have trained almost 200 participants at the Training Academy. Our skills training programmes are not only limited to our workforce but are also open to all our business partners as we recognise the importance of growing and learning together.

The new facility is well-equipped and is able to provide a wide range of training programmes for larger numbers of participants. To complement the enhancement to our capacity, we have been accredited by CIDB Malaysia in April 2021 to carry out the CIDB Youth Skills Training Programmes of Hydraulic Bored Pile, Hydraulic Excavator, Backhoe Loader & Roller Compactor Machines Operations Training (Level 1 & 2). We are also in the process of obtaining accreditation for the Level 3 Earthwork Machinery Maintenance Apprenticeship programme from the Department of Skills Development (JPK) and the Diploma in Malaysian Skills for Executive Automotive Service After Sales (DKM 4).

In 2021, we have also begun our collaboration with the Master Builders Association Malaysia (MBAM) to offer skills training programmes at the new SEP facility, with the first programme, the MBAM Lifting Supervisor Competency Training, rolled out in the fourth quarter of the year.

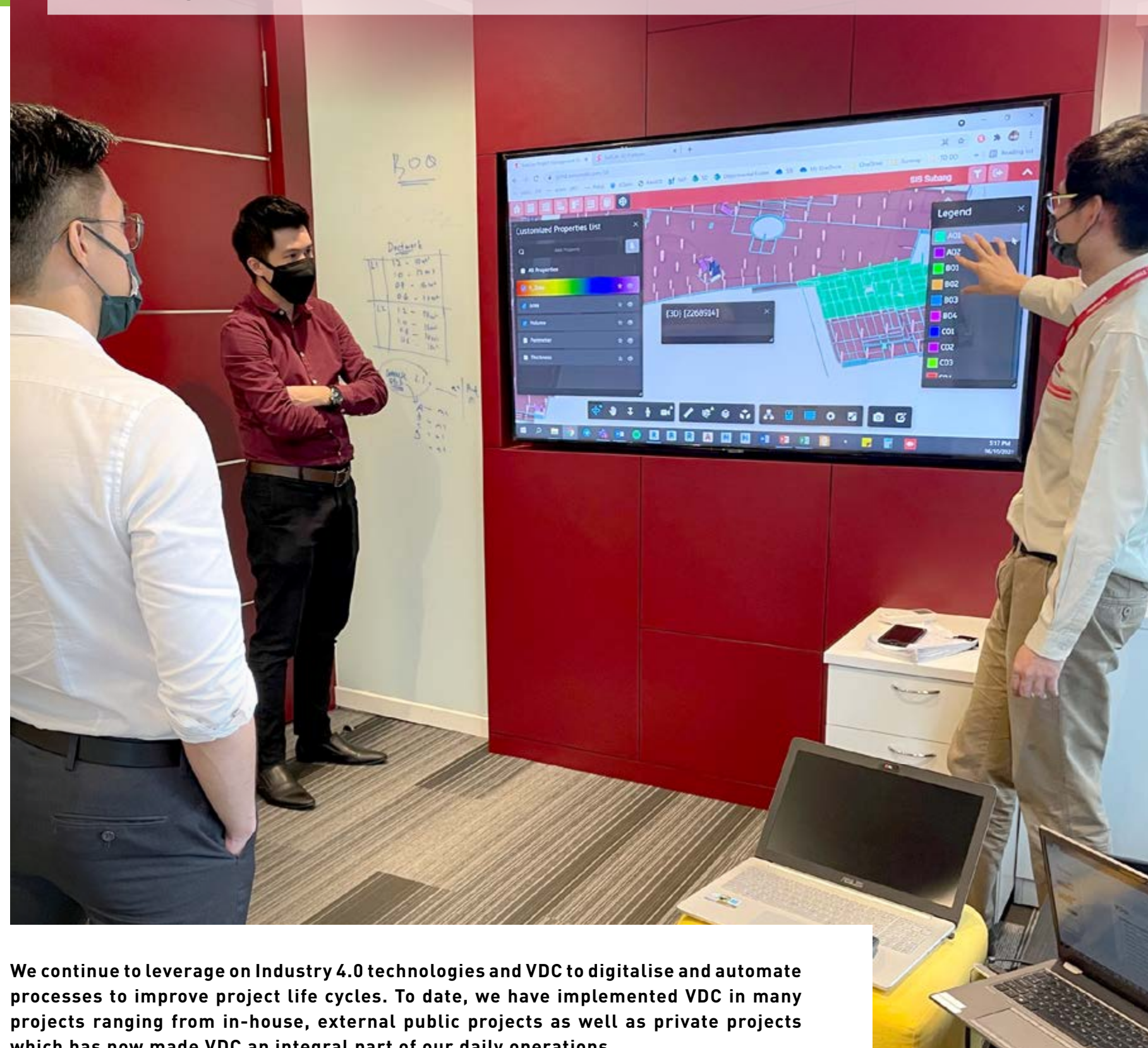
OUTLOOK

Looking ahead to 2022, we anticipate an increase in construction activities as major infrastructure projects regain momentum and the economy resumes a normal level of activity. We will continue to support the Group's various projects through our fleet of machinery and well-trained personnel.

SEGMENTAL PERFORMANCE



Centre Of Excellence - Virtual Design And Construction (VDC)



We continue to leverage on Industry 4.0 technologies and VDC to digitalise and automate processes to improve project life cycles. To date, we have implemented VDC in many projects ranging from in-house, external public projects as well as private projects which has now made VDC an integral part of our daily operations.

SEGMENTAL PERFORMANCE

BIM CONTINUES TO EVOLVE

VDC offers an unparalleled project management experience by integrating technology, Building Information Modelling (BIM) processes, models as well as the people in order to achieve construction goals and deliverables in a manner that improves efficiency across the project life cycle.

Across the globe, the use of BIM in projects are increasingly common for supporting design tasks. Since its inception, BIM processes have been progressively implemented worldwide in the Architecture, Engineering and Construction (AEC) sectors. In the modern age, BIM technology has evolved from merely basic 3D and 4D to more complex 5D, 6D and 7D which are set to change the future of the AEC industry.

4D introduces the element of time to the basic 3D model. 4D data allows our team to integrate work schedules to create digital construction sequences which makes it easier to organise task assignment, logistics and resource planning. By having the 4D method in place, the team is able to produce detailed 4D simulations in a virtual environment, and therefore facilitating project risk management and reducing overlaps. In 2021, we developed and launched the SunCon Project Management Dashboard (SPMD) as one of our digital transformation initiatives. The SPMD contains comprehensive 4D information and is now widely implemented at our project sites.

5D relates to integrated cost planning, which is primarily used by project developers and owners to analyse the costs that will be incurred throughout construction. In 2021, we enhanced our 5D implementation with the development of electronic Bill of Quantities (eBoQ), which enables extraction of quantities from the 3D model. With this, our quantity surveyors are able to verify the material quantities at site and quickly generate precise quantities for accurate reporting and cost estimation. The use of 5D BIM has shortened the time spent on quantity measurement.

6D integrates BIM with facilities management, which is a key operational cost once a building is completed. The 6D model digitises every single asset in the facility thus giving building managers an accurate and comprehensive view of the entire building to optimise maintenance operations. We are proud to be the only construction company to deliver the first and largest BIM-FM project in Malaysia, Parcel F comprising 10 government buildings amounting to a project sum of over RM1.6 billion. Following the completion of the

project, we have started a collaboration with Sunway Education to co-develop our own BIM-FM platform for the Sunway International School project in Jalan Subang which is slated to be delivered in 2023. The platform will provide detailed information related to the building and its assets, enabling more efficient facility management by the end-user.

7D focuses on sustainable and environmentally conscious design and building. Sustainability and energy management have a critical impact on the life cycle of the project, in terms of operational costs, performance of the building, wellbeing and environmental effect. As our team ventures into 7D BIM, we are constantly innovating our processes for sustainable construction. One of the processes that we are currently researching is prefabrication which is in line with our aim to optimise construction material usage, preserve natural resources and also reduce pollution. While still in its infancy, this dimension certainly serves as the future of sustainable construction.

EMBRACING THE DIGITAL ERA

As the construction industry moves towards Industry 4.0, embracing the use of digital technologies and automation of work processes continues to be the focus for the Group. Technology has played an important role to help our transition to working remotely during the pandemic. Having fully migrated to cloud collaboration platforms such as Microsoft Office 365, Microsoft Teams, OneDrive and others, we have been able to operate seamlessly during the pandemic while remaining agile and resilient. The benefits that these tools provide not only promote virtual collaboration with stakeholders but also allowed us to work from anywhere, anytime and on any device with minimal impact to the team's productivity during the Movement Control Order (MCO) period. We have also successfully implemented e-learning using the SAP system whereby our staff learning programmes were carried out virtually. The learning materials are made available 24/7 and accessible anywhere. Apart from that, we have implemented a 360 degree site which displays as-built photos for our project teams to have an all-round view of the project virtually, and enabling as-built drawings to be updated without the need to be physically based at site.

With further digitalisation and automation projects planned in the year ahead, we expect to continue enhancing our efficiency and resilience as we adapt to the new operating norms, as well as reduce the environmental impact of our operations.

SUSTAINABILITY STATEMENT

Sustainability is embedded in the DNA of SunCon and leads the way we manage and conduct our business. In 2020, we have established the SunCon Future Value Goals to better align our sustainability agenda against the key processes in our business operations. This year, we have further refined the goals to:

Goal 1: Enabling sustainable construction

Goal 2: Investing in fair, safe and inclusive workplace

Goal 3: Ensuring compliance and embracing transparency

Goal 1: Enabling Sustainable Construction

Key Topics

Material Issues Addressed

SDGs Covered



- 01 Environmental Stewardship
- 02 Supply Chain Management
- 03 Product Safety and Innovation

Physical Impacts of Climate Change, Protecting Biodiversity, Waste Management, Energy Management, Water Conservation, Materials Management, Sustainable Procurement Practices, Innovation, Product Quality and Responsibility

SunCon Future Value Goals Achievement

2030 Targets	Interim 2021 Annual Targets	FY 2021 Performance
Achieve reduction of Carbon Emission Intensity (CEI) per unit revenue by 10% from 2020 levels (Baseline: 98 tonnes CO ₂ e/RM mil)	4% reduction	9% reduction (89 tonnes CO ₂ e/RM mil)
Achieve reduction of Water Use Intensity (WUI) per unit revenue by 10% from 2020 levels (Baseline: 253 m ³ /RM mil)	4% reduction	25% reduction (189 m ³ /RM mil)
Achieve 10% of waste diversion from landfill	In progress of establishing baseline	Work in progress. Target completion by 2022
Achieve 100% of major commodity suppliers are ISO 14001 certified	20% for steel bar supplier	85% steel bar supplier certified
Maintain ≥ 80% QLASSIC score for all building projects directly controlled by SunCon	80% score	83% (only 1 project was assessed for QLASSIC in 2021)

Legend: Progress tracking

- Meeting interim target, maintain performance towards meeting 2030 target
- Falling short of interim target for one year, review current practices
- Falling short of interim target for more than two years, review and revise target (if necessary)

SUSTAINABILITY STATEMENT

GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

01 Environmental Stewardship

- Managing our pollutants
- Chemical management
- Waste management
- Materials management
- Water management
- Energy management
- GHG emissions disclosure
- Protecting biodiversity



Sunway International School, Subang

quantities of dust and waste landfills. As such, we employ the best practices and strict policies that guide us in preventing further pollution and damage to the environment by ensuring good stewardship in air, waste, water and noise management. We are guided by our QESH policy and we remain compliant with all the relevant rules and regulations. All the projects we have under our belt are within legal parameters and we will continue to work towards developing the best urban infrastructures while minimising and mitigating our negative impacts on the environment.

In 2021, we continued to monitor our impacts on air, noise and water through periodic environmental monitoring. We have noted several non-compliances on our water monitoring results which was due to externalities not arising from our operations, whilst those due to our operations were immediately rectified to prevent recurrence.

For more information on SunCon's air, noise and water monitoring data, please refer to Key Performance Data from pages 226 - 228.

Life Cycle Perspective

At SunCon, we take into account the environmental aspects and impacts of our company's activities, products and services. This is where life cycle mapping comes in; incorporated into the QESH Management System, it involves managing boundaries for all our activities, products and services. SunCon has been certified with the ISO 14001:2015 Environmental Management System since 2018, a progression from the previous ISO 14001:2004. As Environmental Aspects and Inspects Assessments form a prerequisite to any of our activities, we will continue to identify and alleviate environmental impacts and further incorporate practices that will preserve the environment.

Embedding Good Environmental Practices

SunCon's Objectives in Environmental Management

Objectives	Targets
TO PREVENT ENVIRONMENTAL POLLUTION AT PROJECT SITES	To achieve zero compounds and fines from federal and local authorities. To maintain notice received from the authorities on vector issues at 0.10 or below Company-wide.
TO MANAGE CONSTRUCTION WASTE AT PROJECT SITES	To segregate construction waste at designated areas by type of waste for 3R and disposal.
TO IMPROVE AWARENESS ON GOOD ENVIRONMENTAL PRACTICES AT PROJECT SITES	To achieve a monthly environmental inspection score of 80% and above.

All our projects are certified with the ISO 14001 Environment Management System, which ensures we follow strict guidelines and comply with regular monitoring, commitment from senior management and set targets to measure performance. We have designated Environmental Officers at our construction sites to ensure that the system set by the management and the policies are followed through.

SunCon has:

- 7 Environmental Officers based at various project sites
- 1 Certified Erosion, Sediment and Storm Water Inspector (CESSWI)
- 7 Certified Environmental Professional in Scheduled Waste Management (CePSWaM)
- 2 Malaysian Certified Inspectors of Sediment and Erosion Control (MY-CISEC)

MANAGING OUR POLLUTANTS

As one of the country's leading construction companies, we are committed to reduce our carbon footprint by striving towards our goal of building sustainable development. We understand the impact of how construction can negatively impact the environment - from noise pollution to affect water quality and cause increasing

SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

CHEMICAL MANAGEMENT

Management of chemicals is most crucial to avoid contributing to pollution at all project sites and as such, SunCon ensures that it complies with all the necessary legal requirements for chemical classification including processes such as labelling, handling and storage. We are aware that in the process of construction, leakages and chemical spills might happen and cause contamination in water and soil pollution. In 2021, there were zero major spill incidents in all our project sites.

WASTE MANAGEMENT

Managing our waste while conserving natural resources is vital in all our construction activities and business processes. We take proactive measures in minimising waste and lowering waste disposal cost, which covers about 0.13% of total site operational costs. We remain guided by SunCon's QESH policy, which sets out the guidance for us to evaluate our impacts, manage systematic environmental aspects and control implementation to ultimately minimise waste and optimise use of raw materials.

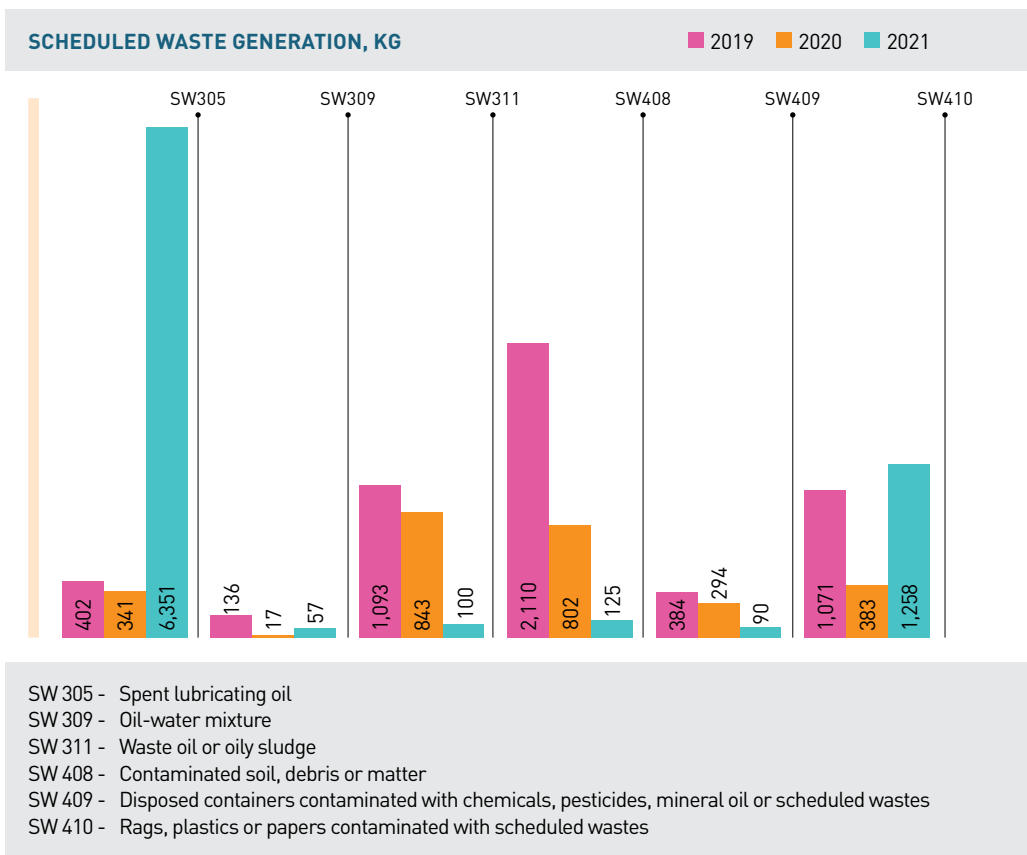
The kinds of waste produced at our project sites are both hazardous and non-hazardous. While hazardous waste is categorised as scheduled waste regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, non-hazardous waste is mainly domestic waste, construction waste and recyclable waste.

We are highly aware of the consequences of improper hazardous waste disposal, emissions and discharges as it can result in legal repercussions, a fine of up to RM500,000 for every offence. Violations of environmental regulatory compliance will impact the company's reputation and branding. In 2021, we have achieved our target of zero environmental violations and fines from federal and local authorities, and we will strive to continue to maintain this clean slate.

Hazardous Waste

Hazardous waste contains properties that are harmful to humans and the environment. Hence, we are committed to manage our waste efficiently by complying with all the required environmental regulatory rules. This includes ensuring our hazardous waste is properly stored and managed from its collection point to its final disposal by appointed licensed scheduled waste contractors. The hazardous waste we generate includes lubricating oil, waste oil sludge, contaminated soil and used chemical containers.

The significant spike in the generation of SW 305 was due to improved reporting with data inclusion from our operations at Sunway Enterprise Park (SEP), Machinery division. The significant increase in SW 410 generations was primarily due to the increase in activity at all our project sites post pandemic. We will continue to strive to reduce our waste as part of our environmental stewardship by continuously providing awareness training to our staff and carrying out regular maintenance operations to ensure minimal contamination across all our project sites.



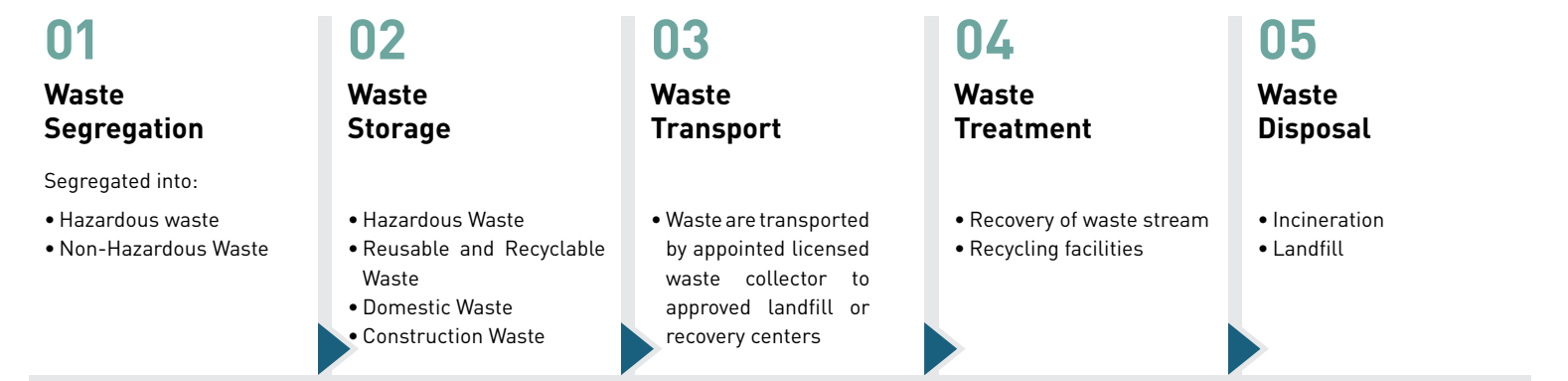
Non-hazardous waste

Although non-hazardous waste does not pose a direct threat to human health or the environment, careful consideration must still be taken to dispose of them. This includes waste such as construction waste, domestic waste and recyclable waste like timber, concrete, steel, paper, plastic, aluminium and glass. We are committed to reducing our waste to landfill by promoting awareness and practising waste reduction through the 3R approach: by reducing, reusing and recycling our resources at construction sites and headquarters. Employees are encouraged to reuse and recycle anything from paper to plastics and aluminium and we encourage waste segregation by providing bins for different types of waste material. While recyclable waste is processed at recycling centres, waste that cannot be recycled is sent to landfills.



SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

SunCon's Waste Management Process



CIRCULAR ECONOMY

As part of our effort to advance towards a more resource efficient construction conglomerate, we have embarked onto the circular economy journey by turning waste into valuable inputs.

<p>Concrete Waste Concrete waste is reused as crusher run for the temporary internal access within a project site</p>	<p>Timber Waste Timber waste is mainly reused for signage, storage facilities and other site facilities</p>	<p>Steel Waste Steel bars are sent to mills or foundries for recycling</p>	<p>Domestic Recyclable waste from domestic and construction waste are sent to recycling centers for further processing</p>
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To ensure waste is at the bare minimum across all construction sites, we have set the following targets for each raw material:

	Target	2021
Ready-mix concrete foundation		
Piling works	25.0%	-*
Basement works	15.0%	14.8%
Ready-mix concrete		
Building works	5.0%	4.9%
Civil works	8.0%	-
Steel bars		
Geotechnical works	10.0%	-
Building works	8.0%	7.9%
Civil works	8.0%	-
Bricks (building works)	7.0%	7.0%
Tiles (building works)	8.0%	8.0%

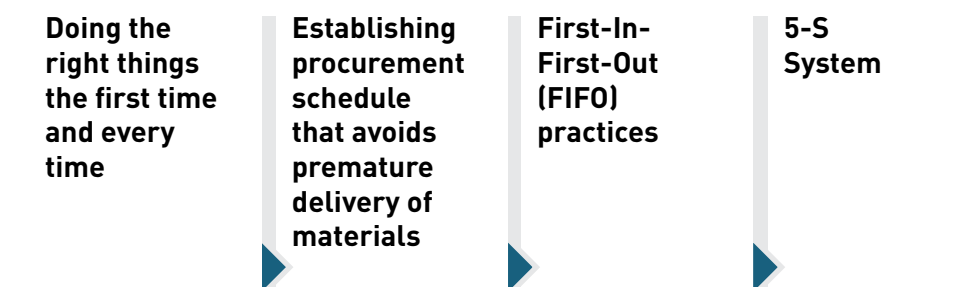
* No piling works in 2021
 Note: Wastage percentage only covers labour-sub projects

MATERIALS MANAGEMENT

As natural resources are finite, SunCon is determined to ensure our materials are put to good use, maximising its functions and life cycle. Stemming from our Materials Management Strategy, we have in place systems and procedures to ensure materials delivered are handled appropriately and efficiently to minimise wastage and negative impact to the environment, demonstrating our commitment to SDG 12 on Responsible Consumption and Production.



Materials Management Strategy



SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

WATER MANAGEMENT

Best practices in water management are most vital for any industry and any improper disposal of wastewater can cause water pollution and lead to disruptions of daily lives and business activities. As water is an important natural resource used across all our construction sites, it is needed in all operations from construction activities, sanitation and irrigation to dust suppression and road-cleaning works. SunCon safeguards our water resources and reduces our water footprint by ensuring our operations do not affect the community and the environment around us in the delivery of our products.

Wastewater Management

Wastewater from construction sites can be found in two categories – construction activities-related and non-construction activities-related. Wastewater generated from construction activities is usually from surface runoff, wheel washing and soil boring works while non-construction-related wastewater comes from grey water, canteen operations and sewage. The various types of wastewater are managed differently to cut down pollution. Although we strive to monitor the quality of water discharged, the quantity of water discharged is dependent on factors beyond our control such as rainfall.



Non-construction activities wastewater

We have in place appropriate facilities to manage our non-construction related wastewater. For instance, we engage service providers to maintain the sewage storage tanks of portable and temporary toilets. As for canteen operations, we ensure grease traps are installed at all sink outlets and the collected grease will be disposed of at buy-back collection centres.

Construction activities wastewater

We employ best management practices to manage erosion and sediment controls (ESCs) including silt fences, silt traps, sedimentation ponds and slope protections to prevent surface runoff and sediments into water bodies near our construction sites.

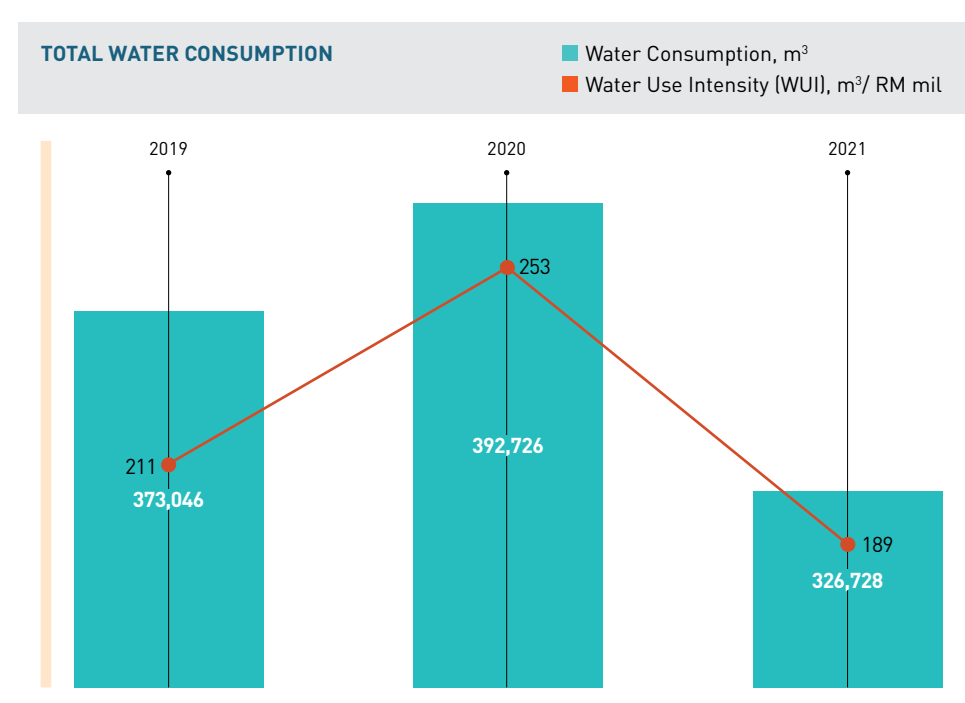
We recognise that any accidental discharge of untreated wastewater into water bodies around our project sites will result in water pollution. To ensure our operations do not cause disruption and damage to the communities around us, the quality of our discharge, specifically the Total Suspended Solids (TSS) parameter at predetermined final discharge points are monitored at defined frequency to ensure they are within the DOE's limit. Immediate corrective actions are taken when a TSS level exceeds the limit. Preventive measures such as regular maintenance on our erosion and sediment controls and redesign of silt traps are taken to avoid recurrence. In 2021, there were no reported incidents of non-compliance with water quality and applicable regulations.

Water Consumption

According to the Water and Sewerage Fact Book 2020 released by Suruhanjaya Perkhidmatan Air Negara (SPAN), the reserve margin in 84% of locations where operations are controlled directly by SunCon are within safe levels of 15% to 20%. 16% of our operations which are located in the Johor region, only has a reserve margin of 9.7%, indicating that the region is water stressed.



We withdraw water mainly from municipal potable water source and our consumption is monitored based on water bills. To ensure efficient use of the water source, we endeavour to reduce our water use intensity through various water conservation initiatives on site such as using water from silt traps and rain water harvesting for non-critical activities. On this note, we have invested in a water treatment plant at the Sunway Concrete Products plant in Sunway Iskandar, Johor where treated water is recycled for use in non-critical activities, reducing our dependency on municipal water source. We also target to establish water management plans across all our project sites by 2025.

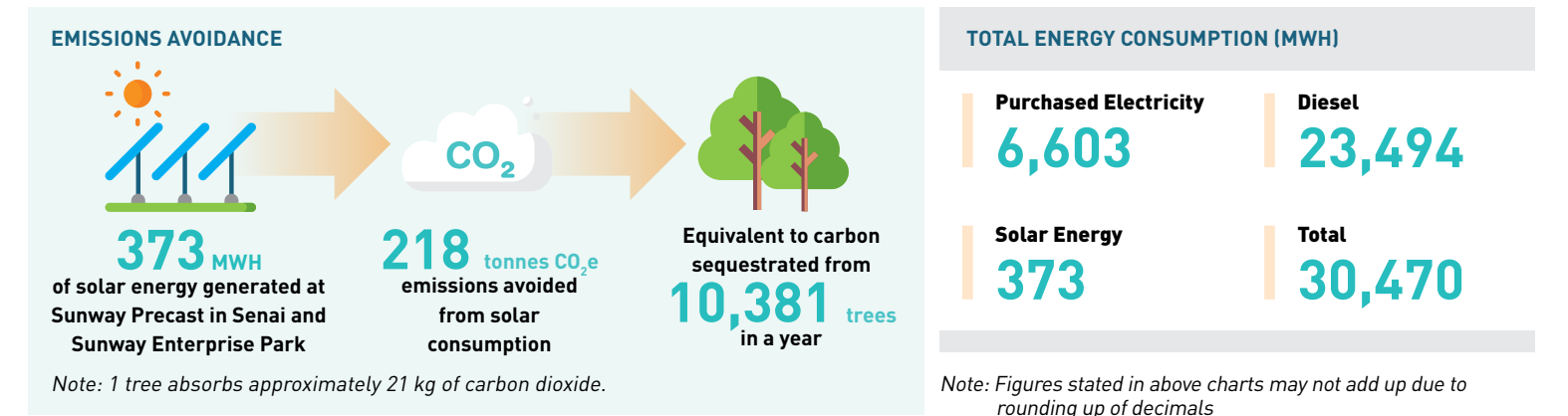


SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

ENERGY MANAGEMENT

We are committed to managing our energy efficiently, recognising the pivotal role it plays in reducing GHG emissions. Our key energy sources come from purchased electricity and diesel, which is used to power plant and machinery on-site, and to provide temporary electricity source by means of gensets.

To minimise our carbon footprint, we invested in rooftop solar panels for our Sunway Enterprise Park and Sunway Precast Industries plant at Senai, Johor.



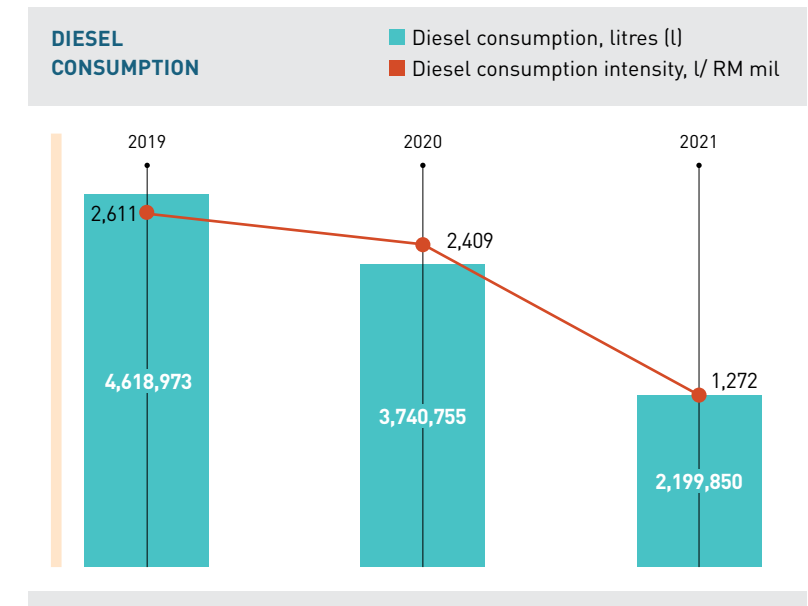
At our Headquarters, motion sensor lightings are installed at the lavatories and pantries, and the centralised air-conditioning system is automatically shut-off after office hours. To instill awareness on energy savings amongst our people, signages are established at touch points as a reminder to switch off when not in use.

While recognising that the construction industry is heavily dependent on fossil fuels, we are committed to continually seek potential alternatives or future green innovations for our energy source. At minimum, we use Euro 5 diesel at all project sites which emits lower carbon monoxide, hydrocarbons, nitrogen oxides and particulate matter.

GHG EMISSIONS DISCLOSURE

As climate change continues to take place around the world, its negative impacts are destroying the environment, affecting people and disrupting business activities. The floods in December 2021 were one of the many examples of extreme weather events that led to loss of properties and even lives.

To cut carbon emissions, we utilise the Katsana Fleet Management System, which is installed in all our lorries, trucks, trailers and loaders. The system enables us to monitor the performance of our vehicles and drivers, idle engines as well as maintenance cost.

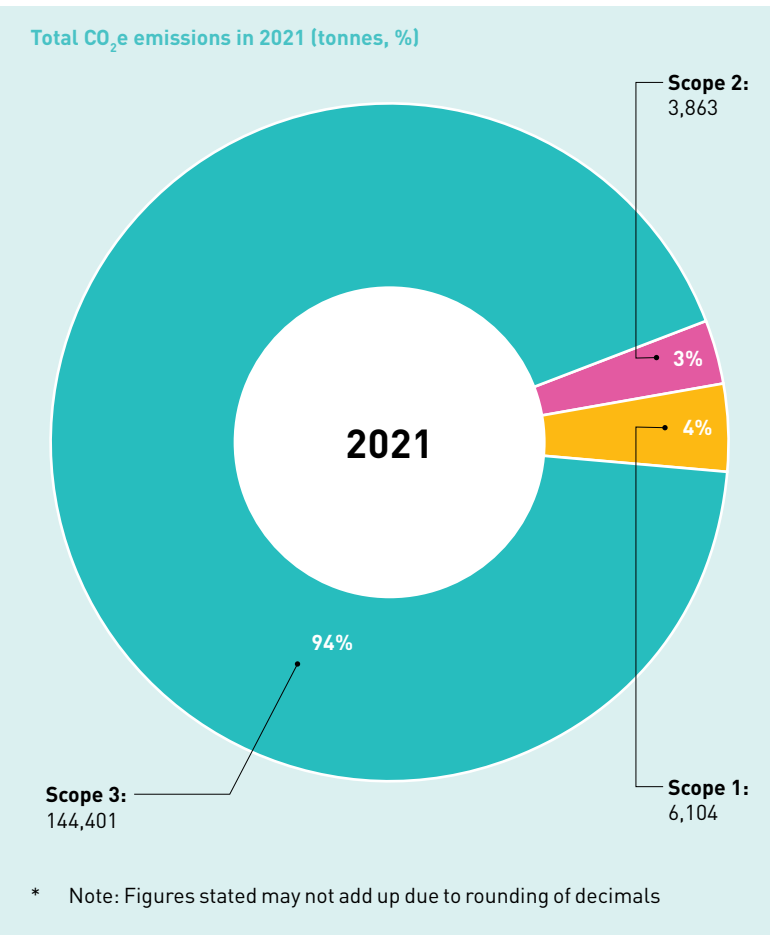


Rooftop solar panels at Sunway Enterprise Park

In 2021, we recorded lower Scope 1 emissions due to reduced diesel consumption as majority of our projects are at the stage where usage of machinery and plants are minimal, replaced with increase use of purchased electricity. This has directly caused our Scope 2 emissions to increase, further compounded by the resumption of activities and operations. We also observed a slight increase in our Scope 3 emissions, contributed from waste generation and purchased goods and services.

The SunCon Board of Directors in 2020 approved a solar investment pledge of RM30 million for rooftop solar projects in which will see approximately 10,000 tonnes of CO₂e emissions avoided. To date, SunCon has fulfilled RM8.77 million. Moving forward, we will strive to bolster our approach to climate change and intensify energy conservation initiatives to reduce our carbon footprint.

SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

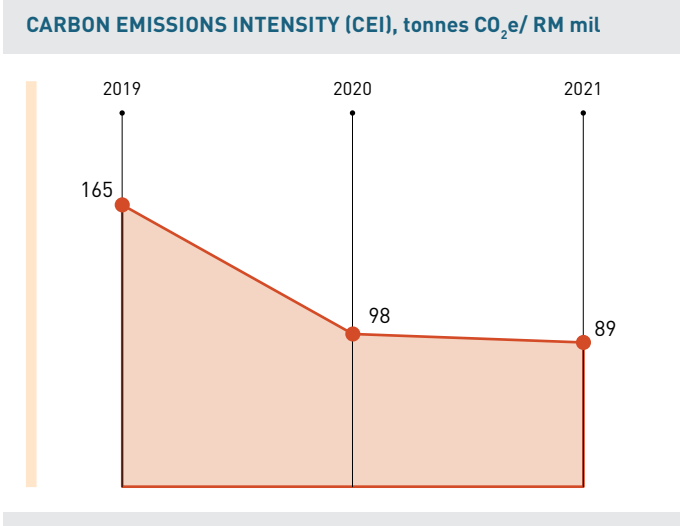


Data for emissions generated were obtained using the relevant emission factors from the Department of Environment, Food & Rural Affairs (DEFRA), United Kingdom and Malaysian Green Technology and Climate Change Centre. Our carbon footprint is calculated in accordance with the World Business Council for Sustainable Development and World Resources Institute's (WBCSD/WRI) GHG Protocol, a corporate accounting and reporting standard. This protocol is considered the current best practice for corporate or organisational emissions reporting and we measure our emissions according to three scopes:

- Scope 1:** Direct GHG emissions from sources that are owned such as company vehicles and machinery
- Scope 2:** Indirect emissions from purchased electricity
- Scope 3:** Indirect emissions from business travel, waste generation and purchased goods

CARBON EMISSIONS INTENSITY

Since the introduction of SunCon Future Value Goals 2030 last year, carbon emission intensity has served as a key indicator of our sustainability agenda performance. In 2021, we have achieved a 9% reduction in our carbon emission intensity as compared to the 2020 baseline.



Categories	GHG Emission	tonnes CO ₂ e	%*
Company facilities	Scope 1	5,952	3.9%
Company vehicles	Scope 1	152	0.1%
Purchased electricity	Scope 2	3,863	2.5%
Waste generated in operations	Scope 3	723	0.5%
Business travel	Scope 3	100	0.1%
Purchased goods and services	Scope 3	143,578	93.0%

* Note: Figures stated may not add up due to rounding of decimals

PROTECTING BIODIVERSITY

We acknowledge that as one of the leaders in the building industry, development can negatively impact biodiversity. However, we believe that if our impact is well-managed, biodiversity can also increase property value. As such, SunCon constantly strives to find an equal balance between building a sustainable society while preserving and protecting the natural environment surrounding our project sites.

Biodiversity assessments are carried out prior to project commencement if required to identify sensitive or high-value flora and fauna species. We will comply with regulations and obtain approvals from relevant authorities whenever required as we are committed to minimising the impact of our business operations on the environment.



SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

02 Supply Chain Management

- Equal opportunities



A reliable and sustainable supply chain is pivotal for our business operations, which rely on thousands of upstream and downstream suppliers and vendors. We are aware that dealing with suppliers and vendors will expose SunCon to various social and governance risks, and as such, we strive to uphold sound governance by integrating sustainability across our supply chain.

All SunCon suppliers are expected to comply with all relevant laws, regulations and standards. To further guide our suppliers in embedding sustainability practices in their business operations, we have adopted Sunway Berhad's Sustainable Procurement Policy, which outlines a best practice approach to sustainable procurement. The policy requires our suppliers to declare their current ESG practices in the Sustainability Risk Assessment forms, where the information provided will be recorded and kept by all business segments. Our suppliers are encouraged to refer to the policy to benchmark their ESG practices against industry's best practices. The performance of our supply chain are monitored on an annual basis, where sub-contractors and suppliers who failed to meet the assessment rating will be suspended or terminated.

In 2021, 100% of our new sub-contractors and suppliers have completed the Sustainability Risk Assessment procedure.

EQUAL OPPORTUNITIES

Our suppliers have equal access to purchasing opportunities via credibility screening, which involves a tendering and bidding process that is done physically and virtually, guided by transparent procurement policies and practices. We also practise an e-procurement system which allows Sunway users to purchase items strategically sourced by the sourcing team by accessing the "catalogues" in the system.

SunCon supports local industries. In 2021, 97% of our suppliers were local and 84% of our total spent on services and goods sourcing went to local suppliers.



SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

03 Product Safety and Innovation

- Quality management
- Green construction
- Construction efficiency
- Our competitive edge



Sunway GeoLake

SunCon upholds its reputation for top calibre products and services through a robust framework that ensures the highest quality, environmental, safety and health standards are consistently attained.

QUALITY MANAGEMENT

SunCon recognises that upholding a robust quality management framework is integral to our value creation journey and a fundamental driver of our long-term business growth. By ensuring high quality standards are met across our organisation and within all our products and services, we benefit from improved customer satisfaction and a growth in our market value and reputation, while at the same time mitigating risks in project delivery and cultivating a workforce empowered to achieve excellence.

We have therefore over the years developed a stringent approach to quality management that is guided by our Total Quality Management (TQM) philosophy and underpinned by a comprehensive Quality, Environmental, Safety and Health (QESH) Management System.

We take pride in having benchmarked our products and services against the best industry standards and continue to leverage on industry leading assessment tools, including our own specially developed Sunway Quality Merit System, to maintain our distinct mark of SunCon quality and superiority.

At the same time, our QESH management system ensures that all SunCon products and services remain compliant with relevant and required industry regulations. Accordingly, we are pleased to report another consecutive year with no incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of our products and services during FY2021.



Quality assessment briefing

100% of SunCon's products and services have the following International Standard Certifications



Environmental Management System (ISO 14001:2015)



Occupational Health and Safety Management System (ISO 45001:2018)



Quality Management System (ISO 9001:2015)

SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

Total Quality Management (TQM)

Since 2010, our group-wide Total Quality Management (TQM) philosophy has facilitated the development of an increasingly robust quality management framework that ensures our standards are never compromised.

Headed by a team of well reputed and experienced engineers, TQM provides a comprehensive and structured approach towards quality management within the following six key areas of focus. Simultaneously, the TQM oversees the undertaking of top industry standard quality assessments and surveys that espouse the spirit of continuous refinement in response to feedback.

Innovation

Creating greater value and setting a benchmark for businesses

Employee

Ensuring total involvement and employee satisfaction

Products and Services

Passionately ensuring the highest standards in products and services

Continuous Improvement

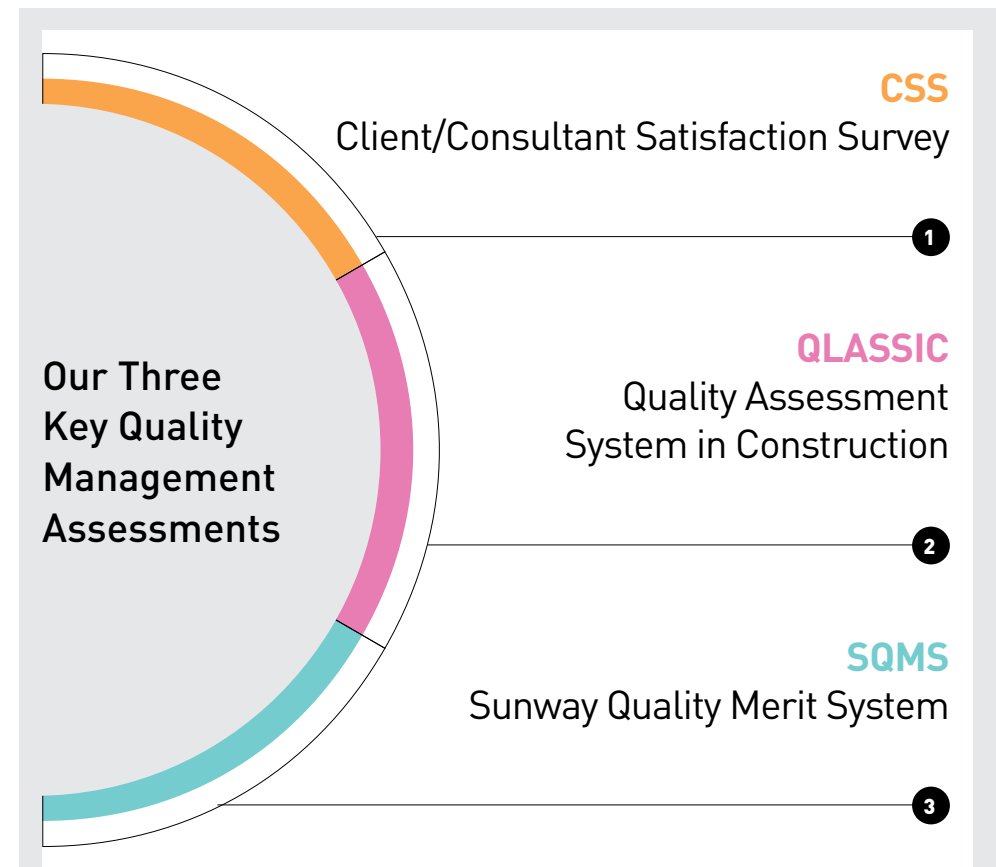
Continually improving work processes to ensure optimum productivity and eliminate wastage

Customer

Striving to satisfy customers' needs and expectations

Corporate Social Responsibility

Enriching the community and preserving the environment



Client/Consultant Satisfaction Survey (CSS)

In our bid for continuous improvement, we value feedback received from our clients and consultants. To this end, we conduct an online Client/Consultant Satisfaction Survey (CSS) annually to assess their satisfaction and discover potential areas of improvement within our operations and/or deliverables. The CSS includes, but is not limited to, the following topics:

Quality Of Work	Job Knowledge	Responsiveness
Environmental, Safety and Health	Subcontractor Performance	Planning
Timely Completion	Resources	Communication
Overall Performance		

FY2021 CSS Survey Results	Minimum Benchmark Score	Score Received in FY2021
Response Rate	75%	97.5%
Satisfaction of Products and Services	90%	92.2%
Overall Average Score	70%	78.7%

SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

Quality Assessment System In Construction (QLASSIC)

Carried out by the Construction Industry Development Board (CIDB), the Quality Assessment System in Construction (QLASSIC) methodology remains the industry standard for evaluating the quality of construction in Malaysia.

QLASSIC assessments are undertaken in conjunction with the requirements put forth by the Malaysian Construction Industry Standard (CIS 7:2021) and provides a final score that indicates the overall product and workmanship quality of completed construction projects. While the mean QLASSIC score achieved by Malaysian buildings constructed over the past decade has been between 72% and 74%, SunCon aspires to achieve QLASSIC score above the industry average for all our relevant projects.

In FY2021, our completed project, Sunway GeoLake (RC1), achieved QLASSIC score of 83%.

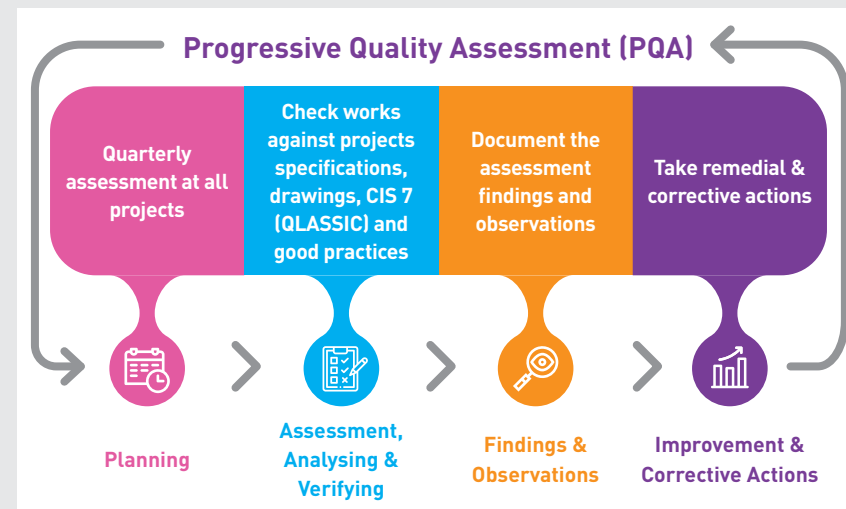
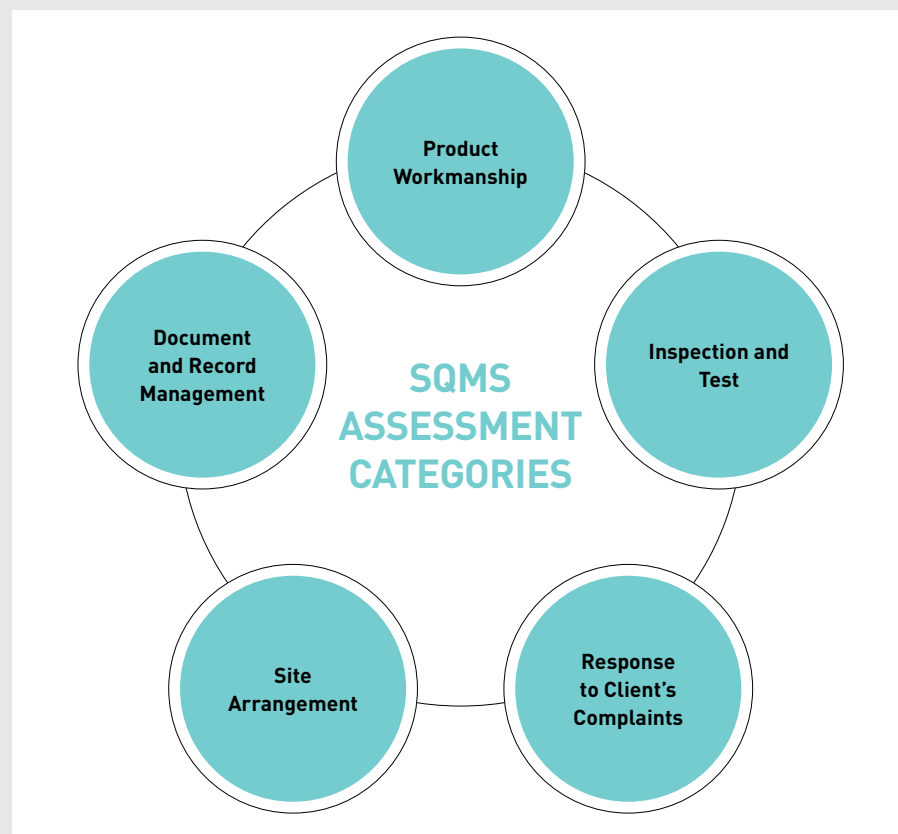
Sunway Quality Merit System (SQMS)

While adherence to industry standards and regulatory requirements provides a useful baseline upon which to measure the quality of SunCon products and services, we have further underscored our commitment to advancing quality standards through the establishment of our very own Sunway Quality Merit System (SQMS) since 2014.

SQMS unites the QLASSIC requirements for measuring product workmanship together with ISO 9001 standards that bolster the frequency, efficiency and effectiveness of our inspection and record management systems.

Accordingly, SQMS assessments are carried out every quarter on all SunCon projects and benchmarked against other SQMS scores within the Group. This enables us to provide recognition to projects with high SQMS scores and share their good practices across the Company, identifying the gaps in projects with lower scores so that immediate improvement measures can be undertaken.

This philosophy of constant improvement through frequent assessments and intra-Group collaborations to adopt effective practices continues to play a fundamental role in empowering us to achieve the high standards of quality and excellence evident in all SunCon products and services.



Progressive Quality Assessment (PQA)

We respond to our material matter of product quality and responsibility as well as customer satisfaction not only through establishing an inspection system, but also to ensure our products and services meets the specifications set out for us.

The Progressive Quality Assessment (PQA) is an internal initiative to further enhance the quality of our products and service, achieve less rework and prevent occurrence of potential defects to support our objective in achieving highest standards of quality and excellence.

The assessments are conducted throughout the construction stages from project commencement to completion, where the scope of assessment focuses on checking the product standards against project specifications, drawings, CIDB CIS 7 (QLASSIC) and good practices.

SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION

GREEN CONSTRUCTION

In our contribution to developing sustainable cities, we continually ensure to keep abreast with the latest market appetite, innovations and solutions available. This includes the growing need to reduce embodied carbon through green materials, as well as the capability and capacity to provide green building solutions.

To ensure we remain at the forefront in providing green building solutions, we equip our employees with relevant skills, knowledge and accreditation such as the GBI Facilitator and GreenRE Manager certification. Currently, we are in the midst of completing GBI projects as follows:

On-going Projects

PNLC

GBI NRNC Platinum

TNB

GBI NRNC Platinum

HARNESSING TECHNOLOGY TO ENHANCE CONSTRUCTION EFFICIENCY

Having invested RM40 million since 2010 to embed the latest innovative technologies in our construction practices, SunCon is proud to remain at the forefront of the industry through our cutting-edge Virtual Design & Construction (VDC) technical capabilities.

Our pioneering use of VDC has allowed us to expand the visualisation of the entire construction process from the initial 3D (design) to now incorporate 4D (time), 5D (costing), 6D (facility management) and 7D (sustainability). By integrating the impact and progression of all these disciplines into a digital information management platform and creating a virtual project life cycle simulation, we are able to improve the coordination and efficiency of the entire construction process by ensuring seamless information sharing between project partners and by identifying any potential internal or external clashes before construction begins.

The innovation and utilisation of VDC has allowed us to reap numerous benefits, including time saved through greater coordination, a reduction in mistakes and schedule conflicts, the elimination of potential reworking and the ability to better manage more elaborate construction projects.

13 ON-GOING BIM projects | Human capital: **35 modelers and 23 technical coordinators**

Generated more than 3,300 BIM shop drawings	Produced more than 1,500 BIM models	Identified more than 5,600 clashes and discrepancies
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OUR COMPETITIVE EDGE THROUGH VDC MOVING FORWARD

In line with our philosophy for sustainable construction, we also harness the power of our VDC innovations to positively impact the sustainability of our projects beyond the completion of construction. This is activated by our ability to amass a wealth of operational information throughout the construction process and hand this valuable information and data over to the building owner.

Armed with all the knowledge that will be required for effective and efficient long-term maintenance of the completed facility, building owners are thus empowered to operate the building at its maximum potential, and in a sustainable manner, for many years to come.

Having completed the largest Building Information Modelling-Facilities Management (BIM-FM project) in 2019, we believe the ability to centralise data storage of assets and space conditions in buildings will provide a strong value proposition to our future clients, with the potential application of Artificial Intelligence (AI) in energy, space, and traffic optimisation.

GREEN BUILDING MATERIALS

Autoclaved Lightweight Concrete (ALC) Blocks

An excellent building material that is capable of withstanding high temperatures as well as fire, Autoclaved Lightweight Concrete (ALC) blocks are an important building material in SunCon projects. Apart from being sound-resistant, ALC blocks produce less solid waste and carbon emissions during their manufacturing process, cutting industrial waste by at least 30% and greenhouse radiation by 50%. The material is lightweight and enables maximum workability, versatility and longevity, reducing over 60% integrated energy on the surface of bricks.

Low Volatile Organic Compounds Paint

SunCon uses low Volatile Organic Compounds (VOC) paints wherever possible in its projects to avoid the release of harmful substances and fumes from paints and lacquers, paint strippers, cleaning supplies, pesticides, building materials and furnishing and craft materials such as adhesives and permanent markers that emit VOC, which are deemed one of the top five risks to human health.

Eco-friendly Pavement

SunCon ensures its pavement products are certified with Singapore's Green Label, which endorses industrial and consumer products with lowered environmental impact.

GREEN BUILDING PRACTICES

Industrialised Building System (IBS)

SunCon applies the Industrialised Building System (IBS) for non-load bearing walls at KJ P1, RC 1 and Velocity 2 projects. IBS is a prefabrication system that enables components to be manufactured off-site and installed at project sites with minimum work. Apart from reducing costs and time, the system also eliminates working at height hazards and eases housekeeping.

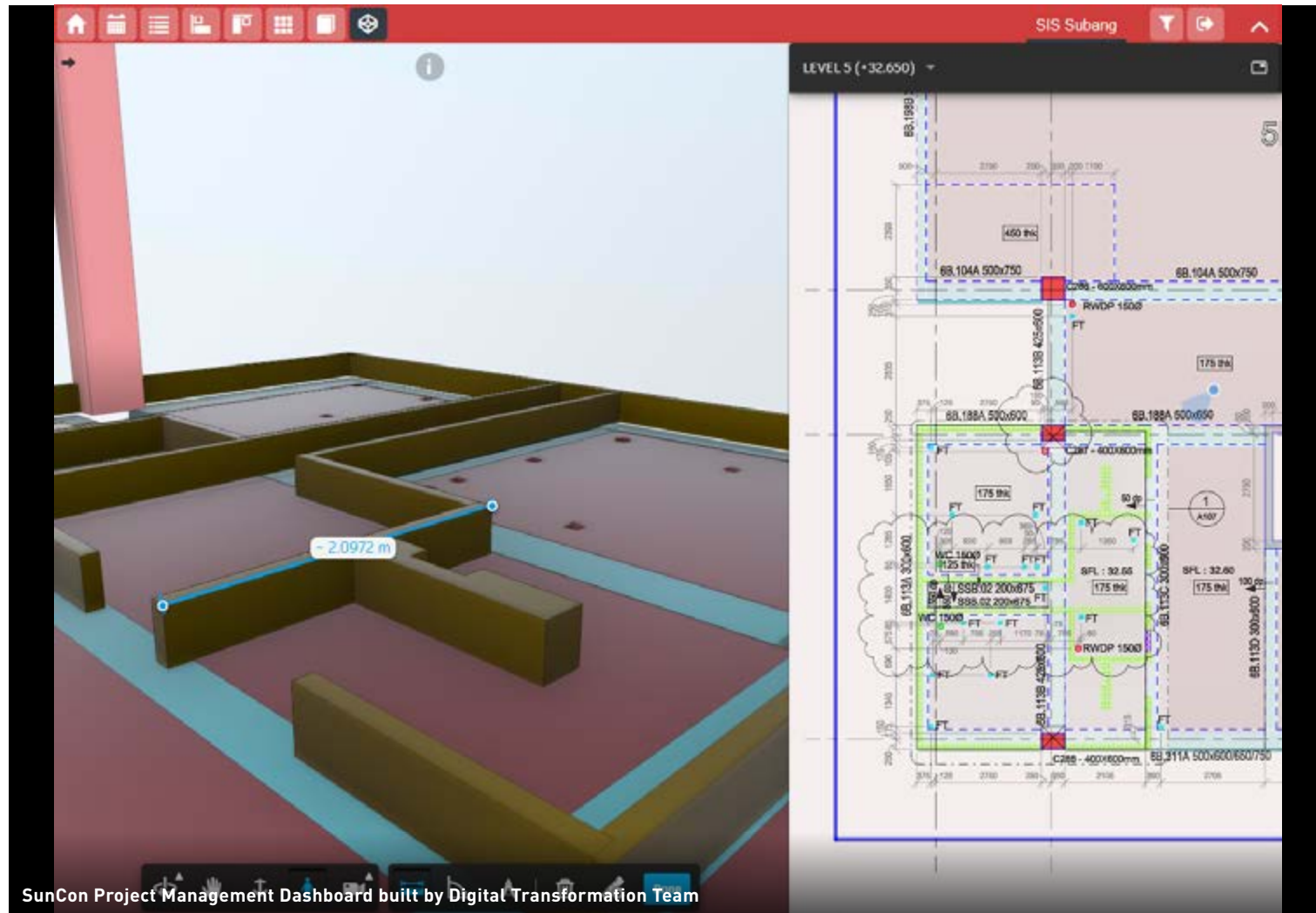
Benefits of IBS:

- Reduces construction time
- Reduces total cost
- Improves quality of buildings
- Promotes safe and systematic working environment
- Ensures cleanliness and tidiness at worksites, and waste minimisation and reduction.

System Formwork

Formwork is the process of creating a temporary mould for concrete to be poured into and formed. System formwork is used in most of SunCon's projects as it reduces material consumption, wastage, manpower and time, as well as worksite hazards. This formwork is also reusable, and hence more economical than conventional formwork.

SUSTAINABILITY STATEMENT
GOAL 1: ENABLING SUSTAINABLE CONSTRUCTION



SunCon Project Management Dashboard built by Digital Transformation Team

DRIVING DIGITAL TRANSFORMATION

Set up in 2020, the Digital Transformation Team (DTT) is a relatively new offshoot of our VDC department that is tasked to leverage technology to solve problems, ensure seamless integration and identify processes that can be digitalised for simplification, efficiency and accuracy. DTT is pivotal in the Group's effort for more sustainable practices, especially in reducing unnecessary manpower and paper consumption in our work processes through various e-systems.

DTT KEY FOCUS AREAS

Creatively use technological solutions to solve perennial problems and enhance efficiency within the construction industry

Apply machine learning and Artificial Intelligence algorithms to extract insights from BIM modelling and other data obtained

Collaborate with universities, stakeholders and other industry players to drive and IR 4.0 within the construction industry.

To date, the DTT has successfully collaborated with various departments to achieve the following digital advancements:

Digitalised 12 internal processes	Assisted over 900 USERS in their digital workflow
Expanded digital presence to 48 project sites and departments	Savings of over RM 400,000 in 2021

Please refer to Centre of Excellence - Virtual Design and Construction (VDC) on pages 58 to 59 in 'Our Performance Review' to read more about our initiatives in innovation and technology.

SUSTAINABILITY STATEMENT
GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE



Goal 2:
Investing in Fair, Safe and Inclusive Workplace

Key Topics

- 01 Human Capital Development
- 02 Safety and Health
- 03 Community Engagement

Material Issues Addressed

Safety and Health, Talent Development, Diversity and Inclusiveness, Community Engagement

SDGs Covered

- 3 GOOD HEALTH AND WELL-BEING
- 8 DECENT WORK AND ECONOMIC GROWTH
- 16 PEACE AND JUSTICE STRONGER INSTITUTIONS
- 5 GENDER EQUALITY
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 11 SUSTAINABLE CITIES AND COMMUNITIES

SunCon Future Value Goals Achievement

	Interim 2021 Annual Targets	FY 2021 Performance
Maintain zero fatality across all worksites directly controlled by SunCon	Zero	Zero fatal accident across all worksites
Achieve Accident Rate/Lost Time Injury Rate (LTIR) less than 0.3	< 0.55	LTIR = 0.16
Maintain notice received from authorities on vector issues at 0.10 or below across all worksites directly controlled by SunCon	≤ 0.10	Rate = 0.14
Achieve an average of 40 Learning and Development (L&D) hours per employee	16 hours	Average 17.5 L&D training hours per employee



SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE



Construction Occupational Safety and Health Training (COST)

01 Human Capital Development

- Talent retention
- Capacity building
- Diversity and inclusiveness

SunCon readily invests in human capital development in order to inculcate an appealing and high-performing working culture that attracts and retains the best talent, while empowering the Group to sustainably achieve our business growth objectives.

SunCon remains ever mindful that the dedication and loyalty of our workforce contributes fundamentally towards the sustainability of our business operations. We have therefore crafted a thoughtful and comprehensive human capital development framework that safeguards our employees' wellbeing, equips them to succeed and nurtures their personal aspirations.

Leveraging on robust and progressive policies that reward, inspire and empower, we are enabled to foster an increasingly competent workforce that will collectively and proficiently propel our ascension as a leading regional construction and engineering group.

More than 43%

of the value generated by the Group is channelled back to our employees through salaries and other benefits

TALENT RETENTION

Rewarding and Retaining Talent

As our business grows, we want our people to progress with us. We are therefore cognisant of the need to not only provide our employees with competitive remuneration and benefit packages, but to also cultivate an inclusive, engaging and inspiring workplace that offers learning and career progression opportunities.

Our commitment to employee development is enshrined in both our steadfast regulatory compliance as well as our robust initiatives that seek to ensure the needs and wellbeing of our people is taken care of. We want our employees to demonstrate loyalty, capability and unity and we empower them to do so by providing support and remuneration that goes beyond monthly wages and a minimum benefits package.

These include perks such as comprehensive insurance and healthcare coverage, including dental and optical benefits, as well as other unique privileges such as staff property discounts and tuition reimbursements. We further review our salary structure and staff benefits regularly to ascertain that we remain competitive against industry best practices.

Through our various initiatives to reward and retain our talent, we aspire to attract and nurture a capable and progressive workforce that supports our pioneering digital innovation and reflects our status as a dynamic and progressive leader in the civil construction sector.

SUNCON EMPLOYEE BENEFITS INCLUDE:

Insurance Coverage
Life Insurance | Medical Insurance | Group Personal Accident | Group Term Life Insurance

Healthcare
Dental | Optical | Executive Health Screening

Parental Leave
3 Days Paternity Leave
60 Days Maternity Leave

Others
Tuition Fees Discounts/Refunds
Staff Property Discounts

SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

Zero Human Rights Violations

SunCon maintains a zero-tolerance policy towards any and all human rights violations including child labour and forced or compulsory labour. We strictly adhere to Malaysia's Employment Act 1955 and all other relevant national laws as well as the labour principles of the International Labour Organisation and the United Nations Guiding Principles on Business and Human Rights.

Our ongoing rigorous commitment towards respecting human rights has enabled us to achieve another consecutive year of recording zero incidents of human rights violations during FY2021.

Employee Engagement Survey

Gathering feedback for continuous improvement is a fundamental strategy that drives continuous improvement in our human capital development strategy. To this end, we periodically conduct a Group-wide Employee Engagement Survey (EES) that empowers us to better understand the needs and concerns of our employees in order to improve our organisation's effectiveness and efficiency.

Our comprehensive survey offers employees the opportunity to provide feedback on 15 different dimensions of their workplace experience, including Company Leadership, Diversity & Inclusion, Work/Life Balance, Career Development and Rewards & Recognition, amongst others.

If areas that require improvement are identified from survey responses, special focus group discussions will be organised with the relevant group of employees to better appreciate their concerns and discuss ideas that may improve current practices.

Our previous EES was conducted in 2019 and encompassed 1,257 employees. The biennial EES was put on hold in 2021 due to the pandemic situation which limits our physical interaction with the employees. Our next survey is targeted to be held in 2022.

Employee Wellbeing

As a dedicated and progressive employer, SunCon recognises the holistic approach that is required to maintain the mental and emotional wellbeing of our workforce. We therefore strive to provide a safe, comfortable and harmonious working environment while at the same time promoting a healthy work-life balance and social camaraderie through our corporate activities.

The SunCon Social Club (SSC) undertakes a variety of initiatives throughout the year that are aimed at encouraging social interaction between employees and inspires our people to partake in volunteerism for the community.

The roster of activities, which include the celebration of various festivals as well as outdoor activities and trips, adds a variety of fun and healthy physical excursions to the calendar while also cultivating a culture of community engagement and social responsibility. The SSC regularly forms philanthropic partnerships with local NGOs to reach out and support underprivileged communities and people.

Please turn to pages 83 to 84 to read more about SunCon's Community Engagement.

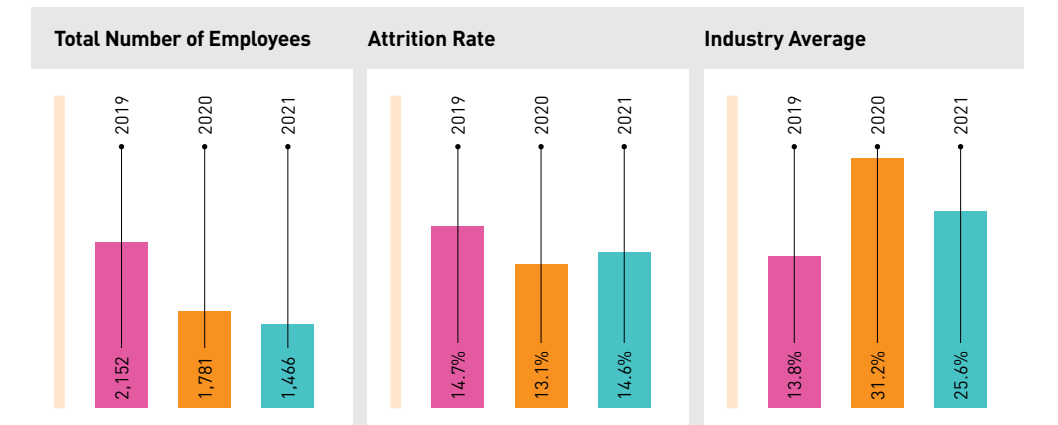
Grievance Mechanism

To create a safe working environment and a culture of good professional conduct, we strive to provide the appropriate mechanisms to address any disputes or grievances that may arise and take such feedback seriously, especially in the case of sensitive matters such as sexual harassment. In this aspect, we leverage on guidance from the Group's Sunway Employee Grievance Policy to assure employees that their grievances will be heard and resolved promptly, fairly and in the best interests of all parties.

The robust policy informs employees of the appropriate channels through which to lodge grievances and empowers them to escalate their concerns or complaints to their Head of Department and the Human Resources Department if their immediate superior is unable to resolve the matter satisfactorily. However, employees and managers are encouraged to make a sincere attempt at resolving grievances through informal means, or through mediation when appropriate, before activating the formal mechanisms of the Grievance Policy.

The Company is pleased to report that there were zero incidents of discrimination reported in FY2021.

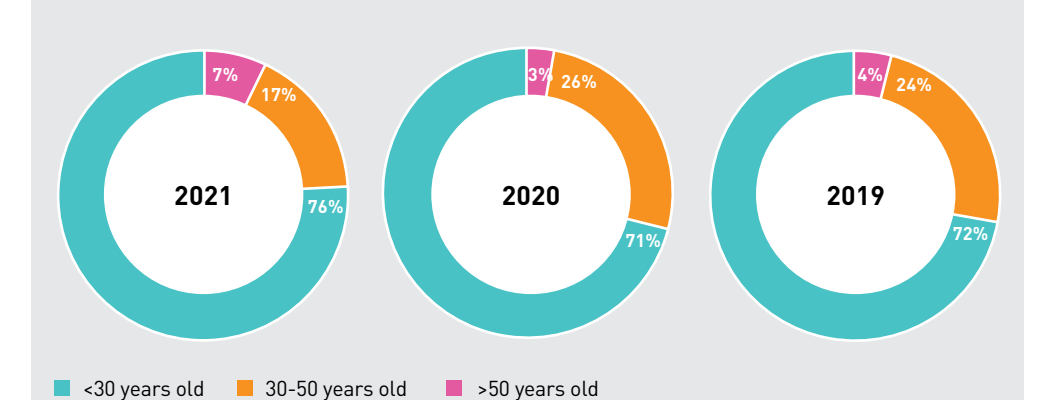
WORKFORCE ATTRITION AND NEW HIRES IN FY2021



New Hire Rates by Gender

Year	2021		2020		2019	
Gender	Male	Female	Male	Female	Male	Female
New Hire Rates	71%	29%	93%	7%	91%	9%

New Hire Rates by Age Group



SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

CAPACITY BUILDING

A fundamental objective of our human capital development strategy is to ensure the cultivation of a workforce that is competent, resilient and equipped to adapt to future challenges and adopt the latest technologies and innovations. In doing so, SunCon is able to maintain and enhance its competitiveness within the industry, while our people, too, may benefit from a wide array of learning and career progression opportunities.

We remain committed to investing robustly in the frequent training and capacity building of our workforce through a wide variety of programmes that are customised to each department's specialties and each individual's career advancement needs. Through an overarching philosophy of being a 'learning organisation', we empower our employees to pursue the training and development required to progress their careers and provide structured paths for career advancement within the Company.

Our capacity building framework is supported by our Quality, Environment, Safety and Health (QESH) Policy, which specifies guidelines to enable effective, efficient and consistent performance from our staff, while also ensuring that the requisite leadership, training, support and motivation is provided to them.

SunCon rolls out training programmes via a three-pronged approach that promotes the holistic development of our staff:

- On-The-Job Training**
- Coaching and Mentoring**
- Technical, Functional and Managerial Skills**

OUR TRAINING AND CAPACITY BUILDING MODULES

Leadership Training

- 7 Habits of Highly Effective People
- First-Time Manager
- CAL Leadership Conferences & Forum

Virtual Design & Construction

- REVIT Modelling Familiarisation Training
- BIM Standard PAS 1192 Competency Training
- BIM Design Management Training

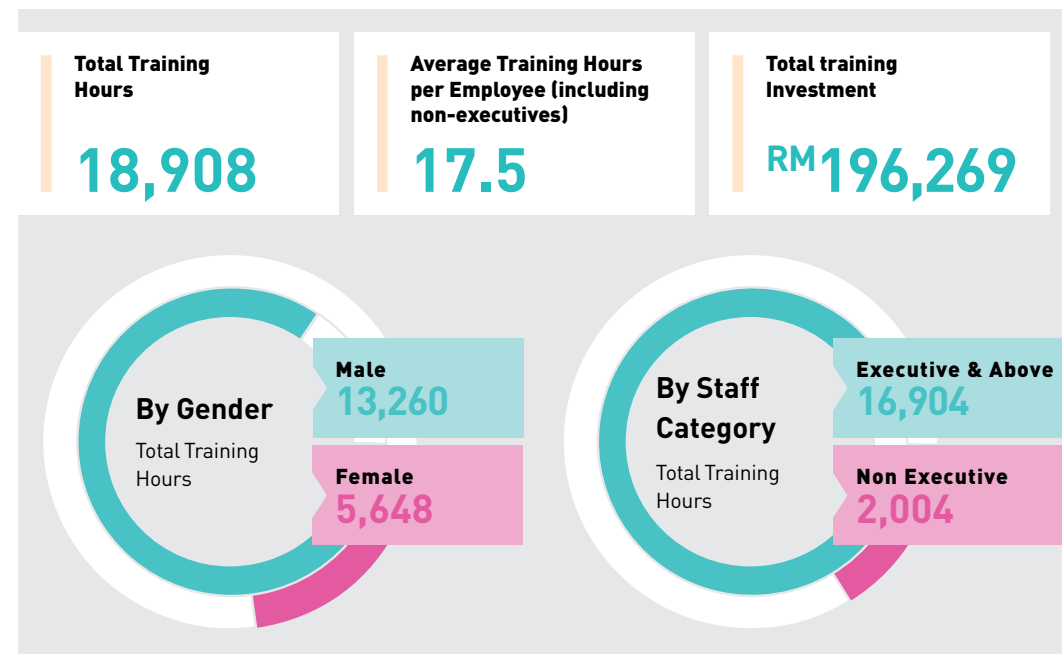
Quality Assurance

- ISO 9001 Management System Training
- QLASSIC Assessor Competency Training
- QLASSIC Awareness Training

Environmental, Safety & Health (ESH)

- ISO 14001 & ISO 45001 Management System Training
- Lifting Supervisor Competency Training
- Construction Occupational Safety & Health Training (COST)
- Any other job function-related training

Training in FY2021



SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

In the spirit of constant improvement, we require staff to complete evaluations on the training programmes that they have undertaken to enable us to measure the effectiveness of each programme. This includes identifying whether each employee's learning objectives have been met.

At the same time, we encourage an open dialogue between our employees and their superiors in discussing each individual's professional aspirations so that their career paths may be aligned accordingly to enhance their job satisfaction and work performance. For employees who wish to pursue their studies, the Company provides sponsorship opportunities that cover diploma, tertiary, professional and postgraduate qualifications.

We also enable the deployment of knowledge sharing ambassadors throughout the organisation. Top subject matter experts and key management leaders are empowered through appropriate coaching to become internal trainers and share their expertise with the rest of their teams.

DIVERSITY AND INCLUSIVENESS

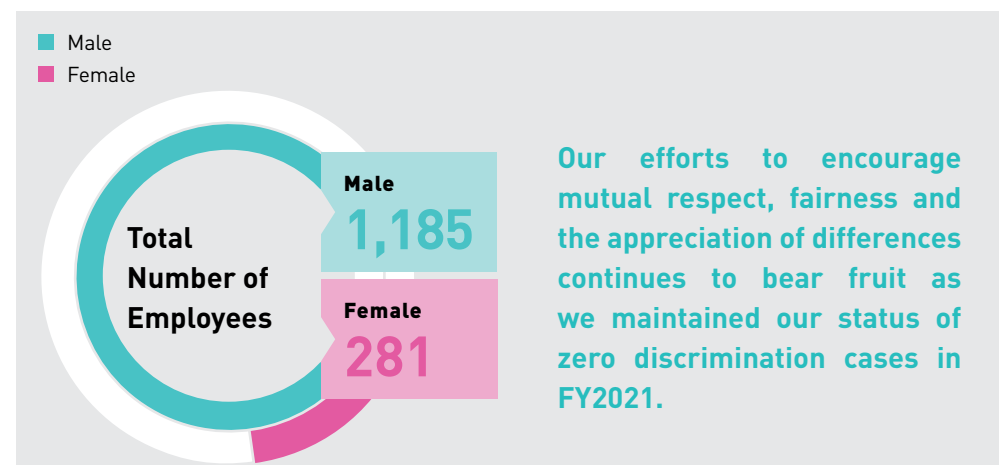
Unlocking the benefits of a diverse and inclusive workplace continues to be a key pursuit in our human capital development agenda. By embracing and harmonising the diversity of our people, we are empowered to foster a well-balanced workforce that can leverage on their various backgrounds and experiences to generate unique perspectives and perform better in collective problem-solving and decision-making exercises.

SDG 8 DECENT WORK AND ECONOMIC GROWTH

SunCon is honoured to contribute to the United Nation's SDG 8, which aims to achieve full and productive employment, and decent work, for women and men with equal pay for work of equal value. We ensure that all our employees are paid equally for their work without discriminating against their demographic background or disability.

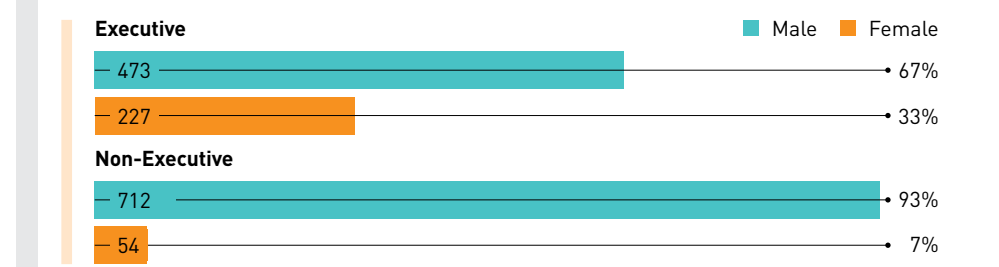
Non-discriminatory and equal opportunity practices are therefore paramount to our success in this aspect and are clearly defined in the Group's Code of Conduct and Diversity and Inclusion Policy.

Guided by our core values of Integrity, Humility and Excellence, we practice a zero-tolerance policy against any and all forms of demographic discrimination, including gender, age, ethnicity (nationality and religion), and disability. Similarly, we ensure new people are hired based on their credibility and suitability for the job role, and that all management personnel extend equal treatment to their subordinates when it comes to employment, rewards, remuneration and recognition.

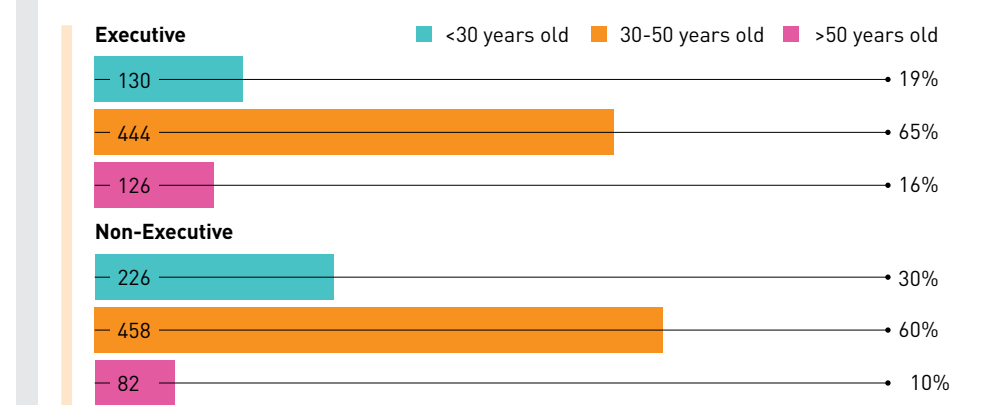


Our efforts to encourage mutual respect, fairness and the appreciation of differences continues to bear fruit as we maintained our status of zero discrimination cases in FY2021.

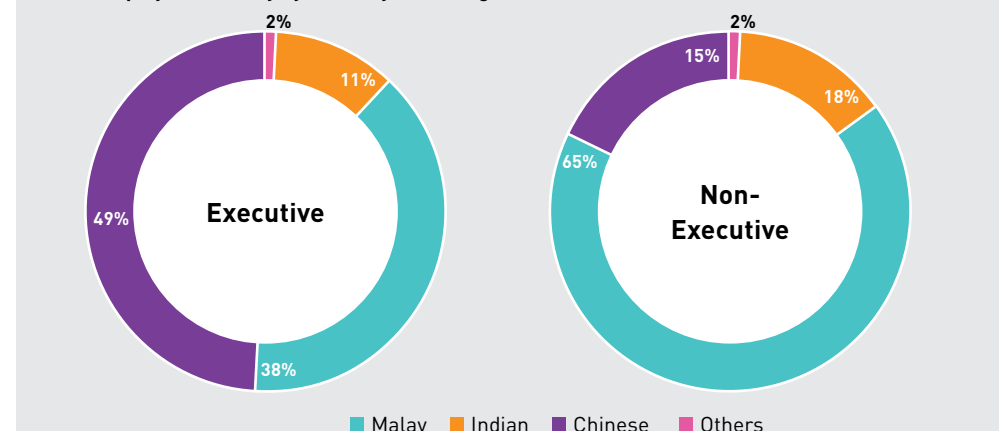
Employee Diversity by Gender According to Job Grade



Employee Diversity by Age Group According to Job Grade



Local Employee Diversity by Ethnicity According to Job Grade



SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

At SunCon, we have made public and occupational safety and health, and workers' welfare a priority across our business operations.

We are aware of the dangers of construction activities, and we strive to carry out our operations by employing the best care and precautions to avoid posing any health risks or endangering our staff or the surrounding communities.

SunCon believes that upholding the safety, health and welfare of employees and the local community is its sole responsibility and as such, occupational health and safety is of utmost importance. All our construction activities at project sites are governed by the Occupational Safety and Health Act (OSHA) 1994 and Factories and Machinery Act (FMA) 1967. Compliance to the rules outlined will ensure that our business operations are flawless, and any non-compliance will put the company at risk with the law and also negatively affect our reputation and credibility as a whole.

MANAGEMENT COMMITMENT AND POLICIES

At the company level, safety and health governance is led by our Group Managing Director (GMD), supported by key senior management. The GMD assumes the overall responsibility and accountability for the prevention of occupational injuries and health. The Management Review Board shall convene at least once a year where the company's QESH performance is presented and continual improvement strategies were discussed.

SunCon believes that it is necessary to keep establishing and implementing programmes that will effectively reduce hazards at the workplace while protecting lives and promoting employee health. Our commitment to safety and health practices are thus guided by principles laid out in our Quality, Environmental, Safety and Health (QESH) Policy which is communicated to all our employees. This policy is available for public viewing on SunCon's corporate website and is always highlighted during company trainings and business meetings.

The company adheres to and incorporates the following legal requirements into our Standard Operating Procedures (SOPs) and SunCon Minimum Requirements (SCMRs) to establish better health and safety standards throughout all business operations. We will continue to monitor the development of legal requirements and adopt the necessary laws to uphold good safety governance:

- Occupational Safety and Health Act 1994 (OSHA 1994)
- Factories and Machinery Act 1967 (FMA 1967)
- Construction Industry Development Board Act 520 (CIDB Act 520)
- All related legal requirements



Safety Stand Down Programme at TNB HQ Campus project

02 Safety and Health

- Management commitment and policies
- Occupational Health and Safety Management System (OHSMS)
- Environment, Safety & Health (ESH) organisation
- Managing safety and health
- Training and competencies
- Public safety
- Our response to COVID-19

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM (OHSMS)

SunCon and majority of its subsidiaries are ISO 45001/OHSAS 18001 Occupational Health and Safety Management System-certified.

As occupational health and safety is our foremost priority, we have implemented an annual structured performance evaluation process required by the OHSMS to assess the management of our business operations. As such, we take measures to ensure that the overall achievements of project sites are presented before putting forward proposals for improvement, to be discussed and approved by the top management.

Internal audits are also regularly conducted as required by the management system. These audits are carried out by qualified internal auditors, in a cross-audit manner to ensure fairness. The results are then presented at the annual management review meeting. In FY2021, SunCon and its subsidiaries completed all the surveillance audits by external auditors with no major non-conformances or breakdowns in management system implementation.

SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

ENVIRONMENT, SAFETY & HEALTH (ESH) ORGANISATION

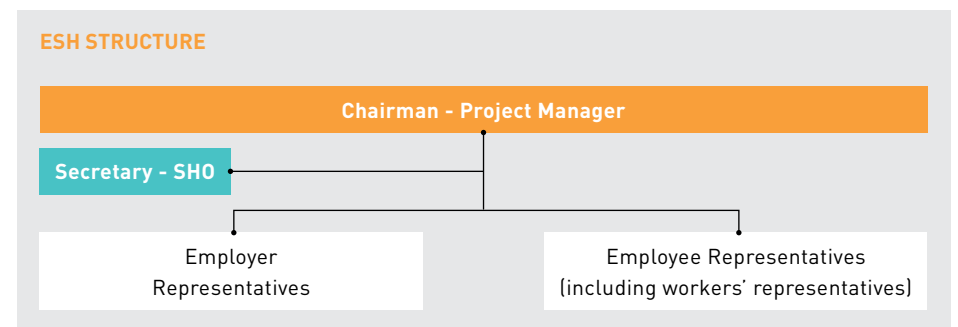
In 2021, the High Level ESH Committee (HLEC) has been dissolved with the establishment of the Board Sustainability Committee (BSC) as safety and health is one of the sustainability material areas which falls under the purview of BSC.

At SunCon project site level, the Environmental, Safety and Health (ESH) committee serves as the highest level of safety and health governance where the committee assists in the development of safe work systems, monitoring of safety and health performance, as well as reviewing of safety procedures and put forward recommendations for improvement.

The ESH committee comprises appointed employer and employee representatives, including representatives from our contractors and their workers' representatives. As such, the committee also functions as a platform for participation and consultation with our workers and contractors' workers where their voices in relation to safety and health issues are heard.

The ESH committee is pivotal in the organisation and management of safety and health within a workplace, as such, it is compulsory for all SunCon project sites to establish its ESH committee as soon as the workplace employs more than 40 people. The committee is chaired by the Project Manager on-site, with the Safety and Health Officer (SHO) serving as the committee Secretary. In compliance with OSHA 1994, all project workplaces directly controlled by SunCon have appointed SHO to assist the project manager in managing matters relating to safety and health.

In 2021 218 SunCon staff and 299 employee representatives (including workers' representatives) served on the ESH committees established across 23 worksites.



MANAGING SAFETY AND HEALTH AND OUR IMPLEMENTATIONS

Leading Indicators:

1. To achieve monthly inspection score of 80% and above;
2. To achieve U-See-U-Act (UCUA) ratio of 750 manhours to one issuance of UCUA report;
3. To increase internal Non-Conformity Report (NCR) issuance by 15,000 manhours to one issuance;
4. To increase frequency of Project Site Management ESH Walkabout to bimonthly

Lagging Indicators:

1. To achieve a year-on-year Accident Frequency Rate (AFR) below 0.15;
2. To achieve Accident Rate below 0.55;
3. To achieve three milestones – 5 million, 10 million and 15 million man-hours without loss time accidents – Company-wide

Goals and Targets

Our safety and health objective: To strive towards Zero life loss at all work sites, serves as a key metric in the measurement of our safety and health performance. At SunCon, we believe that top management leadership and commitment is critical in safety and health management. On this note, to demonstrate exemplary leadership in safety management, 5% of the total score in the Key Performance Indicators (KPIs) of our Group Managing Director (GMD) is apportioned to safety and health performance, whilst for employees at project level, 25% is apportioned for safety and health performance. The scores contribute to the employees' overall performance rating, translating to the annual employee appraisal and executive compensation.

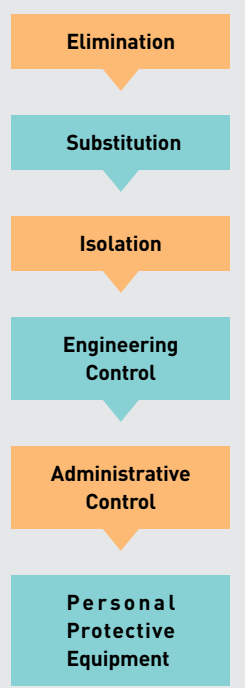
Since 2020, we have streamlined our safety KPIs where focus is more on the leading indicators as we embrace the prevention approach in safety and health management. The leading indicators are indirectly measuring the effort put in to achieve our objectives, while the lagging indicators, which are mostly incident and accident statistics, are kept in check. Both sets of indicators are outlined to support and uphold our key objective of ensuring zero lives lost at all project sites.

Hazard Identification, Risk Assessment and Risk Control (HIRARC)

The hazard identification, risk assessment and risk control (HIRARC) is essentially the cornerstone in safety and health management and an integral component in our Safe Work Method Statement.

At SunCon, we believe with in-depth hazard identification, risk assessment and risk control, the consequences of a hazard when it materialised can be minimised, if not fully managed or eliminated. As such, we take seriously the requirement of conducting HIRARC prior the start of any construction activities, where risk control measures are identified based on the hierarchy of control as illustrated in the diagram. The principle of the hierarchy of control focuses first on eliminating the risk whilst personal protective equipment should only be considered as last resort.

For high-risk activities that could threaten the health and safety of the general public, the HIRARC committee will convene to ensure that all parties carry out their roles and responsibilities to complete the project safely. The HIRARC committee comprises representatives from all the key stakeholder groups, namely the project manager, client representative, contractors' representatives, contractor workers' representatives, SHO, special contractor, industrial specialist and representatives from the local community if required.



SUSTAINABILITY STATEMENT
GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

The Permit-to-Work (PTW) system is essentially the product of HIRARC, and serves as the final approval before work commences. At SunCon, the PTW system is enforced for all high-risk activities such as working at height, lifting, confined space, excavations, hot work, night work, traffic diversion, blasting and concreting. An approved Permit-to-Work requires the applicant to prepare the work site as described in our SunCon Minimum Requirement (SCMR), inspected by the safety and health personnel on site, and approved by the person-in-charge of the activity. These permits come with a validity period, depending on the complexity of the job undertaken.

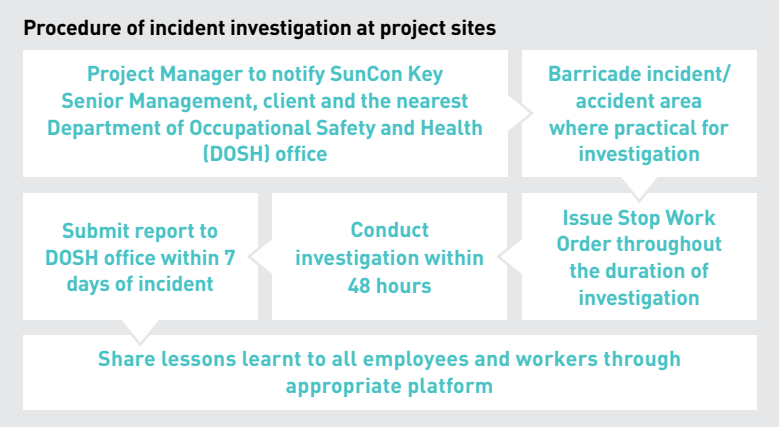
Towards Establishing the SunCon Safety and Health Brand

We envision to establish the SunCon brand in safety and health management, achieving not only a comprehensive documentation system, but also a set of standardised on-site risk mitigation solutions. The SunCon Minimum Requirement (SCMR) is a standard operating procedure which encompasses the environmental, safety and health controls required for a specific activity. Industry best practices and legal requirements have been incorporated into the development of the SCMR, propelling us to achieve sustainable ESH performance. To date, we have issued 5 SCMRs covering requirements for HIRARC, Vector Management, Permit-to-Work, 5-S for Construction and etc.

These SCMRs are implemented across all SunCon project sites and the project sites are inspected by internal inspectors through the Sunway Safety Merit System (SSMS) to ensure these standards are carried out on site.

Incident Investigation and Reporting Procedure

We practise timely and transparent reporting in the event of any accidents or incidents at our project sites. Workers are expected to immediately alert the Person-In-Charge (PIC) of the project site while incidents that occur at our headquarters are immediately reported to the Head of Department of Environmental, Safety and Health (HOD-ESH).



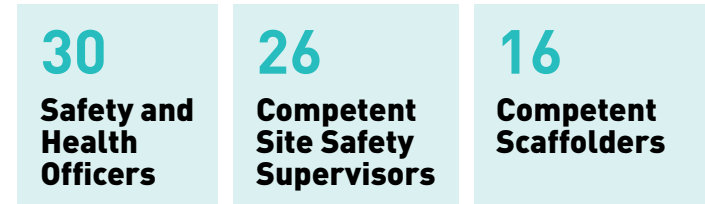
The outcome of the investigation is imperative for us to improve any gaps identified within our processes. To this end, lessons learnt are shared across the company through various platforms including emails, safety alerts, toolbox sessions, ESH committee meetings, on-the-job training and etc. Any corrective actions undertaken shall initiate a review and change in our current SOPs if required.

As the highest governance body of sustainability issues, the report will also be presented at the Board Sustainability Committee meetings.



SHASSIC Award 2021

TRAINING AND COMPETENCIES



Recognising that humans are the greatest threat on-site, to ensure our people and those who work in our workplaces are equipped with the necessary skills, knowledge and competencies is one of the key strategies in the prevention of life lost and injuries at our workplaces. From the analysis of our past safety performance, we have identified working at height, lifting and objects falling from heights as the key risks in our operations and one of the root causes was due to workers awareness and competencies.

To address the gap, since 2019, we have developed a series of compulsory training for all employees which covers the key modules of:

- Construction Occupational Safety and Health Training (COST)
- Scaffold Awareness Training (SAT)
- Lifting Supervisor (LS)

These training modules offer a clear direction for SunCon's requirements and expectations on ESH values and practices. They also act as a channel for sharing lessons learnt, emphasising our approach towards accident prevention and control. Employees are required to attend hands-on training which includes a HIRARC exercise in an actual on-site simulation, scaffold structure and actual scenarios on accidents. They will then be evaluated through assessments and staff who fail will be required to undergo training again - this is to ensure they have knowledge and practical know-how on all safety procedures and practices.

Training sessions in FY2021 were unfortunately disrupted due to the COVID-19 pandemic as the programmes required face-to-face interactions for the best learning experience. However, worksite-related training such as working at height, safe lifting, chemical management and any work-specific ESH training for our workforce, including contractors' workers, was carried out as and when required, in line with our SOPs and regulatory requirements.



U-SEE-U-ACT (UCUA)

The U-See-U-Act (UCUA) programme was conceptualised to nurture a predictive safety culture which focuses on the identification of unsafe acts and unsafe conditions at workplaces and effectively eliminate our exposure to potential accidents or incidents. Launched in 2019, the UCUA programme acts as a medium to allow workers to raise their concerns about any unsafe acts and unsafe conditions, and give suggestions for safety improvements.

This will help us to move closer to achieving our Lost Time Injury Rate (LTIR) target of less than 0.3 by 2030 as the programme encourages early intervention to minimise incidents. As part of our journey in adopting digitalisation in our processes, the UCUA is complemented by a ChatBot which allows real-time reporting for immediate action, the ChatBot has also removed the barrier of paperwork and manual analysis, which significantly improves the participation from employees and workers.

SUSTAINABILITY STATEMENT
GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

PUBLIC SAFETY

All of us at SunCon are mindful that construction activities pose risks to the public and may be a disturbance to the local community. We always do our best to carry out all our construction activities without any accidents involving people by employing sustainable safety and health measures at all our construction sites. We welcome members of the public to reach out to us through the SunCon Hotline, listed on our corporate website. Made available for people affected by the activities of our construction sites, the hotline is a channel for feedback or complaints, which we will do our best to remedy.



In 2021, we received 1 feedback through the hotline, of which the issue has been resolved.



Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446) and its Regulations

The Employees' Minimum Standards of Housing, Accommodations and Amenities (Accommodation and Centralised Accommodation) Regulations 2020 were gazetted by the government in 2020 at the juncture when the country was in the midst of combating COVID-19. As a labour intensive industry, SunCon responded by communicating the requirements to our contractors and ensured that the accommodations provided for their workers are meeting the regulation's minimum requirements through scheduled inspections. To this end, SunCon has also gone the extra mile in ensuring the accommodations undertaken by our contractors have obtained the Certificate of Accommodations (CFA) as per the regulation's requirement. In 2021, all three Centralised Labour Quarters (CLQ) operated by SunCon have obtained the CFA.

OUR RESPONSE TO COVID-19

It is clear to us that we continue to take protective measures to protect our project sites and our workers from the devastating effects of the pandemic and as such, SunCon constantly keeps up to date on the latest developments and directives from the Ministry of Health.

We know that an outbreak in our management office or at any of our project sites will impact our people and our partners as we will be forced to close or stall our business operations. This will impact the livelihoods of our people as well as our brand value. As such, we work closely with our business partners to ensure we remain compliant and safe in our business operations.

Bi-weekly COVID-19 test for employees and workers

Invested more than RM3 million on testing and COVID-19 prevention

Strict enforcement of COVID-19 Business Continuity Plan at worksites and offices through inspection

99.8% staff and are fully vaccinated (completed 2nd dose)

SunCon employees and contractors received training on COVID-19 Business Continuity Plan and Return-to-Work SOP

Workers' Health and Welfare

Zero Larvae, Zero Dengue

SunCon deeply cares about the welfare, health and safety of our workers. Preventing the spread of dengue, a potentially fatal disease carried by the Aedes mosquito is most important to us. As such, we actively take steps to educate and create awareness about the dangers of dengue and how to prevent mosquitoes from breeding at our project sites as it endangers the health of not only our workers but also the communities around our sites. Through our "Zero Larvae, Zero Dengue" programme, we developed a four-pronged strategy to drive anti-dengue initiatives on-site to protect our workers and the public. The initiatives are carried out daily/weekly in accordance with the following strategy:

- Four-Pronged Anti-Dengue Strategy:**
1. Search and Destroy
 2. Larvaciding and Fogging
 3. Gotong-Royong
 4. Anti-dengue awareness and communications

In 2021, we received four notices from the state health department across 29 project sites despite our efforts to control dengue. We acknowledge the failure to achieve our SunCon Future Value Goal 2030 target and we will continue to implement, improve and standardise our efforts in combatting dengue at all our workplaces.

SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

The construction industry depends heavily on foreign workers and thus, it is important for us to ensure our foreign workers are free from infectious diseases. The Immigration Act 1959/63 is a regulation we strictly comply to, where foreign workers are required to be screened for malaria, AIDS/HIV and tuberculosis before they are permitted to start work. The Foreign Workers Medical Examination Monitoring Agency (FOMEMA) also requires that foreign workers are screened for other diseases such as cancer, Hepatitis B, leprosy, epilepsy and sexually transmitted diseases (syphilis).

We are always steadfast in complying with the Factories and Machinery (Safety, Health and Welfare) Regulations 1970 by ensuring welfare provisions such as appropriate Personal Protective Equipment, first aid room, workers' rest areas, temporary sanitation facilities, canteen and labour quarters are supplied and provided for, by the company.

Safety and Health Performance

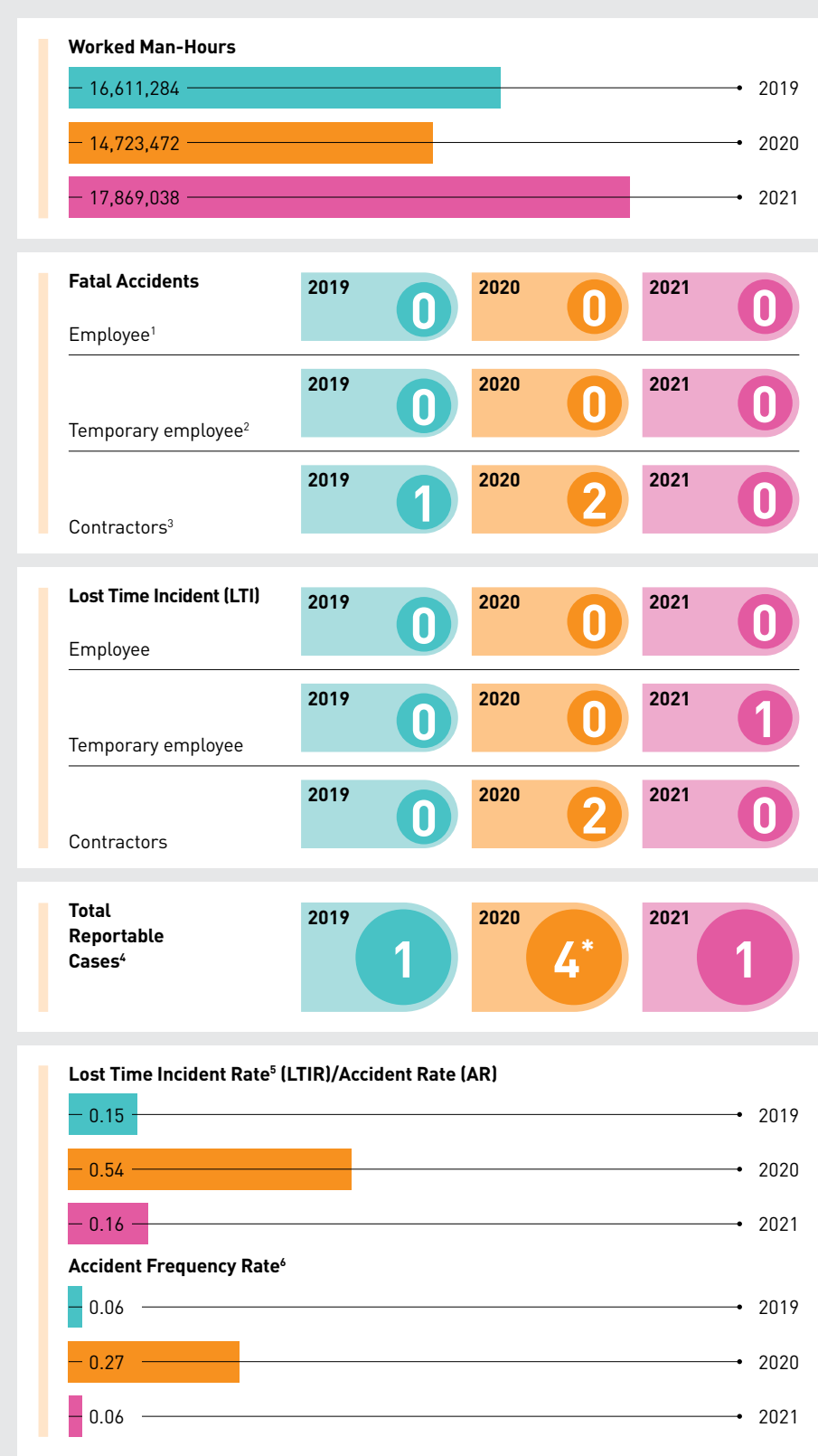
The construction industry has been widely labelled as the 3D industry: Dangerous, Dirty and Demanding. This is true as safety and health are the top material issues for us at SunCon. On this note, we are steadfast to continually uphold our safety and health policy and sustaining our objective of Zero Life Lost at all our workplaces.

Benchmarked against both local and international standard, our fatality rate in 2020 (per 100,000 workers) is 27.17 whilst those of Malaysia construction industry is at 6.90¹, Singapore at 2.20² and United Kingdom at 1.62³. Through the benchmarking exercise, we acknowledge that efforts to strengthen and sustain our safety and health performance remains as our key priority.

In 2021, we have managed to keep a clean slate on our fatal accidents statistics and a slight improvement in safety and health performance. We strive to ensure our performance is sustained through continuous improvement on our standards, implementations, training and programmes.

List of references:
¹ Department of Occupational Safety and Health (DOSH), Malaysia
² Ministry of Manpower, Singapore
³ Health Safety Executive, UK

Occupational Safety and Health Performance Data



¹ Includes all staff under SunCon payroll
² Defined as foreign workers under SunCon payroll
³ Defined as workers who are not employee or temporary employee
⁴ Defined as total number of fatal and lost time incidents
⁵ Lost Time Incident Rate covers both employee and contractors (per 1,000 workers – based on DOSH Malaysia JKKP 8)
⁶ Accident Frequency Rate covers both employee and contractors (per 1,000,000 hours – based on DOSH Malaysia JKKP 8)
 * Restated

SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE

03 Community Engagement

- Active engagement
- Enriching lives



Home makeover for an underprivileged family

SunCon proactively engages with the communities surrounding us to empower greater sustainability in our developments and enrich people's lives for a better tomorrow.

As a pioneer within the regional construction industry, SunCon assumes responsibility for leading our peers and acting as a role model for sustainable development in Asia. While it is an unavoidable consequence that construction can cause potential disruptions to surrounding communities, we believe that a thoughtful approach to sustainable development that prioritises proactive engagement with nearby populations can enable us to effectively mitigate such issues and inspire these communities to fully appreciate the value our new buildings and infrastructure can provide them.

By listening to the community and gaining valuable feedback, we are equipped to optimise our construction

activities to protect their living environments and make informed decisions to make suitable contributions towards enrichment programmes that can benefit their progress and development.

ACHIEVING MINDFUL DEVELOPMENT THROUGH ACTIVE ENGAGEMENT

'Building community resilience' is a key pillar that is defined within SunCon's value creation framework and it inspires our unwavering commitment to ensure our projects provide sustainable value to surrounding communities.

As a specialist in civil infrastructure construction, we are privileged to see the role that many of our projects play in catalysing economic progress for the local community and providing people with employment opportunities or lifestyle enhancements. Our construction of the MRT and LRT infrastructural projects, for example, has certainly made a positive impact on the livelihoods of many local communities.

However, as important as the benefits of the finished project may be, equally important are the efforts that are taken beforehand to ensure a seamless construction process that minimises impact to the surroundings. Consequently, SunCon continuously engages with the communities where we operate to better understand their concerns and refine our project planning and construction approach to meet public expectations.

Through our various engagement channels, we provide ample opportunity for all members of the community to provide their feedback and for us to revert with timely solutions. We also rely on these engagement platforms to provide the community with information, updates and assurances on our safe and considerate construction practices at all times.

In FY 2021, SunCon contributed more than RM1.5 million through the Jeffrey Cheah Foundation and SunCon Social Club (SSC) initiatives to the community in which we operate.

SUSTAINABILITY STATEMENT

GOAL 2: INVESTING IN FAIR, SAFE AND INCLUSIVE WORKPLACE



Food Aid Campaign organised by Sunway Belfied project, Kuala Lumpur

ENRICHING LIVES FOR A BETTER TOMORROW

SunCon aspires to enrich the lives of those from vulnerable and marginalised communities by actively contributing to public and private funds and participating in community programmes. Our internal outreach efforts are spearheaded by the SunCon Social Club (SSC) and its committee members who are volunteers from our workforce.

The SSC encourages employees to engage in community volunteerism and contribute to initiatives that benefit society. In FY2021, the SSC reached out to the communities impacted by the floods in December 2021 and worked closely with strategic key partners to generate positive and sustainable impacts.

Food Aid

Our SunCon project team reached out to the communities in need during the pandemic to provide food to more than 1,800 of individuals and families whose incomes were affected during the lockdown periods. Food packages, which included basic necessities and groceries, were distributed to the individuals and families in Penang, Johor and the Klang Valley. The initiative was made possible through a collaborative effort with our business partners and various stakeholders, who helped to raise more than RM70,000 for the cause.

River cleaning initiative

In conjunction with World Water Day 2021, SunCon volunteers took part in a river cleaning initiative together with PETRONAS and the local communities of Kg. Dato Abu Bakar Baginda to clean up 1 km of Sungai Air Hitam river in Kajang, Selangor. The initiative was in support of the Ministry of Environment and Water's National River Trail Programme, which focuses on community involvement to overcome river pollution.

Flood Aid (LRT)

In light of the floods in December 2021 which affected various communities in Kuala Lumpur and Selangor, the SSC set up a flood relief mission to reach out to the affected individuals and families, including SunCon staff whose houses were flooded. Apart from helping to clean up the houses of the affected communities, SunCon also disbursed RM80,000 for the communities.

Projek Transformasi Rumah

Holding true to the organisation's philosophy of giving back to society, SunCon teamed up with Sunway Putra Mall, Sunway Property, Lions Club of Sunway Damansara Metro and Persatuan Anak Jati Penchala to refurbish the house of an underprivileged family, whose income was impacted by the pandemic. Supported by Segambut Member of Parliament, Hannah Yeoh, the teams gave the 80-year-old wooden house a fresh coat of paint, a new set of furniture and new electrical wirings.

OUR COMMUNITY ENGAGEMENT PLATFORMS

HOTLINE
Phone numbers are displayed around the project site and on SunCon's corporate website. In FY2021, we received 1 public complaint and the issue has been resolved.

TOWN HALL
Town hall sessions prior to commencement to notify the local community and address their queries

SOCIAL MEDIA
We are active and responsive on LinkedIn and Instagram

CORPORATE WEBSITE
We provide company information and are able to receive feedback or inquiries through our website

Food Bank

During the pandemic, SunCon's team from the PETRONAS New Leadership Centre project established a Food Bank Programme by placing food at selected petrol stations for the needy and the communities whose incomes were impacted by the pandemic. The team raised more than RM12,000 through collaborations with business partners to provide sustenance and basic necessities such as rice, salt and cooking oil on a weekly basis.

SunCon Virtual Run 2021

The SSC held a SunCon Virtual Run 2021 in June 2021 for our employees to promote health and well-being amid the prolonged periods of lockdowns. Participants were given a week to familiarise themselves with Strava, a fitness monitoring mobile app, to keep track of their cumulative distance to achieve the target of 30 km within a month. 30 participants achieved the recorded distance within a month and received RM200 each.

SUSTAINABILITY STATEMENT

GOAL 3: ENSURING COMPLIANCE AND EMBRACING TRANSPARENCY

Goal 3: Ensuring Compliance and Embracing Transparency

Key Topics

- 01 Sustainability Governance
- 02 Customer Privacy

Material Issues Addressed

Governance and Ethical Business, Risks and Regulatory Compliance, Sustainable Procurement Practices

SDGs Covered



SunCon Future Value Goals Achievement

2030 Targets

Zero tolerance for bribery and corruption

Interim 2021 Annual Targets

Zero confirmed incidences

FY 2021 Performance

Zero confirmed bribery & corruption incidents

01 Sustainability Governance

- Governance Through Robust Policies and Compliance to Local Legislation
- In the Pipeline

Governance Through Robust Policies and Compliance to Local Legislation

In response to our material issue on Governance and Ethical Business, and Risk and Regulatory Compliance, SunCon strives to uphold the highest level of ethical standards in all our business dealings. We are committed to abide by all relevant laws, regulations, and industry best practices within the jurisdictions we operate.

Board policies

Remuneration Policy for Directors & Senior Management, Policy of Selection of External Auditors, Non-Audit Services Policy

Corporate policies

Code of Conduct & Business Ethics, Whistle-Blowing Policy and Procedures, Anti-Bribery & Corruption Policy, Anti-Money Laundering Policy, Quality, Environmental, Safety and Health Policy

Alignment with Sunway Berhad's policies: Diversity and Inclusion Policy, Human Rights Policy

For more information on the Group's governance policies, please visit <https://www.sunwayconstruction.com.my/investor-relations/>

In the Pipeline

Formed in late 2021, the Board Sustainability Committee is currently working to establish the SunCon Sustainability Policy, which will serve as the guiding principles on our sustainability agenda. Upon completion in 2022, the policy shall be shared to all SunCon stakeholders.

For more information on our governance framework and policies, please refer to [Creating Value Through Responsible Governance](#) on pages 92 to 125.

SunCon is committed to protecting the data privacy of its customers by complying with the relevant laws and strengthening its cyber security system from time to time. We acknowledge that leak or breach of customer data may expose the organisation to reputational risk and even financial as well as legal risks.

We comply with the Personal Data Protection Act 2010 and are guided by Sunway Berhad's Sunway Information Security Policies, which was developed in accordance with ISO/IEC 27001 (2013) standards. The policy is available on SunCon's corporate website.

Our cybersecurity controls are governed by Sunway Berhad's governance infrastructure, Information Technology (IT) Shared Services Centre, which is led by the Group Chief Information Officer (CIO). The CIO updates the Board with the Group's latest cybersecurity and technology strategy whenever necessary. The Shared Services Centre conducts assessment on the Group's Information Security system on a periodic basis and conducts an annual disaster recovery simulation for critical services. To ensure we have a truly robust system, the Shared Services Centre is audited internally and externally.

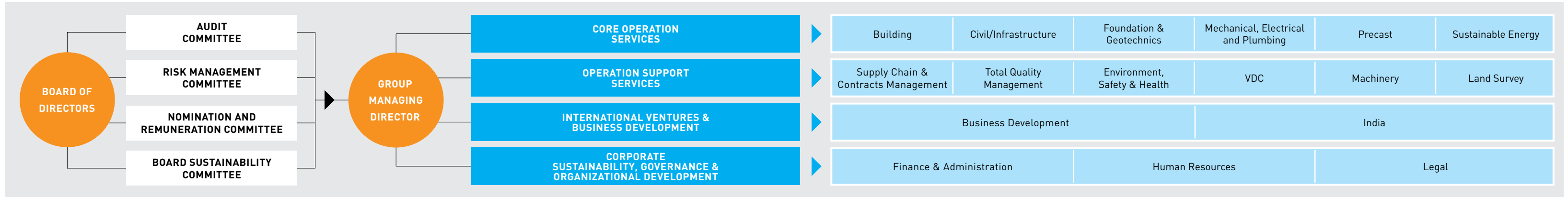
In 2021, there were zero substantiated complaints concerning breaches of customer privacy, theft, leak and loss of customer data or critical information.

02 Customer Privacy

THE STRENGTH OF OUR LEADERSHIP

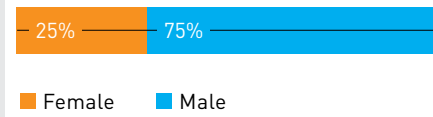
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

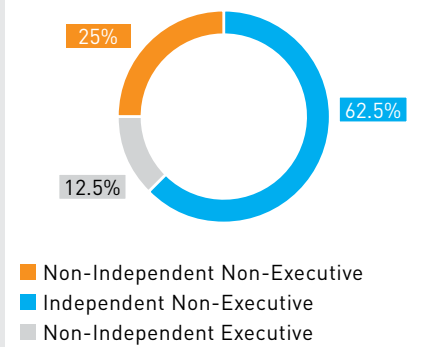


OUR BOARD

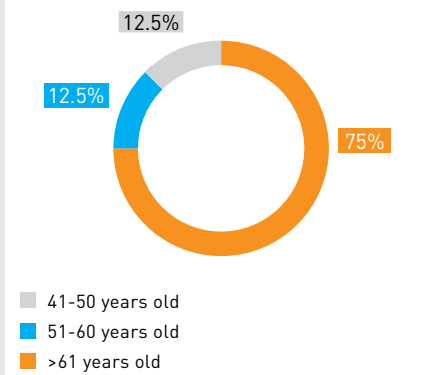
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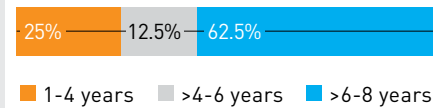
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼

 EN C IE CM O DATO' IR GOH CHYE KOON	 EN IE O DATO' DR JOHARI BIN BASRI	 FA CPD EC DATO' SIOW KIM LUN	 CPD EC CM DR SARINDER KUMARI A/P OAM PARKASH	 FA EC CINDY TAN LER CHIN
 EN C IE O LIEW KOK WING	 EN IE CM O CHUNG SOO KIONG	 CPD EC IT CM O HR TAN SRI DATO' (DR) CHEW CHEE KIN	 FA CPD IT CM EVAN CHEAH YEAP SHIN	 EN C IE CPD O (Alternate Director to Evan Cheah) DATO' TAN KIA LOKE
		 EN IE O (Alternate Director to Liew Kok Wing) WONG KWAN SONG, RICHARD		

BOARD SKILLS

- EN Engineering
- C Civil
- IE Industry Experience
- FA Finance/Audit
- CPD Corporate Planning and Development
- EC Economics
- IT Information Technology
- CM Commercial/ Marketing
- O Operations
- HR Human Resource

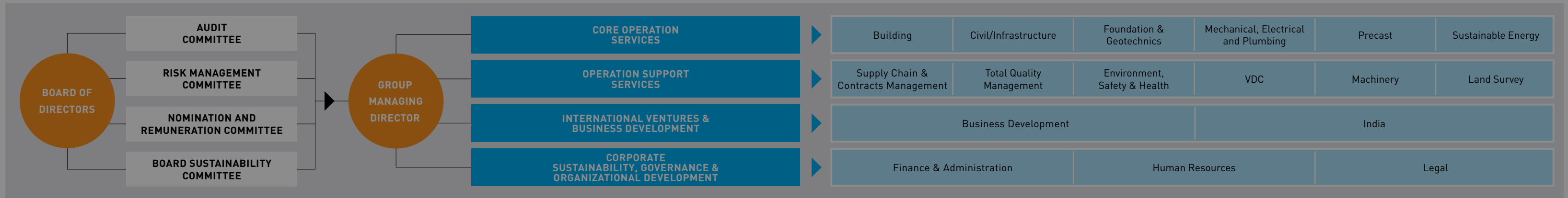
LEGENDS

- RMC Risk Management Committee
- AC Audit Committee
- NRC Nomination and Remuneration Committee
- BSC Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

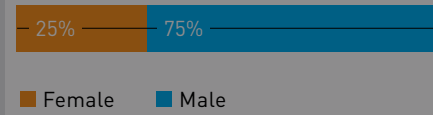
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

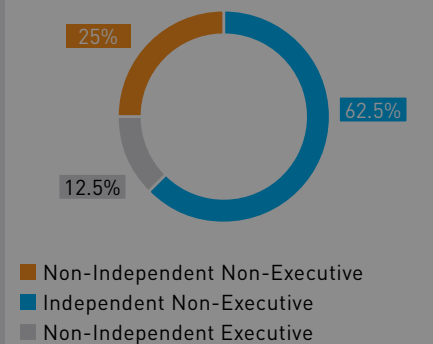


OUR BOARD

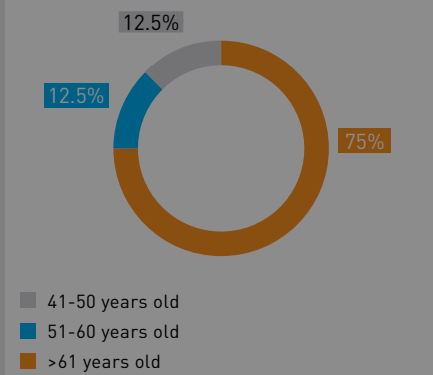
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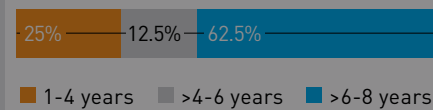
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼



DATO' IR GOH CHYE KOON
Chairman & Independent Non-Executive Director

72

- Member
-
-
-

DATE APPOINTED TO THE BOARD : 17 OCTOBER 2014
YEARS OF DIRECTORSHIP: 7.5 YEARS

QUALIFICATIONS

- Bachelor of Engineering (Hons) degree in Civil Engineering from the University of Malaya
- Professional Engineer (P.Eng) and a Member of the Institution of Engineers Malaysia (MIEM)

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE AND EXPERTISE:

Dato' Ir Goh began his career as an engineer in the Ministry of Works, where he served for 11 years rising to the position of Superintending Engineer prior to joining IJM Corporation Berhad as a Senior Engineer in 1984. He was promoted as General Manager (Central Region) in 1986 and subsequently appointed as Alternate Director in 1995 before assuming the position of Deputy Group Managing Director in 1997. He was redesignated Deputy Chief Executive Officer and

Deputy Managing Director in 2004 and upon his retirement in 2008, Dato' Ir Goh continued to serve as Executive Director of IJM Corporation Berhad until June 2009 and thereafter Non-Executive from July 2009 until June 2013.

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

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

LIEW KOK WING
Group Managing Director & Non-Independent Executive Director

53

-
-
-
- Member

DATE APPOINTED TO THE BOARD : 1 APRIL 2022

QUALIFICATIONS

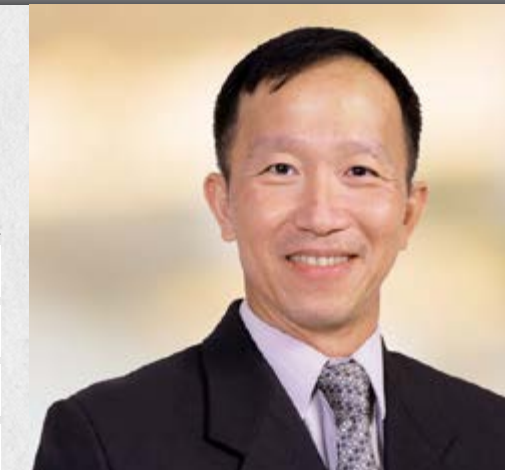
- Master of Science Degree in Civil Engineering, National University of Singapore
- Bachelor of Engineering (Hons) in Civil Engineering, National University of Singapore

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE AND EXPERTISE:

Mr Liew began his career with L&M Geotechnic in Singapore in 1993, as a Project Engineer at various construction projects in Singapore. In 1996, he was transferred to L&M Systems, Thailand as Project Manager in charge of infrastructure works for a



low rise luxury housing project in Bangkok. In the same year, he left to join Taylor Woodrow Projects (M) Bhd. before joining Sunway Construction Sdn Bhd ("SCSB") as Senior Geotechnical Engineer from 1996 to 1998. Thereafter, he joined Nishimatsu Construction Company Singapore.

He rejoined SCSB in 2000 and was promoted during the course of overseeing various projects in Malaysia and India to the position of Senior General Manager, heading the Civil Engineering Division in 2003. Mr Liew was the Deputy Managing Director of SCSB since 2016 before his promotion to the position of Managing Director of SCSB in January 2020. He was further promoted to Group Managing Director of SunCon on 1 April 2022.

He has more than 20 years of experience in the construction industry.

BOARD SKILLS

- Engineering
- Civil
- Industry Experience
- Finance/Audit
- Corporate Planning and Development
- Economics
- Information Technology
- Commercial/ Marketing
- Operations
- Human Resource

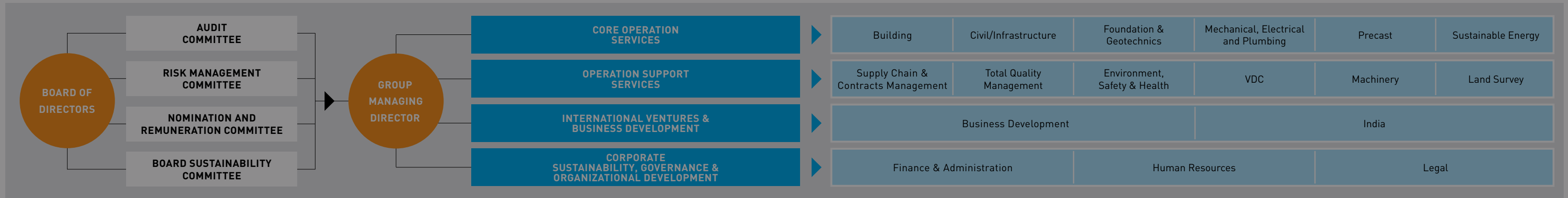
LEGENDS

- Risk Management Committee
- Audit Committee
- Nomination and Remuneration Committee
- Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

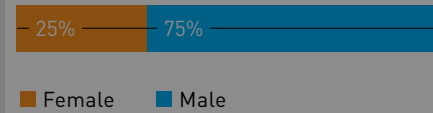
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

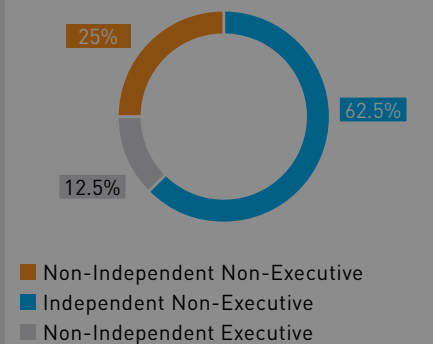


OUR BOARD

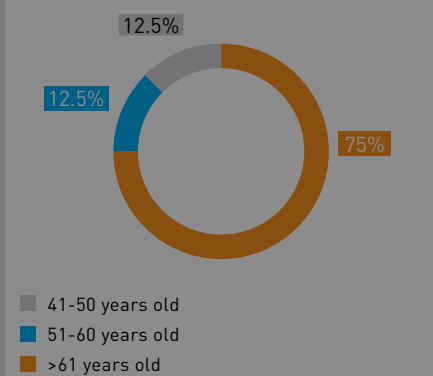
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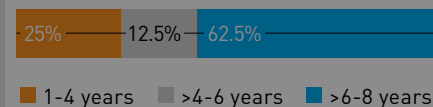
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼



CHUNG SOO KIONG

Group Managing Director & Non-Independent Executive Director
[Resigned w.e.f. 1 April 2022]



RMC	▶
AC	▶
NRC	▶
BSC	▶ Member

DATE APPOINTED TO THE BOARD :
1 NOVEMBER 2015

YEARS OF DIRECTORSHIP: 6.5 YEARS
(AS OF 1 APRIL 2022)

QUALIFICATIONS

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE AND EXPERTISE:

Mr Chung began his career with TAISEI Corporation in 1990 where over a period of seven years he rose

to the position of Section Manager – Quantity Surveying. In 1997, he joined SCSB and served as the Contract Manager of Business Development & Marketing Department. Thereafter, Mr Chung acted as the Country Manager/Project Director of Sunway Innopave Sdn Bhd (Abu Dhabi Branch) for the period from 2007 to 2013.

After his stint in Abu Dhabi, Mr Chung took up the role of Deputy Managing Director of SCSB since 2013 before he was promoted to the position as Managing Director of the Company in November 2015. He was further promoted to Group Managing Director of the Company in January 2020. Mr Chung has over 20 years of experience in the construction sector.

DATO' DR JOHARI BIN BASRI

Senior Independent Non-Executive Director



RMC	▶ Member
AC	▶ Member
NRC	▶ Chairman
BSC	▶ Chairman

DATE APPOINTED TO THE BOARD :
17 OCTOBER 2014

YEARS OF DIRECTORSHIP: 7.5 YEARS

QUALIFICATIONS

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE AND EXPERTISE:

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



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

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

BOARD SKILLS

- EN Engineering
- C Civil
- IE Industry Experience
- FA Finance/Audit
- CPD Corporate Planning and Development
- EC Economics
- IT Information Technology
- CM Commercial/ Marketing
- O Operations
- HR Human Resource

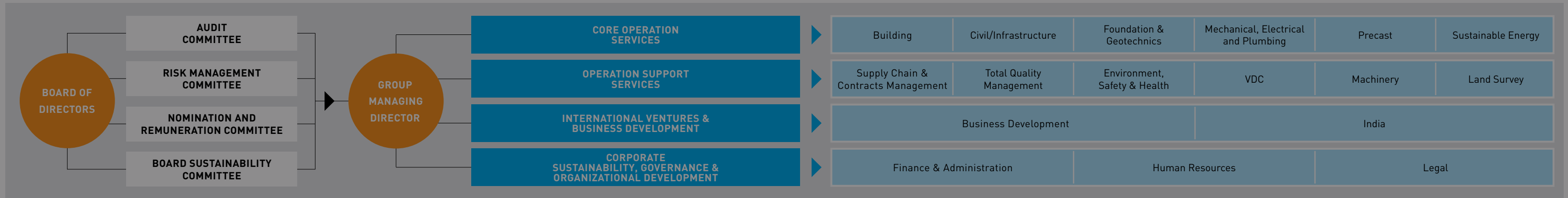
LEGENDS

- RMC Risk Management Committee
- AC Audit Committee
- NRC Nomination and Remuneration Committee
- BSC Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

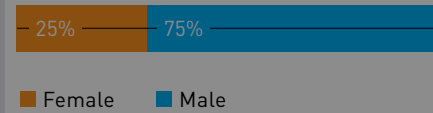
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

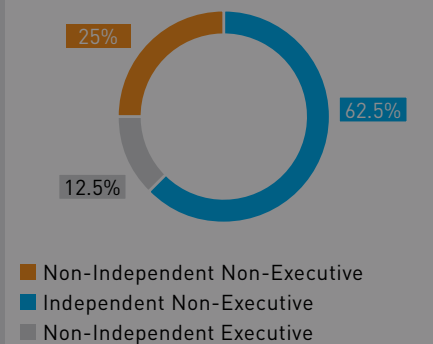


OUR BOARD

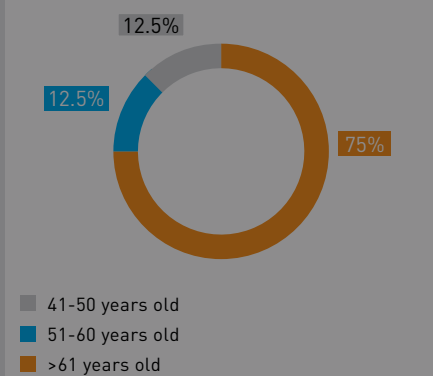
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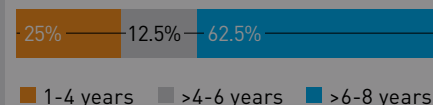
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼



DATO' SIOW KIM LUN
Independent Non-Executive Director

71, Male, Malaysian

- RMC ▶ Member
- AC ▶ Chairman
- NRC ▶ Member
- BSC ▶

DATE APPOINTED TO THE BOARD : 17 OCTOBER 2014
YEARS OF DIRECTORSHIP: 7.5 YEARS

QUALIFICATIONS

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- EITA Resources Berhad
- Eco World International Berhad
- Radiant Globaltech Berhad
- RHB Investment Bank Berhad
- Malaysian Trustees Bhd.
- RHB Trustees Berhad

WORKING EXPERIENCE AND EXPERTISE:

Dato' Siow has over 30 years of working experience in investment banking, corporate finance and regulatory oversight of the Malaysian Capital Market.

He began his career in investment banking with Malaysian International Merchant Bankers Berhad in 1981. From 1985 to 1993, he was with Permata Chartered Merchant Bank Berhad (now known as Affin Hwang Investment Bank Berhad) first as a manager and later as the Divisional Head of its Corporate Finance Division. Between 1993 and 2006, he was with the Securities Commission Malaysia ("SC") and has served in several positions at the SC including that of the Director of its Issues and Investment Division and the Director of its Market Supervision Division. He has also served as a director of MainStreet Advisers Sdn Bhd, a licensed corporate finance advisory firm, from 2008 to 2019.

DR SARINDER KUMARI A/P OAM PARKASH
Independent Non-Executive Director

65, Female, Malaysian

- RMC ▶ Chairperson
- AC ▶ Member
- NRC ▶ Member
- BSC ▶

DATE APPOINTED TO THE BOARD : 1 MARCH 2018
YEARS OF DIRECTORSHIP: 4.1 YEARS

QUALIFICATIONS

- Ph.D. in Financial Economics from University Putra Malaysia
- Masters in Economics from George Washington University

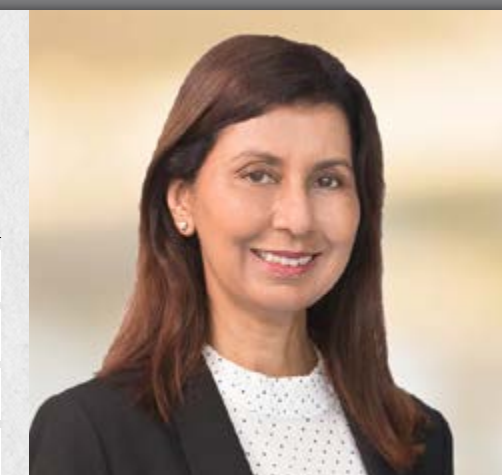
DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Nil

WORKING EXPERIENCE AND EXPERTISE:

Dr Sarinder Kumari has over 30 years of experience in policy and strategic planning, trade negotiations, regulatory and Government affairs. She has previously served as Principal Assistant Secretary with the Ministry of Finance Malaysia (MOF); Senior Director, Ministry of International Trade and Industry Malaysia (MITI); Director, for the Performance Management and Delivery Unit (PEMANDU) under the Prime Minister's Department Malaysia; and Executive Vice-President and Partner for Pemandu Associates, a business management consultancy.

In MOF, she was involved in the raising of Federal Government loans from the international capital



and bond markets, debt management and privatization projects. Her portfolio in MITI included the World Trade Organisation (WTO), Strategic Planning and Free Trade Agreements (FTAs) Policy and Negotiations. She was also the lead negotiator for Services for Malaysia's first Bilateral FTA.

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

In Pemandu Associates, she worked with Governments and businesses on strategy formulation and effective implementation to meet national and business objectives. This entailed working with both internal and external stakeholders to ensure both timely and effective policy and strategy execution for the delivery of tangible results.

BOARD SKILLS

- EN Engineering
- C Civil
- IE Industry Experience
- FA Finance/Audit
- CPD Corporate Planning and Development
- EC Economics
- IT Information Technology
- CM Commercial/ Marketing
- O Operations
- HR Human Resource

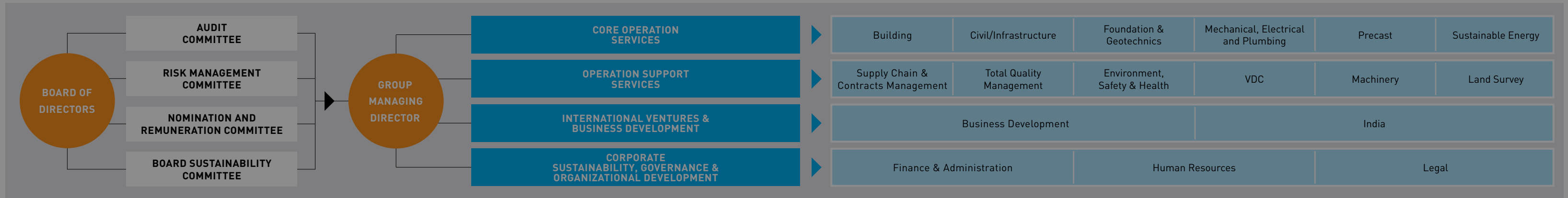
LEGENDS

- RMC Risk Management Committee
- AC Audit Committee
- NRC Nomination and Remuneration Committee
- BSC Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

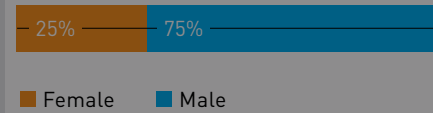
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

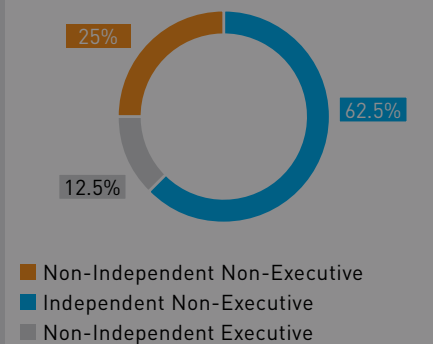


OUR BOARD

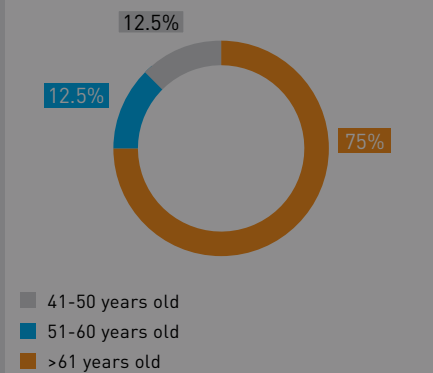
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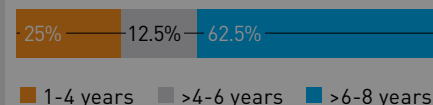
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼



CINDY TAN LER CHIN
Independent Non-Executive Director

62 ♀ 🇲🇾

- RMC ▶
- AC ▶ Member
- NRC ▶ Member
- BSC ▶ Member

DATE APPOINTED TO THE BOARD :
15 SEPTEMBER 2021
YEARS OF DIRECTORSHIP: 0.6 YEAR

QUALIFICATIONS

- Bachelor of Economics (Honours) Degree, majoring in Statistics, from Universiti Kebangsaan Malaysia
- Certified Diploma in Accounting and Finance, accorded by the Chartered Association of Certified Accountants
- Diploma in Investment Analysis by Malaysian Association of Productivity

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Senheng New Retail Berhad
- QL Resources Berhad
- Affin Islamic Bank Berhad

WORKING EXPERIENCE AND EXPERTISE:

Ms Tan began her career in 1984, in the finance department of the Employees Provident Fund (EPF). Subsequently, she moved on to the investment department, where she was responsible for the management of the EPF's external fund managers and other domestic investment assets, including Malaysian Government Securities, loans/debentures, equities and money market placements.

In 1996, Ms Tan was promoted to the position of senior investment manager, where she specialised in fixed income investments and was involved in EPF's fixed income investments in several large privatisation projects in Malaysia.

In 2009, Ms Tan was appointed as the head of investment compliance and was responsible for ensuring all investment settlements were undertaken in compliance with internal policies/guidelines and other related legal requirements.

In 2019, Ms Tan was appointed as the head of risk department where she oversaw the management of amongst others, the operational risks, technology risks, investment risks and investment market risks of EPF. She retired from EPF in April 2021.

Ms Tan had also in the past served on the Board of Malaysia Building Society Berhad, Sunway Holding Incorporated Berhad (now known as Sunway Holdings Sdn Bhd) and Malakoff Corporation Berhad. Ms Tan is currently an Independent Non-Executive Director of Senheng New Retail Berhad, Affin Islamic Bank Berhad and QL Resources Berhad.

TAN SRI DATO' (DR) CHEW CHEE KIN
Non-Independent Non-Executive Director

76 ♂ 🇲🇾

- RMC ▶
- AC ▶
- NRC ▶ Member
- BSC ▶

DATE APPOINTED TO THE BOARD :
17 OCTOBER 2014
YEARS OF DIRECTORSHIP: 7.5 YEARS

QUALIFICATIONS

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Sunway Berhad
- Gopeng Berhad

WORKING EXPERIENCE AND EXPERTISE:

Tan Sri Dato' (Dr) Chew started his career as a Trainee Executive in UMW (Malaya) Sdn Bhd in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn Bhd.



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

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

BOARD SKILLS

- EN Engineering
- C Civil
- IE Industry Experience
- FA Finance/Audit
- CPD Corporate Planning and Development
- EC Economics
- IT Information Technology
- CM Commercial/ Marketing
- O Operations
- HR Human Resource

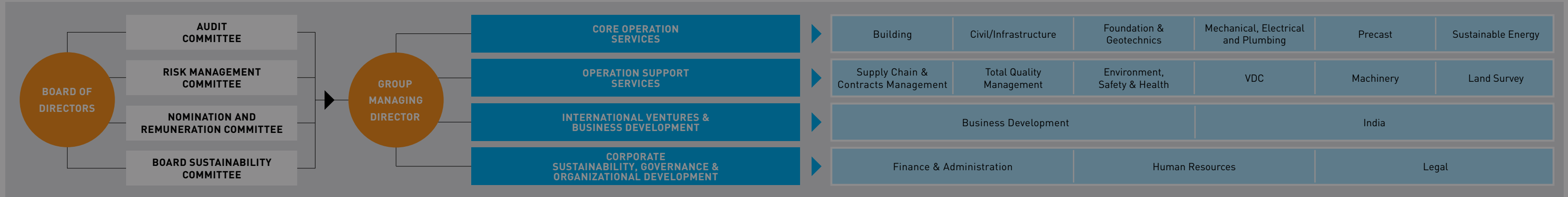
LEGENDS

- RMC Risk Management Committee
- AC Audit Committee
- NRC Nomination and Remuneration Committee
- BSC Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

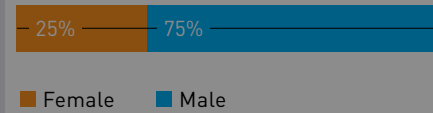
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

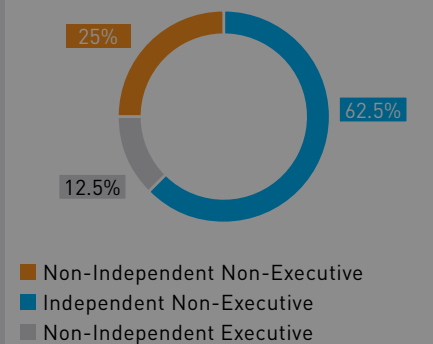


OUR BOARD

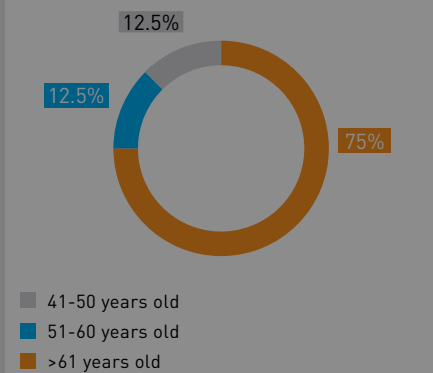
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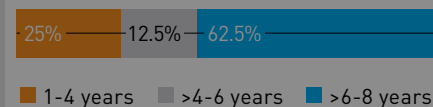
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼



EVAN CHEAH YEAP SHIN

Non-Independent Non-Executive Director



RMC	Member
AC	
NRC	
BSC	

DATE APPOINTED TO THE BOARD : 18 SEPTEMBER 2014
YEARS OF DIRECTORSHIP: 7.6 YEARS

QUALIFICATIONS

- Bachelor's Degree in Commerce and Bachelor's Degree in Business Systems from Monash University
- Chartered Financial Analyst Charterholder
- Fellow of Certified Practising Accountants Australia
- Member of Malaysian Institute of Accountants

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

Elite Commercial REIT Management Pte Ltd (the Manager of Elite Commercial REIT listed on Singapore Exchange Securities Trading Limited)

WORKING EXPERIENCE AND EXPERTISE:

Mr Evan Cheah is currently the Group Chief Executive Officer ("CEO") for Digital and Strategic Investments at Sunway Group, a leading Malaysian conglomerate with multi-industry interests in property development, property investment, construction, healthcare, leisure and hospitality, retail mall management, fund management,

building materials & industrial distribution and manufacturing.

Mr Cheah has more than 10 years of experience in general management, investments and technology across various businesses within Sunway Group.

Prior to his current role, he was the CEO of Sunway Group's China operations responsible for its China Corporate Office. Concurrently, he was the Executive Vice President – President's Office driving new business growth and synergies for Sunway Group.

Mr Cheah sits on the board of Elite Commercial REIT Management Pte Ltd, the Manager for Elite Commercial REIT, a real estate investment trust listed on Singapore Exchange Securities Trading Limited, as a non-independent non-executive director of the Manager. He currently also sits on the boards of various private operating companies including as Chairman of the Board for Credit Bureau Malaysia Sdn Bhd, Sunway Money Sdn Bhd, Multicare Health Pharmacy Sdn Bhd and Tianjin Eco-City Sunway Property Development Co. Ltd.

DATO' TAN KIA LOKE

Alternate Director to Evan Cheah Yeap Shin



RMC	
AC	
NRC	
BSC	

DATE APPOINTED TO THE BOARD : 29 OCTOBER 2021
YEARS OF DIRECTORSHIP: 0.5 YEAR

QUALIFICATIONS

- Bachelor of Science (Hon) Degree in Civil Engineering, University of Strathclyde, United Kingdom

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS

- Malaysian South – South Corporation Berhad ("MASSCORP")
- Malaysian Industry – Government Group for High Technology (Alternate Director)

WORKING EXPERIENCE AND EXPERTISE:

Dato' Tan is a Civil Engineer by training. He joined Sunway Group in 1981 to spearhead the formation of the construction arm from ground zero with a paid-up capital of RM1 million.

During his 35-year tenure at the helm of SunCon, he was instrumental in growing the construction arm until his retirement from the Company in 2015 as Senior Managing Director. He has, however, continued serving Sunway Group in the capacity of Senior Managing Director in the Chairman's Office.



His remit includes supporting the Chairman in new business ventures, strategic partnerships and collaborations.

Dato' Tan is currently an EXCO member of Malaysia South-South Association (MASSA) and a Board Member of MASSCORP. He also serves as an Alternate Director in the board of the Malaysian Industry-Government Group for High Technology (MIGHT).

He has previously served on the Board of Malaysian Property Incorporated (MPI), a government-linked company incorporated to promote Malaysian properties abroad.

In 2007, he was appointed by the Minister of Works as a Special Member to the Board of Construction Industry Development Board (CIDB) for a two-year tenure.

Dato' Tan was awarded as Honorary Builder by Master Builders Association Malaysia (MBAM) and as CEO of the Year 2006 by Malaysian Construction Industry Excellence Awards (MCIEA).

BOARD SKILLS

- EN Engineering
- C Civil
- IE Industry Experience
- FA Finance/Audit
- CPD Corporate Planning and Development
- EC Economics
- IT Information Technology
- CM Commercial/ Marketing
- O Operations
- HR Human Resource

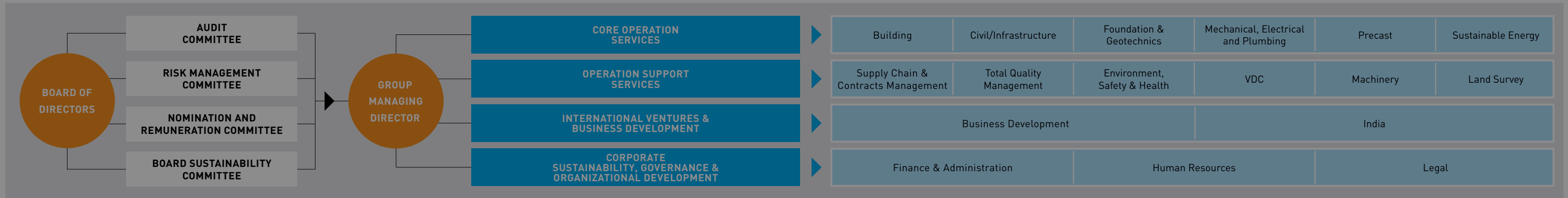
LEGENDS

- RMC Risk Management Committee
- AC Audit Committee
- NRC Nomination and Remuneration Committee
- BSC Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

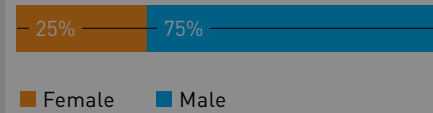
THE STRENGTH OF OUR LEADERSHIP

ORGANISATION STRUCTURE

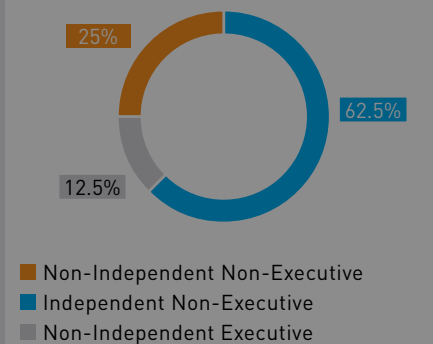


OUR BOARD

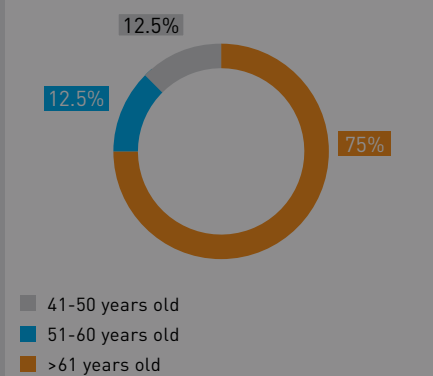
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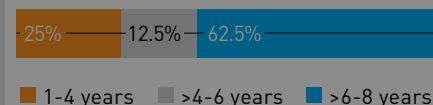
DESIGNATION



AGE



TENURE



PROFILE OF BOARD OF DIRECTORS

Open for more information of Board of Directors ▼



WONG KWAN SONG, RICHARD
Alternate Director to Liew Kok Wing & Group Deputy Managing Director

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- RMC ▶
- AC ▶
- NRC ▶
- BSC ▶

DATE APPOINTED TO THE BOARD :
1 APRIL 2022

QUALIFICATIONS

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

DIRECTORSHIPS OF OTHER PUBLIC COMPANIES AND LISTED ISSUERS
Nil

WORKING EXPERIENCE AND EXPERTISE:

Mr Wong started his career in 1987 at Syarikat Pembinaan Perlis Sdn. Bhd. He then joined Syarikat Pembinaan YTL Sdn. Bhd. in 1988 before joining SunCon Group in 1989.

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

Mr Wong held various positions in SunCon Group during his 22-year tenure with SunCon Group.

Mr Wong was the head of Building Division since 2007 before his promotion to the position of Deputy Managing Director of SCSB in September 2020. He was further promoted to his current position as Group Deputy Managing Director of SunCon Group on 1 April 2022.

DIRECTORS

Family Relationship with Director and/or Major Shareholder

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

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

CONFLICT OF INTEREST

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

CONVICTION FOR OFFENCES

All the Directors have not been convicted of any offence (other than traffic offences, if any) within the past 5 years and have not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2021.

ATTENDANCE OF BOARD MEETINGS

The attendance of the Directors at Board and Board Committees' Meetings held during the financial year ended 31 December 2021 is disclosed in the "Our Governance Framework".

BOARD SKILLS

- EN Engineering
- C Civil
- IE Industry Experience
- FA Finance/Audit
- CPD Corporate Planning and Development
- EC Economics
- IT Information Technology
- CM Commercial/ Marketing
- O Operations
- HR Human Resource

LEGENDS

- RMC Risk Management Committee
- AC Audit Committee
- NRC Nomination and Remuneration Committee
- BSC Board Sustainability Committee

THE STRENGTH OF OUR LEADERSHIP

PROFILE OF KEY SENIOR MANAGEMENT



ERIC TAN CHEE HIN



Group Deputy Managing Director

QUALIFICATIONS:

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

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

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

In 2000, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 21 years within the company. He has been heading the Mechanical, Electrical and Plumbing division since 1 November 2014 and also leads the Sustainable Energy and Civil Divisions.

Mr Tan was appointed as Executive Director in January 2019. He was further promoted to his current position as Group Deputy Managing Director of SunCon Group on 1 April 2022.



NG BEE LIEN



Chief Financial Officer

QUALIFICATIONS:

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

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

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

She joined SunCon in 2005 as a Senior Manager-Finance. She has been with SunCon for 17 years where she takes charge of the finance department within SunCon Group.

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

THE STRENGTH OF OUR LEADERSHIP



SUBBA RAO A/L V SEMENCHALAM



Country Director - India

QUALIFICATIONS:

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

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

Mr Rao started his career in 1986 at LFY Construction Sdn. Bhd. In 1989 he left the company and joined SunCon Group.

He has held various positions in SunCon Group within his 32-year tenure with the SunCon Group. Within his tenure, he was also posted to India for 11 years, where he was involved in 7 major highway projects ranging from 40 to 80 kilometres in length each. Mr Rao was appointed General Manager of the Civil Division on 1 January 2016 and is also the India Country Head.

Mr Rao was appointed Country Director - India on 1 July 2021.



KWONG TZYY EN



Executive Director, Precast

QUALIFICATIONS:

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

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

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

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

He joined Sunway Concrete Products (S) Pte. Ltd. in 2001 and has held various positions based primarily in Singapore during his tenure of 20 years with the SunCon Group.

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

THE STRENGTH OF OUR LEADERSHIP

PROFILE OF KEY SENIOR MANAGEMENT



LIM VIN TZE



Executive Director - Operations

QUALIFICATIONS:

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

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

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

In 2005, he joined Sunway Engineering Sdn. Bhd. and has held various positions in the company during his tenure of 16 years within the company. He has been heading the Mechanical, Electrical and Plumbing division since 2019.

Mr Lim was appointed Executive Director - Operations on 1 July 2021.



YIP LAI HUN



Director, Supply Chain & Contracts Management

QUALIFICATIONS:

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

SKILLS, WORKING EXPERIENCE AND EXPERTISE:

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

She joined SunCon in 1993 and has held various positions during her 28-year tenure with SunCon Group.

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

THE STRENGTH OF OUR LEADERSHIP

List of Senior Management

Name	Designation
THOMAS SAMUEL A/L CT SAMUEL	Director - Business Development
TAN IN TUAN	Director - Virtual Design and Construction
TAN KIM YOKE	Senior General Manager - Commercial / Business Development
MAJOR (R) LEONG YEE KEONG	Senior General Manager - Environmental, Safety and Health
KONG HEONG FOOK	Senior General Manager - Machinery
TAN ENG KOON	General Manager - Operations
MAU CHE PEAN	General Manager - Land Survey
MOHD FAUDZI BIN HANAFIAH	General Manager - Total Quality Management
STEVEN SHEE BOO CHEONG	General Manager - Legal
KRISHNAKUMAR A/L CHELLIAH	Assistant General Manager - Operations
EWE TENG JOON	Assistant General Manager - Human Resources

Family Relationship with Director and/or Major Shareholder

None of the Key Senior Management has any family relationship with any director and/or major shareholder of SunCon.

Conflict of Interest

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

Conviction for Offences

All the Key Senior Management have not been convicted of any offence (other than traffic offences, if any) within the past 5 years and have not been imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2021.

Directorship In Public Companies and Listed Issuers

None of the Key Senior Management has any directorship in public companies and listed issuers.

OUR GOVERNANCE FRAMEWORK

EFFECTIVE LEADERSHIP

A strong and effective system of governance throughout the Group is critical for a sound and resilient business.

The Board of Directors (“**Board**”) of Sunway Construction Group Berhad (“**SunCon**” or “**Company**”) is committed to corporate governance principles and best practices in all its endeavours. Our core values of integrity, humility and excellence are built within a robust governance framework. Our vision is to be the leading regional construction and engineering group. Our mission is to innovate to deliver value underpinning our relentless efforts to drive positive and sustainable change in the way we work and operate in order to create values for all our stakeholders. The Board also places emphasis on ensuring responsible and sustainable business practices in achieving highest standards in quality, environmental protection, safety and health.

In addition, the Company and its group of subsidiaries (“**Group**”) are committed to fulfilling the United Nations 17 Sustainable Development Goals (“**SDG**”) and Malaysia’s Shared Prosperity Vision 2030, by aligning its business strategies to meet the needs of its communities in line with the SDG agenda. The Group’s commitment to Environment, Social and Good Governance (“**ESG**”) practices is embedded throughout the organization – from its corporate objectives, policies and working culture as well as social impact initiatives to day-to-day operations so that it delivers enduring growth for thriving communities with minimal adverse impact on its operating environment. The ultimate objective is to achieve good financial performance in order to fuel long term sustainable growth and thereby, enhancing shareholders’ value and contributing to the social needs and well-being of the community in which it operates as well as in nation building.

The Board presents this Corporate Governance Overview Statement (“**CG Overview**”) to provide shareholders and investors with an overview of the corporate governance practices of the Group under the leadership of the Board during the financial year 2021 (“**FY2021**”). The CG Overview takes guidance from the 3 key Corporate Governance Principles as set out in the Malaysian Code on Corporate Governance (“**CG Code**”), which are:

- | | | |
|--|--|--|
| <p>i. Board Leadership and Effectiveness;</p> | <p>ii. Effective Audit and Risk Management; and</p> | <p>iii. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.</p> |
|--|--|--|

Our corporate governance practices comply significantly with the CG Code and the CG Overview is to be read together with the Corporate Governance Report FY2021 (“**CG Report**”) of the Company, which provides the details on how the Company applied each practice as set out in the CG Code.

The CG Report is available on the Company’s website at <https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

The CG Report provides a detailed insight on the Company’s corporate governance framework and practices in compliance with the principles and practices set out in the CG Code and the Main Market Listing Requirement (“**Listing Requirements**”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) for FY2021. Any slight deviations from the CG Code are explained in the CG Report available in our website.

THE BOARD AND ITS COMMITTEES

THE BOARD

The Board is collectively responsible for leading and directing the Group. It sets our corporate purpose, strategy, key policies and objectives, and the values and culture to achieve the long-term sustainability of the business, for the benefit of shareholders, customers, suppliers and the communities in which we operate. The Board also reviews and monitors the principal and emerging risks that the Company faces, the risk appetite of the Company and the processes in operation to mitigate these. In discharging its responsibilities, the Board is supported by its management and specialist committees.

Full details of the roles and responsibilities of the Directors are set out below.

Board	
<p>Role and responsibilities</p> <ul style="list-style-type: none"> - Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximising shareholders’ value as well as ensuring long term sustainability of the Group’s performance. - Ensuring the strategic plans of the Company support long-term value creation and includes strategies on economic, environmental and social considerations underpinning sustainability. - Adopting and monitoring progress of the Company’s strategies, budgets, plans and policies. - Overseeing the conduct of the Group’s businesses as well as supervising and assessing management performance to determine whether the businesses are properly managed to achieve its targeted returns. - Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks. The Board through the Risk Management Committee, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group. - Setting the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks. 	<ul style="list-style-type: none"> - Ensuring that the senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of the Board and senior management. - Considering Management’s proposals on key issues including acquisitions, divestments, restructuring, funding and significant capital expenditure, and monitoring the implementation by Management. - Human resources planning and development. - Reviewing the adequacy and integrity of the Group’s internal control system and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines. - Promoting good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour. - Developing and implementing a communications policy for the Company that enables effective communication with stakeholders. - Ensuring that the Group has in place procedures to enable effective communication with stakeholders. - Ensuring that the Company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders. - Reviewing the adequacy and the integrity of the financial and non-financial reporting of the Group.

OUR GOVERNANCE FRAMEWORK

Board Composition

The Board consists of eight Directors, being an Independent Non-Executive Chairman, the Group Managing Director and Non-Independent Executive Director, a Senior Independent Non-Executive Director, three Independent Non-Executive Directors and two Non-Independent Non-Executive Directors.

There were changes to the Board composition where Mr Liew Kok Wing was appointed as the Group Managing Director replacing Mr Chung Soo Kiong on 1 April 2022. On the same day, Mr Wong Kwan Song, Richard was appointed as an Alternate Director to Mr Liew Kok Wing.

Board Meetings Attendance in Year 2021

DATO’ IR GOH CHYE KOON

Chairman & Independent Non-Executive Director

Attendance: 7/7

DATO’ DR JOHARI BASRI

Senior Independent Non-Executive Director

Attendance: 7/7

DATO’ SIOW KIM LUN

Independent Non-Executive Director

Attendance: 7/7

DR SARINDER KUMARI

Independent Non-Executive Director

Attendance: 7/7

CINDY TAN LER CHIN

Independent Non-Executive Director
(Appointed w.e.f. 15 September 2021)

Attendance: 2/2

TAN SRI DATO’ (DR) CHEW CHEE KIN

Non-Independent Non-Executive Director

Attendance: 7/7

EVAN CHEAH YEAN SHIN

Non-Independent Non-Executive Director

Attendance: 7/7

CHUNG SOO KIONG

Group Managing Director &
Non-Independent Executive Director
(Resigned w.e.f. 1 April 2022)

Attendance: 7/7

Chairman

Role and responsibilities

- Ensuring integrity and effectiveness of the governance process of the Board.
- Leading the Board in setting the visions, values and standards of the Company.
- Maintaining a relationship of trust with and between the Executive and Non-Executive Directors.
- Setting the board agenda and ensure the provision of accurate, timely and clear information to Directors.
- Responsible for the developmental needs of the Board.
- Ensuring the smooth functioning of the Board and the governance structure, and inculcating the positive culture in the Board.
- Ensuring that procedures and processes are in place to facilitate effective conduct of business by the Board.
- Leading the Board in adoption and implementation of good corporate governance practices in the Group.
- Ensuring effective communication with shareholders and relevant stakeholders.
- Ensuring that members of the Board work together with the Management in a constructive manner to address strategies, business operations, financial performance and risk management issues.

Senior Independent Non-Executive Director

Role and responsibilities

- Acting as a sounding board for the Chairman.
- Acting as an intermediary for other Directors if needed.
- Acting as the point of contact for shareholders and other stakeholders.
- Providing leadership support and advice to the Board in the event the Board is undergoing a period of stress.

Independent Directors

Role and responsibilities

- Providing independent judgement, experience and objectivity without being subordinate to operational considerations.

Group Managing Director

Role and responsibilities

- Formulating, recommending and implementing the strategic objectives of the Company.
- Translating the approved strategic plans into operation and financial action plans.
- Managing the Company’s human, physical and financial resources to achieve Company’s objectives.
- Operating within the delegated limits set by the Board.
- Assuming the day-to-day responsibilities for the Group’s conformance with relevant laws and regulations, its compliance framework and all other aspects of the day-to-day running of the Group.
- Developing, implementing and managing the Company’s risk management and internal control systems within the risk appetite and framework approved by the Board.
- Developing, implementing and updating policies and procedures.
- Keeping pace with industry and economic trends in the Company’s operating environment.
- Providing the Board with accurate, time and clear information to enable the Board to perform its responsibilities.

OUR GOVERNANCE FRAMEWORK

Key Matters Reserved for the Board's Approval

The Board has a formal schedule of matters that are reserved for its decision. The key matters reserved for the Board's approval include the following listed in the chart.



In discharging its roles and responsibilities, the Board is guided by its Board Charter and delegated the day-to-day management of the Group to the Group Managing Director ("Group MD").

This formal structure of delegation is further cascaded by the Group MD to his management team. Nevertheless, the Group MD and management team remain accountable to the Board for authority that is delegated and for the performance of the Group. The Board Charter is reviewed and updated annually by the Board and its last review in 2021 was done on 18 November 2021.

OUR GOVERNANCE FRAMEWORK

The Board has a policy that each director must not hold more than five (5) directorships in public listed companies. This is to ensure that they have sufficient time to fulfil their duties effectively. This policy has been incorporated into Board Charter which requires a Director to seek prior consent from the Board Chairman before he or she accepts any new directorship outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director and report to the Board during the meetings.

List of directorships:

Directors	List of Directorships (excluding overseas companies)	
Dato' Ir Goh Chye Koon	<ul style="list-style-type: none"> Sunway Construction Group Berhad 	
Dato' Siow Kim Lum	<ul style="list-style-type: none"> Sunway Construction Group Berhad EITA Resources Berhad Eco World International Berhad Radiant Globaltech Berhad 	<ul style="list-style-type: none"> HLA Holdings Sdn Bhd RHB Investment Bank Berhad Malaysian Trustee Berhad RHB Trustee Berhad
Dato' Dr Johari Bin Basri	<ul style="list-style-type: none"> Sunway Construction Group Berhad 	
Dr Sarinder Kumari	<ul style="list-style-type: none"> Sunway Construction Group Berhad 	
Tan Sri Dato' (Dr) Chew Chee Kin	<ul style="list-style-type: none"> Sunway Berhad Sunway Construction Group Berhad Gopeng Berhad Sunway Quarry Industries Sdn Bhd Sunway Quarry (Kuala Kangsar) Sdn Bhd Sunway Quarry Industries (Taiping) Sdn Bhd Sunway Quarry Industries (Melaka) Sdn Bhd Sunway Eastwood Sdn Bhd Sunway Iskandar Development Sdn Bhd [Alternate Director to Tan Sri Jeffrey Cheah] Sunway Iskandar Sdn Bhd [Alternate Director to Tan Sri Jeffrey Cheah] Sunway Integrated Properties Sdn Bhd Sunway Holdings Sdn Bhd Sunway Winstar Sdn Bhd Blacktop Industries Sdn Bhd Can Technical Services Sdn Bhd 	<ul style="list-style-type: none"> TKM Sendirian Berhad Asian Strategy & Leadership Incorporated Sdn Bhd Sunway University Sdn Bhd Sunway Education Group Sdn Bhd Sunway College (KL) Sdn Bhd Sunway City Sdn Bhd Sunway FCZ Sdn Bhd [Alternate Director to Tan Sri Jeffrey Cheah] Sunway Global Learning Sdn Bhd Sunway Healthcare Holdings Sdn Bhd Sunway Leisure Park Sdn Bhd [Alternate Director to Tan Sri Jeffrey Cheah] Sunway MSC Sdn Bhd Sunway Riverside Sdn Bhd [Alternate Director to Tan Sri Jeffrey Cheah] Sunway Treasury Sdn Bhd Sunway Treasury Sukuk Sdn Bhd
Evan Cheah Yean Shin	<ul style="list-style-type: none"> Sunway Construction Group Berhad Sunway Construction Sdn Bhd Sunway PALs Loyalty Sdn Bhd Sunway Ventures Sdn Bhd Sunway Marketing Sdn Bhd Sunway Management Sdn Bhd Sunway Winstar Sdn Bhd Sunway Pharma Sdn Bhd Sunway PopBox Sdn Bhd Sunway Money Sdn Bhd Pasir Mas Holdings Sdn Bhd Sun SEA Capital Sdn Bhd Sunway iLabs Accelerator Sdn Bhd Sunway Management Services Sdn Bhd Sun Sea I Sdn Bhd Sunway SCF Sdn Bhd Credit Bureau Malaysia Sdn Bhd Prestamin Sdn Bhd Sunway Innovation Sdn Bhd Sunway Xfarms Sdn Bhd [formerly known as Sunway Hotel Services (Ipoh) Sdn Bhd] 	<ul style="list-style-type: none"> Monumental Productions Sdn Bhd Active Equity Sdn Bhd Jef-San Enterprise Sdn Bhd PRK Builders Sdn Bhd Sungei Way Corporation Sendirian Berhad Timah Menderang Sdn Bhd Sungei Way Properties Sendirian Berhad Sunway Systems Sdn Bhd Sunway Technology Sdn Bhd Sunway Digital Wave Sdn Bhd Sunway MSC Sdn Bhd Hitachi Sunway Information Systems Sdn Bhd Superseed II Ventures (Malaysia) Sdn Bhd BNature Health Sdn Bhd World Medicare Supplies Sdn Bhd Multicare Health Pharmacy Sdn Bhd Sunway Healthcare Holdings Sdn Bhd [Alternate Director to Tan Sri Dato' (Dr) Chew Chee Kin] Wise Ai Sdn Bhd
Cindy Tan Ler Chin	<ul style="list-style-type: none"> Sunway Construction Group Berhad Affin Islamic Bank Berhad 	<ul style="list-style-type: none"> Senheng New Retail Berhad QL Resources Berhad
Liew Kok Wing	<ul style="list-style-type: none"> Sunway Construction Group Berhad Sunway Builders Sdn. Bhd. Sunway Concrete Products (M) Sdn Bhd Sunway Construction Sdn Bhd Sunway Creatives Stones Sdn Bhd Sunway Facade Network Sdn Bhd Sunway Geotechnics (M) Sdn Bhd Sunway Industrial Products Sdn Bhd 	<ul style="list-style-type: none"> Sunway Innopave Sdn Bhd Sunway Machineries Services Sdn. Bhd. Sunway Precast Industries Sdn Bhd Sunway SK Sdn Bhd Sunway Visioneering Sdn Bhd Sunway Engineering Sdn Bhd Sunway Machinery Sdn Bhd IJM Sunway Sdn Bhd
Dato' Tan Kia Loke [Alternate Director]	<ul style="list-style-type: none"> Malaysian Industry-Government Group for High Technology [Alternate Director to Tan Sri Jeffrey Cheah] Sunway Construction Group Berhad [Alternate Director to Evan Cheah Yean Shin] Sunway Iskandar Development Sdn Bhd Malaysian South-South Corporation Berhad 	<ul style="list-style-type: none"> Sunway Black Tap Sdn Bhd Sunway FCZ Sdn Bhd Sunway Global Learning Sdn Bhd Sunway Leisure Park Sdn Bhd Sunway Riverside Sdn Bhd
Wong Kwan Song, Richard [Alternate Director]	<ul style="list-style-type: none"> Sunway Construction Group Berhad [Alternate Director to Liew Kok Wing] Sunway Construction Sdn Bhd Sunway Innopave Sdn Bhd Sunway Machinery Sdn Bhd Sunway Industrial Products Sdn Bhd 	<ul style="list-style-type: none"> Sunway Machineries Services Sdn Bhd Sunway Precast Industries Sdn Bhd Sunway SK Sdn Bhd Sunway Builders Sdn Bhd Sunway Concrete Products (M) Sdn Bhd

OUR GOVERNANCE FRAMEWORK

BOARD COMMITTEES

The Board also delegates certain responsibilities to the Board Committees, all of which operate within their defined Terms of Reference (“TOR”). Notwithstanding that, the Board remains responsible for its fiduciary duties.

The Board has set up the following committees to assist in discharging its duties and responsibilities:

Audit Committee (“AC”)	
Key Function - Assist the Chairman and Board in overseeing and monitoring: - Financial reporting and financial risk management. - Internal control systems. - Compliance with established policies and procedures. - Assess suitability, objectivity and the independence of both external and internal audit function.	DATO’ SIOW KIM LUN Chairman Attendance: 7/7
	DATO’ DR JOHARI BASRI Member Attendance: 7/7
	DR SARINDER KUMARI Member Attendance: 7/7
	CINDY TAN LER CHIN Member (appointed w.e.f. 15 September 2021) Attendance: 1/1
	DATO’ IR GOH CHYE KOON Member (ceased to be an AC member w.e.f. 1 June 2021) Attendance: 5/5

Nomination and Remuneration Committee (“NRC”)	
Key Function - Evaluating Board and Board Committees’ effectiveness including Independent Directors’ performances and contributions. - Ensuring Independent Non-Executive Directors’ continuing independence. - Reviewing board size, composition and training needs of Directors. - Setting selection criteria for appointment of new Director(s) and evaluating performances of retiring Directors and recommending their re-election. - Ensuring management succession planning. - Reviewing performances of Executive Directors and key senior management against a set of key performance indices using balanced scorecards to ensure that remuneration is directly related to corporate and individual performance and also takes into account the Group’s performance in managing material sustainability risks and opportunities. - Reviewing Group Remuneration Policy to ensure competitive compensation in order to incentivise management towards achieving annual and long term sustainable growth. - Reviewing the term of office and performance of AC and each of its members annually to determine whether the AC and members have carried out their duties in accordance with their TOR.	DATO’ DR JOHARI BASRI Chairman Attendance: 5/5
	DATO’ SIOW KIM LUN Member Attendance: 5/5
	DR SARINDER KUMARI Member Attendance: 5/5
	CINDY TAN LER CHIN Member (appointed w.e.f. 15 September 2021) Attendance: 2/2
	TAN SRI DATO’ (DR) CHEW CHEE KIN Member Attendance: 4/5
	DATO’ IR GOH CHYE KOON Member (ceased to be a NRC member w.e.f. 1 June 2021) Attendance: 2/2

Risk Management Committee (“RMC”)	
Key Function - Ensuring sound system of risk management and internal controls. - Ensuring structured policies and procedures on anti-corruption are in place. - Determining and identifying key material risks (including material ESG) with quantifiable impact to bottom line. - Setting risk tolerance levels within the Group in achieving the Group’s strategic goals. - Promoting better governance culture and ethical behavior within the Group by ensuring that structured policies and procedures on anti-corruption and money laundering are in place, and place greater emphasis on reviewing corruption and money laundering risks.	DR SARINDER KUMARI Chairperson Attendance: 5/5
	DATO’ IR GOH CHYE KOON Member Attendance: 5/5
	DATO’ DR JOHARI BASRI Member Attendance: 5/5
	DATO’ SIOW KIM LUN Member Attendance: 5/5
	EVAN CHEAH YEAN SHIN Member Attendance: 5/5

Board Sustainability Committee (“BSC”) <i>Established on 18 November 2021</i>	
Key Function Reviewing, supervising and recommending to the Board on the Group’s sustainability strategies and issues, key ESG targets and performance, progress and scorecard to advance the Group’s sustainability leadership.	DATO’ DR JOHARI BASRI Chairman CINDY TAN LER CHIN Member LIEW KOK WING Member (appointed w.e.f. 1 April 2022) CHUNG SOO KIONG Member (ceased to be a BSC member w.e.f. 1 April 2022)
	No meeting was held during financial year ended 31 December 2021.

OUR GOVERNANCE FRAMEWORK

Key Focus Areas and Future Priorities

Our key focus areas and future priorities in enhancing our corporate governance practices are as follows:

A Enhancing quality standards of audit and internal control

In the continuous effort to strengthen the credibility of internal audit function, the Group will engage an external professional consultant to conduct a Quality Assessment Review (“QAR”). The Internal Audit Department (“IAD”) had successfully completed its QAR in 2015. The next assessment which was planned to take place in 2020 had been postponed to 2022 due to the COVID-19 pandemic. The external assessment is to validate the Group’s internal audit activities whether they had conformed to the relevant internal audit standards as well as to identify key areas of improvement in the internal audit function.

B Achieve Net Zero Carbon Emissions by 2050

The Group is committed to the goal of decarbonisation and is striving to achieve Net Zero Carbon Emissions by 2050. To ensure that the Group stays on course in achieving this goal, the Group has established the SunCon Future Value Goals 2030 where 3 strategic goals and corresponding 10 targets encompass the Group’s commitment to measure the Group’s ESG performance on an annual basis.

On top of the above, the Board has begun to venture into green and renewable energy projects such as solar farm, and the Group is on its journey to initiate its maiden district cooling system project in 2022.

The Group has and will continue to ensure its operations are climate resilient, especially in terms of environment protection and risk mitigation.

C Independent expert for Board Assessment

A structured and regular evaluation of the Board is an important element of good corporate governance. Aside from the conventional annual Board evaluation assisted by the Company Secretary, the Board has engaged an independent expert, the Institute of Corporate Directors Malaysia, to conduct the annual board evaluation for financial year 2022 (“FY2022”) to facilitate a comprehensive and 360-degree review on the Board’s performance with the aim to further enhance the effectiveness of the Board.

D Enhanced good governance practices

Implement additional good governance practices as required under the applicable guidelines issued by the Securities Commission, securities laws and Listing Requirements for the Group.

OUR GOVERNANCE FRAMEWORK

Chairman and the Group MD

There is a clear segregation of roles and responsibilities between the Chairman and the Group MD in order to ensure a balance of power and authority as defined in the Board Charter.

The Chairman of the Board is an Independent Non-Executive Director and is separate from the office of the Group MD. The Chairman is responsible for the proper functioning of the Board to ensure its effectiveness in its governance process. The Chairman provides leadership to the Board and guidance to the Group. He chairs the board meetings and sets the meeting agenda in consultation with the other Directors and the Group MD. He promotes active engagement and open dialogue among the Directors as well as between the Board and the Group MD.

The Group MD is subject to the control of the Board. He is responsible for implementing the Group's strategies and policies, as well as for managing the performance of the Group's businesses and the day to day operations.

Access to Management & Independent Professional Advice

All Directors have direct access to the advice and services of the Company Secretaries. The Company Secretaries attend all Board meetings and are accountable directly to the Board, through the Chairman of the Board, on all matters to do with the proper functioning of the Board, including compliance with the Company's Constitution, Companies Act 2016, Listing Requirements of Bursa Securities, the Securities Commission Guidelines, etc. The Company Secretaries are associate members of the Malaysian Institute of Chartered Secretaries and Administrators and are licensed by the Companies Commission of Malaysia. The appointment and removal of the Company Secretaries are subject to approval of the Board. All Directors, whether as a full Board or in their individual capacity, have the authority to obtain independent professional advice, when necessary, at the Company's expense.

All Independent Non-Executive Directors have access to the Group MD and senior management should there be any explanation or clarification needed on any aspect of the Group's operations or management issue.

Conflicts of interest

Directors must avoid situations in which their own personal or business interests directly or indirectly conflict, or appear to conflict, with the interest of the Company. Where a director has a conflict of interest, in respect to any matter, he or she will be required to immediately disclose his or her interest at a meeting of the Directors or send a written notice to the Company containing details of his or her interest and the conflict, and recuse himself/herself from participating in any discussion and decision on the matter. Such declaration of interest will be recorded in the minutes of meeting. During the year under review, none of the Directors have any personal conflict of interest with the Group.

In respect to mandated recurrent related party transactions ("RRPT mandate"), the Board was satisfied that all transactions were independently scrutinized and reviewed by the AC to ensure that they had complied with the Listing Requirements of Bursa Securities and the terms of the shareholders' mandate. The Company had obtained a renewal of its RRPT mandate from the shareholders on 25 August 2021.

The Independent Non-Executive Directors regularly engage in discussion with senior management, IAD, risk management team, External Auditors and other relevant parties to ensure that the concerns and issues raised in regard to the business operations of the Group are properly addressed on a proactive basis.

Sustainability Practices

The Board places much emphasis on sustainability practices, covering environmental and social factors, as part of its responsibilities. Details of the sustainability programmes and initiatives are set out in the Sustainability Statement in pages 60 to 85 of this Integrated Report.

Code of Conduct and Business Ethics & Whistleblowing Policy

The Board has a formalized code of conduct and business ethics ("Code") which provides an ethical framework to guide actions and behaviors of all Directors and employees.

The Company also has in place a Whistleblowing Policy and Procedures. The objective of this policy and procedure is to provide a mechanism for all levels of employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behavior or misconduct relating to fraud, corrupt practices and/or abuse on a timely basis for management action.

Reporting individuals are protected against reprisals and/or retaliation from his/her immediate supervisor or head of department/division as a result of the report. The policy also provides the assurance that no disciplinary action can be taken against the reporting individual as long as he/she does not provide false information in the report purposely, knowingly and recklessly.

Employee or member of the public who has knowledge or is aware of any improper conduct within the Group is encouraged to disclose through the following reporting channels:

Whistleblowing hotlines

☎ (603) 5639 8025 ✉ whistleblowing@sunway.com.my
 📠 (603) 5639 8027

The Group has a zero tolerance against all forms of bribery and corruption practices. It has formulated an Anti-Bribery and Corruption Policy and Procedures ("ABC Policy") as well as an Anti-Money Laundering Policy and Procedures ("AML Policy"). The ABC Policy provides procedures and guidance to all employees and business associates of the Group in complying with the policy. As for the AML Policy, all employees of the Group are required to implement measures to prevent money laundering within its businesses. Both the ABC Policy and AML Policy are under the oversight of the RMC.

Further details of the Code, Whistleblowing Policy and Procedures, ABC Policy and the AML Policy are set out in the CG Report. The Code, Whistleblowing Policy and Procedures, ABC Policy, AML Policy as well as the CG Report are available at the Company's website at

<https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>



Sunway Medical Centre Seberang Jaya

OUR GOVERNANCE FRAMEWORK

ANNUAL BOARD AND BOARD COMMITTEES EVALUATION

Appointment of Consultant

The Board has engaged an independent expert for FY2022 annual evaluation.

Evaluation Process

The Board, through the NRC undertakes an annual assessment of the Board as a whole, the respective Board Committees and each Directors' personal performance by way of self and peer evaluation. This includes a review of the desirable mix of competencies, qualification, knowledge, skills, expertise and personal traits of the Directors in order to identify any gaps that exist in the optimum mix of skills required for the Board.

In 2021, the evaluation process was assessed internally and facilitated by the Company Secretaries. As part of the process, questionnaires were sent to the Directors, and the results were aggregated and reported to the NRC. All assessments carried out by the NRC were properly documented, summarised and reported to the Board. The results of the survey and recommendations of the NRC were considered by the Board and follow up improvements were taken where necessary with a view to enhancing its effectiveness.

The assessment criteria and outcome are summarised as follows:

Evaluation	Assessment Criteria
Board Evaluation	Board structure, Board dynamic and effectiveness, conduct of board meetings, roles and responsibilities, Group performance, performance of Chairman, performance of Group MD.
Board Committee Evaluation	Committee composition, quality, skill and competencies, roles and responsibilities, effective communication, qualification of chairman/chairperson.
Directors' Peer Evaluation	Contribution to interaction, quality of input, understanding of role and Chairman's role (applicable to Chairman only).
Independent Directors' Self-Assessment	The criteria set under paragraph 1.01 of the Listing Requirements.

Board Evaluation Results for FY2021

All Directors were satisfied with the Board's performance and the Board rated itself as being effective in discharging its roles and responsibilities.

The following aspects of the Board's dynamic were rated as excellent:

- (i) Good mix of directors with various expertise, relevant industry knowledge, skills and competencies;
- (ii) The Company's performance was good compared to its peers;
- (iii) With guidance and leadership of the Board, the Company had won several regional and local recognitions by winning the following awards:-
 - Master Builders Association Malaysia – Construction Industry Trade Awards (CITA): Mechanical and Electrical Contractor Award
 - 4th Asia Sustainability Reporting Awards (ASRA) Singapore – Asia's Best Sustainability Report within Annual Report (Bronze);
 - FTSE4Good Bursa Malaysia Index – Environmental, Social and Governance ("ESG") rating was increased from 2.9 to 3.1;
 - Inclusion in the MSCI Malaysia Small Cap Index; and
 - 35th International Annual Report Competition (ARC) Awards 2021 – Bronze Awards under Construction & Building category.
- (iv) Board meetings were well attended and efficiently conducted to meet its objectives. During the various Movement Control Order period, the Board was able to meet virtually without affecting its function;
- (v) The Board with the assistance from the Company Secretarial team had successfully conducted a fully virtual Annual General Meeting ("AGM") with online polling;
- (vi) The Chairman of the Board had consistently encouraged open, honest discussion and healthy debate;
- (vii) There was no risk of group think;
- (viii) A good cordial relationship and frank communication existed between the Board and the Management led by its Group MD;
- (ix) Directors had challenged financial assumptions and contributed much inputs and ideas to the formulation of the Company's business strategy and financial targets;
- (x) With guidance from the Board, Management was able to identify and venture into emerging opportunities such as renewable energy sector;
- (xi) The Board through the AC and RMC had a pulse on the Group's exposure to potential risks, internal control matters and accurate financial reporting and good corporate governance practices;
- (xii) The Board through RMC had regularly reviewed the Company's risk profiles and risk management practices and policies;
- (xiii) The Chairman of the Board had shown great leadership and was instrumental in guiding the board's effectiveness as a whole;
- (xiv) The Group MD had worked very closely with the Board in delivering agreed key performance targets;
- (xv) The Board had periodically reviewed and revised the Corporate Disclosure policy; and
- (xvi) The Board with assistance from the Management has established comprehensive board policies.

OUR GOVERNANCE FRAMEWORK

The Directors also commented that the Board is effective in carrying out its roles and responsibilities including the various Board committees. The Board works well as a whole.

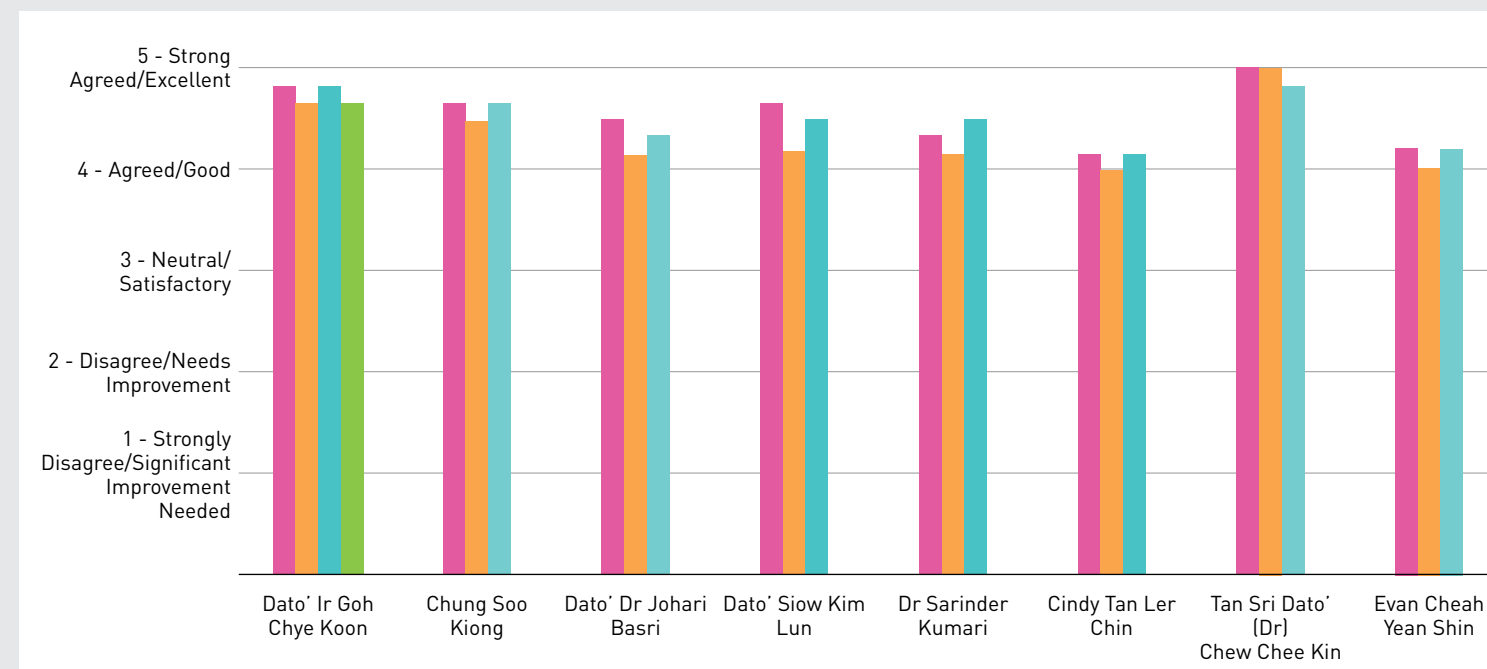
All the Board Committees were assessed to be effective in discharging their roles and responsibilities in accordance to the approved TORs.

Based on the Directors' peer evaluation, all the Directors were satisfied that each of them had performed their respective roles and functions effectively and responsibly. Each member was satisfied with each other's contribution in sharing their insights, ideas, experience as well as knowledge. Each director had participated effectively in the Board and Board Committees' discussions. They had good grasp and understanding of the issues raised in the agenda of the meetings. All the Directors were not afraid to express their honest opinions but in fact were ready to challenge the assumptions made in the board papers presented. Therefore, there was no risk of group think in the Board. Nevertheless, there was an atmosphere of cordial, respect and good working relationship amongst their peers.

The Board was also satisfied with the Chairman's leadership, role and performance. The Chairman had a healthy working relationship with the Group MD and was well respected by the Management. The Chairman was able to lead the Board in an open discussion on the agenda items of the meetings. He had encouraged and promoted a culture of frank opinions in all meetings which allowed for rigorous deliberations and healthy debates to take place.

The Directors' peer evaluation also indicated that all the Directors had performed satisfactorily according to their roles and responsibilities as per the Board Charter.

The results of Directors' Peer Evaluation for the FY2021 were detailed as below:



Note: The results were based on average rating of all participating Directors.

- Contribution to Interaction**
Sharing of information of insights, participation in Board activities, works constructively with peers, takes strong constructive stands at Board or committee meetings, encourages feedback from the Board, encourages meetings to focus on the agenda and confronts conflicts and participate in finding resolutions.
- Quality of Input**
Providing logical honest opinions on issues presented; provides unique insight to issues presented; has valuable skills, prioritise context of issues to be in line with objectives; motivate others to get things done, is decisive and action-oriented; provides realism and practical advice to board deliberations; and applies analytical and conceptual skills to the decision-making process; as well as communicates persuasively in a clear and non-confrontational manner.
- Understanding of Role**
Contributes value add to Board meetings; attends meeting well prepared; takes initiative to request for more information; ensures that individual contribution is relevant and up-to-date with developments; focuses on accomplishing the objectives; assess and link short-term issues to the long-term strategy; as well as ensures performance of financial and human capital, keeping in mind the strategic plan when making investment decisions.
- Chairman's Role**
Chairman's ability to lead the Board effectively; encouraging contribution from all members and that the Chairman and Group MD have a good working relationship and they understand their respective roles.

OUR GOVERNANCE FRAMEWORK

Directors' Induction, Training and Development

The Company has a structured induction programme that is tailored for all newly appointed Directors. This includes, where appropriate, meetings with members of the senior management and visits to the business divisions and their respective management teams in each of the Company's business sectors. Ongoing training and development beyond the induction process is encouraged. The Director and the Alternate Director appointed during the financial year under review had completed their Mandatory Accreditation Programme.

Each new Director receives background information on the Group immediately upon confirmation of appointment. We will arrange an induction programme where each new Director receives information on all aspects of the Group's business operations, including the following topics:

- Overview of the Group's various businesses and the financials of the holding company and its key business units to be presented by Chief Financial Officer ("CFO") including approved annual budgets, Key Performance Indicators ("KPIs") and financial forecasts.
- The Group's medium and long term strategy to be presented by the Group MD or his designate.
- Board structure, corporate structure, governance processes including roles and responsibilities of Director/Independent Director, Director's compensation and perquisites as well as the Company's Directors and Officers liability insurance to be presented by Company Secretary.
- Overview of top level organization chart, profiles of senior management, key management succession plan and Human Resources policies and practices to be presented by Group Human Resources.
- Understanding the Group's risks management framework and key risk profiles to be presented by the Group Risk Management Division.
- Overall control environment, Internal Audit and its Audit Plan by Group IAD.
- Core businesses by the Head of Business Units.
- Significant litigations (if any) to be presented by CFO.

In view of the increasing demanding, complex and multi-dimensional role of a director, the Board recognises the importance of continual training and professional development for its Director so as to be able to serve effectively on, and contribute positively, to the Board.

During the FY2021, all members of the Board attended various development/training programmes, conferences, seminars and courses organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and business development. The Company Secretary maintained a training record to track the Directors' attendance at training and professional development courses.

Summary of the trainings attended by the Directors during the financial year under review:

No.	Name of Directors	Title of Seminar / Workshop Attended
1	Dato' Ir Goh Chye Koon	Top Tech Trends - What Do They Mean For Your Organization
2	Chung Soo Kiong	Webinar Forum 2021 - Macro and Market Outlook: Nearing an Infection Point
		Malaysia in Focus / OCBC Global Treasury e-Forum (2 nd Edition)
		Post-Pandemic 2022: Boom or Bust
3	Dato' Dr Johari Bin Basri	Maybank Global Markets 2022 Outlook: The Pandemic Economy 2.0
		Rebuilding a Sustainable Economy (Series 1: Economic Reform)
		Board Committees Overview
		FCD Module B: Stakeholder Primacy in a Post-COVID Era
		Masterclass: Board Behavioural Dynamics
4	Dato' Siow Kim Lun	Energy Efficiency Reduces Operation Cost, Enhances Reputation and Increases Competitiveness
		Building an Inclusive Digital Economy - Empowering People and Enabling Business for a Digital Malaysia
		Audit Committee Conference 2021
		PowerX: Building the Mindsets of Tomorrow
		A Boardroom Simulation Live! Corporate Strategy Beyond the Crisis
5	Dr Sarinder Kumari	Reimagining Your Business With AI
		Malaysia in Focus / OCBC Global Treasury e-Forum (2 nd Edition)
		Board Committees Overview
6	Cindy Tan Ler Chin	Corporate Liability: S17A of the Malaysian Anti-Corruption Commission ("MACC") Act
		Top Tech Trends - What Do They Mean For Your Organization
		Case Discussion: Post Section 17A MACC Implementation
7	Tan Sri Dato' (Dr) Chew Chee Kin	Khazanah Megatrends Forum 2021
		Bank Negara Malaysia FIDE Training Program
		Your biggest "S" in ESG: Sustainable Human Capital Management & Workplace Transformation
8	Evan Cheah Yean Shin	Rethink, Reimagine & Redesign: Business Model of the Future
		Reimagining Your Business With AI
		Top Tech Trends - What Do They Mean For Your Organization
9	Liew Kok Wing (Alternate Director)	Directors' Duties and Climate Change
		Reimagining Your Business With AI
		Top Tech Trends - What Do They Mean For Your Organization
		Sustainability Reporting and Climate Change
		Webinar Forum 2021 - Macro and Market Outlook: Nearing an Infection Point

OUR GOVERNANCE FRAMEWORK

Board Diversity

The Board recognises that diversity, in all its dimensions, across an organisation, including at Board level, is important to support innovation, strategic development and operational efficiency. It takes very seriously its responsibility to comply with the recommendations of the CG Code 2021, encouraging increased participation by women on boards. The proportion of women Directors sit on the Board of the Company, which is currently two out of eight, is 25%.

It is the Board's policy to recruit Board members based on skills and experience. The Board will keep its balance and composition under regular review and when doing so will take into account the recommendations of the above report.

REMUNERATING OUR BOARD

The Group recognises that in order to attract and retain Directors is to have a fair and comprehensive remuneration package that commensurate with their experience, skills and responsibilities as well as benchmarking against industry's standards. In view of this, the remuneration package for Group MD and Directors' fees for Non-Executive Directors were determined by benchmarking against remuneration packages of relevant position with similar industry and business size. It is structured on the basis of linking rewards to corporate and individual performance. The performance and remuneration package of the Group MD is subject to evaluation and determination of the NRC.

For Non-Executive Directors including the Chairman, the level of remuneration reflects their knowledge, experience and level of responsibilities. In addition, the remuneration is benchmarked against industry's peers of similar size as well as complexity of the Group's businesses. The remuneration of the Non-Executive Directors consists of fixed annual directors' fees and meeting allowances for each Board or Board Committees meeting attended.

The Board as a whole determines the fees for the Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees and allowances payable to the Non-Executive Directors are subject to the prior approval of shareholders at the AGM of the Company. The amount of fees is benchmarked against public listed companies of similar size and industry.

In addition to the directors' fees, the Chairman and members of the AC are entitled to AC's fees in respect of their governance and oversight responsibilities over financial reporting, internal control system, risk management system, internal and external audit function. The AC's fees are also subject to shareholders' approval and payable annually together with the payment of the directors' fees.

The fees will be reviewed as and when the need arises.

Board Chairman

RM180,000 PER YEAR

Non-Executive Director

RM100,000 PER YEAR

Meeting allowance

RM500 PER MEETING

AC Chairman

RM6,000 PER YEAR

AC Member

RM3,000 PER YEAR

The details of the Directors' remuneration for the FY2021 are disclosed in the CG Report, which is available on the Company's website at

<https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

OUR GOVERNANCE FRAMEWORK

MAIN ACTIVITIES OF THE BOARD DURING THE FINANCIAL YEAR

The Board reviews and updates at each meeting a rolling calendar of all key matters to ensure they allocated adequate time for discussion during each year. A summary of the main activities of the Board during the FY2021 is set out below.

PRINCIPAL MATTERS CONSIDERED BY THE BOARD IN FY2021

FINANCIAL

- Business plan and budget 2021
- Unaudited quarterly results and audited financial statements for FY2020
- Dividend decisions
- Audit and Non-Audit fees

GOVERNANCE, RISK MANAGEMENT AND INTERNAL CONTROLS

- Integrated Report 2020 including Corporate Governance Overview Statement, Audit Committee Report, Statement on Risk Management and Internal Control, Sustainability Statement, Management Discussion and Analysis and Chairman's Statement
- Corporate Governance Report 2020
- Circular to Shareholders in relation to the shareholders' mandate for recurrent related party transactions of a revenue or trading nature, renewal of share buy-back authority and amendments to the Constitution of the Company
- Amendments to the existing TORs of the Board Committees, Board Charter and Corporate Disclosure Policy
- Appointment of independent expert for the Board evaluation exercise for FY2022
- Appointment of new Independent Non-Executive Director and Alternate Directors
- Appointment of Tricor Investor & Issuing House Services Sdn Bhd as new Share Registrar
- Appointment of Mega Corporate Services Sdn Bhd as event manager for virtual general meetings(s) to be held in year 2022
- Payment of fees and benefits payable to Non-Executive Directors
- Remuneration package for key senior management, i.e. Group MD, CFO and MD of Sunway Construction Sdn Bhd ("SCSB")
- Performance scorecards of the Group MD, CFO and MD of SCSB
- Updates on regulatory/statutory requirements and pronouncements
- Risk management and internal controls
- Recommendation for the re-appointment of BDO PLT as External Auditors of the Company for FY2021
- Recommendation of Directors standing for re-election at the AGM
- Annual Board evaluation and effectiveness and Independent Non-Executive Directors' independence
- Directors' Continuing Education Programme attended by the Directors
- Size, structure, composition and gender diversity of the Board and Board Committees
- Senior management succession planning
- Updates from the Chairman/ Chairperson of the Board Committees on the committees' meeting proceedings
- Authority visits and statutory cases within the Group

SUSTAINABILITY

- Formation of Board Sustainability Committee and appointment of its members
- Approval of the TOR of Board Sustainability Committee

BUSINESS DEVELOPMENT & STRATEGY

- Overall performance of the Group
- Approved the updated allocation of power between the management and the Board as delineated in the Limits of Authority
- Updates from Group MD and CFO in relation to the businesses undertaken by the Group
- Establishment of Cash Investment Policy which stipulated the guidelines for the Group's investment in equity and fixed income investments
- Updates on overseas business operations (India)
- Mandate for the renewable energy investment

OUR GOVERNANCE FRAMEWORK

THE NOMINATION AND REMUNERATION COMMITTEE

The NRC comprises exclusively Independent Non-Executive Directors. The Chairman of this Committee for FY2021 was Dato' Dr Johari Basri. The other members of the Committee were Dato' Ir Goh Chye Koon *(ceased to act as the NRC member w.e.f. 1 June 2021)*, Dato' Siow Kim Lun, Dr Sarinder Kumari A/P Oam Parkash ("Dr Sarinder Kumari") and Tan Sri Dato' (Dr) Chew Chee Kin and Ms Cindy Tan Ler Chin ("Ms Cindy Tan") *(appointed w.e.f. 15 September 2021)*.

The NRC is responsible for reviewing the composition, size, diversity and balance of the Board. It ensures that the Board comprises Directors with appropriate skills, knowledge, expertise and experience as well as having a proper balance between Executive Director and Independent Non-Executive Directors. It is also responsible for advising the Board on matters relating to the remuneration of the Board and senior management in order to retain and attract the best talents in the market.

It regularly reviews the criteria to be used in the Board recruitment process. In the case of candidate proposed for appointment as Independent Non-Executive Director, the NRC would assess the candidate's independence in accordance with Paragraph 1.01 and Practice Note 13 of the Listing Requirements of Bursa Securities as well as his/her time commitment and potential contribution.

It also undertakes and facilitates the annual assessment of the Board and Board Committees. In addition, it is responsible for the succession planning of the Board and senior management.

The duties and responsibilities of the NRC are set out in the TOR of the NRC which is available on the Company's website at

<https://www.sunwayconstruction.com.my/investor-relations/corporate-governance>

During the financial year, five (5) meetings were held to deliberate on the following matters:

At the meeting held on 23 February 2021, the NRC deliberated on the following matters:

- The proposed alternative Board assessment was discussed and it was resolved that the internal assessment facilitated by the Company Secretary would be maintained for FY2021.
- The NRC reviewed and discussed the results of the evaluation on the effectiveness of the Board and Board Committees. Some of the areas of improvements were noted and would be recommended to the Board for actions.
- The Non-Independent and Non-Executive Directors and the Group MD also undertook a comprehensive assessment of individual Independent Non-Executive Directors' performance and contribution based on a pre-determined set of criteria. All the Board members had also conducted Directors' peer review for FY2020.
- Based on the annual assessment, the NRC was satisfied with the effectiveness of the Board in discharging duties and responsibilities in accordance with the Companies Act 2016 and Listing Requirements. As for the Board Committees, the Board was satisfied with their effectiveness in discharging their roles and responsibilities as stated in their respective TORs.
- The NRC also evaluated and was satisfied with the existing size, structure and composition of the Board and Board Committees. The composition of the Board and Board Committees had fulfilled the requirements of the Listing Requirements of having majority Independent Non-Executive Directors.
- The Independent Directors had individually confirmed their continued independence in accordance with the Listing Requirements of Bursa Securities and that they would continue to act for the best interest of all stakeholders.
- The NRC was pleased that all the Directors had attended their respective training requirements in 2020. The Committee always encouraged the Board members to attend specific training programmes in order to keep themselves abreast with the rapidly changing economic, business, technological and regulatory environment as well as financial reporting standards.
- The individual performance of Dr Sarinder Kumari, Mr Evan Cheah Yean Shin and Mr Chung Soo Kiong who were subject to retirement by rotation pursuant to Clause 106(1) of the Company's Constitution were assessed by the other Board members. The retiring Directors had offered themselves for re-election at the Company's 7th AGM held on 25 August 2021.

Based on the peer review assessment ratings, the NRC subsequently recommended the retiring Directors to the Board and shareholders for re-election. The resolutions to re-elect the said Directors were subsequently approved by the shareholders at the Company's 7th AGM.

- The NRC reviewed the revised performance appraisal of the Group MD and CFO of the Company, as well as the MD of SCSB for financial year 2020 due to the impact from COVID-19 pandemic.

The NRC also reviewed the new KPIs for performance scorecards of the Group MD, CFO and MD of SCSB for FY2021.

OUR GOVERNANCE FRAMEWORK

THE NOMINATION AND REMUNERATION COMMITTEE (CONT'D)

At the meeting held on 19 April 2021, the NRC met to discuss the following matters:

- The revised and updated performance scorecard of the CFO which embedded a new category namely, "Awards and Recognition (Branding)", was approved by the NRC. The NRC also requested the Head of Human Resources ("Head of HR") to revisit the performance scorecards of Group MD and MD of SCSB to include the "Awards and Recognition (Branding)" KPI.
- The NRC reviewed and endorsed the NRC Statement which formed part of the Company's Integrated Report 2020.
- The NRC approved and recommended the appointment of Institute of Corporate Directors Malaysia ("ICDM"), an external consultant to undertake the Board and Board Committees' evaluation exercise for year 2022, subject to the availability of exit cost agreement.
- The NRC reviewed the incentive formula of Group MD.
- The NRC reviewed the management restructuring.

At the meeting held on 19 August 2021, the NRC deliberated on the following matters:

- The NRC had interviewed and assessed Ms Cindy Tan, who was nominated as an Independent Non-Executive Director. Having satisfied with Ms Cindy Tan's qualification, experiences and competencies, the NRC then recommended her nomination to the Board for approval. She was subsequently appointed by the Board on 15 September 2021 as an Independent Non-Executive Director as well as a member of AC and NRC.
- The NRC had also reviewed and approved the methodology and survey format on the evaluation of the Board Effectiveness, Board Committees, Directors' Peers Evaluation and the assessment of the Independent Non-Executive Directors.
- The revised and updated performance scorecards of the Group MD and MD of SCSB which included two additional key results areas under the "Strategic Initiatives, Branding and Sustainability" were endorsed by the NRC.
- The NRC had discussed on the engagement of ICDM for the Board and Board Committees' Evaluation exercise for FY2022.
- The NRC had also discussed and endorsed the mid-year performance appraisal of the Group MD, CFO and MD of SCSB.

At the meeting held on 13 October 2021, the NRC met and discussed on the following matter:

- The NRC interviewed Dato' Tan Kia Loke and after deliberation, endorsed the appointment of Dato' Tan Kia Loke as an Alternate Director to Mr Evan Cheah Yean Shin. The NRC then recommended the proposed appointment for Board's approval. He was subsequently appointed by the Board on 29 October 2021.

At the meeting held on 18 November 2021, the NRC deliberated on the following matters:

- The NRC reviewed its revised TOR to ensure that it was up-to-date with the recent revisions to the regulatory requirements and corporate governance guidelines. The NRC then approved the revised TOR and recommended it to the Board for approval.
- The NRC was briefed by the Head of HR on the management succession plan. The potential successors were identified and tracked for development for key senior management positions. The NRC further deliberated on leadership transition of the Company and its Group and resolved that Mr Liew Kok Wing, the existing MD of SCSB, will take over the role as Group MD from Mr Chung Soo Kiong with effect from 1 April 2022.
- The NRC had reviewed the Remuneration Policy for Directors and Senior Management which had been amended to include ESG as the Company viewed seriously the ESG application in the Group's operations.

The Board, through the NRC, had assessed the independence of each Independent Directors annually based on a set of criteria as specified in the Listing Requirements of Bursa Securities. All the Independent Directors themselves confirmed their independence by way of Self-Assessment checklist as defined in the Listing Requirements of Bursa Securities.

The Board has a policy whereby the tenure of an Independent Non-Executive Director shall not exceed a cumulative term limit of nine (9) years. If the Board intends to retain an Independent Director beyond nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after the twelfth (12th) year, annual shareholders' approval must be sought through two-tier voting process.

During the financial year under review, none of the Independent Non-Executive Directors has reached the nine (9) years tenure.

OUR GOVERNANCE FRAMEWORK

EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The AC is led by Dato’ Siow Kim Lun, who is not the Chairman of the Board. The other members of the AC for the FY2021 were Dato’ Dr Johari Basri, Dr Sarinder Kumari and Ms Cindy Tan Ler Chin all of whom were Independent Non-Executive Directors. The composition meets the requirements of paragraph 15.09(1)(a) and (b) of the Listing Requirements. The AC Chairman was approved and recognised by the Bursa Securities as a person qualified for the purpose of paragraph 15.09(1)(c)(iii) of the Listing Requirements of Bursa Securities whereby he has relevant expertise in accounting and financial management domain.

The Board has a policy requiring a former key audit partner to observe a cooling-off period of at least 3 years before being appointed as a member of the AC.

The AC has explicit authority to investigate any matter within its TOR. Management provides their fullest co-operation in providing information and resources, and in implementing or carrying out all requests made by the AC. The AC has direct access to the internal and external auditors and has full discretion to invite any executive officer to attend its meetings. Similarly, both the internal and external auditors have unrestricted access to the AC.

In FY2021, the AC met the External Auditors separately twice, on 23 February 2021 and 19 April 2021 respectively and once with the internal auditors on 17 November 2021 without the presence of the Management. The AC discussed on the reasonableness of the financial reporting process, the system of internal controls, management co-operation in the audit process and significant comments and recommendations submitted by both the internal and external auditors.

In assessing the suitability of the External Auditors, the AC is guided by the Policy on Selection of External Auditors. It also monitors the provision of non-audit services by the External Auditors to ensure that the non-audit services fees do not exceed 50% of the total audit fees payable to them.

During the year, the AC assessed the suitability of re-appointing Messrs BDO PLT (“BDO”) as External Auditors for FY2021. The assessment was based on the audit quality, past performance, effectiveness and independence of the External Auditors. The annual assessment of the performance of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, timely delivery, fees and adequacy of resources. The AC had also considered the non-audit services provided by the External Auditors during the financial year.

The outcome of the assessment was tabled to the AC on 19 April 2021. There were no major concerns highlighted in the External Auditors Assessment Report. The AC was generally satisfied with the performance of the External Auditors for financial year ended 31 December 2020. Therefore, the AC had recommended for shareholders’ approval at the 7th AGM of the Company held on 25 August 2021, the proposed re-appointment of BDO as External Auditors for FY2021.

The External Auditors has a policy of rotating their engaging partner in charge of the audited financial statements of the Company and the Group once every seven (7) years to maintain their independence from the Group. Nevertheless, the Board has an option of rotating an audit firm at its own discretion. The current audit engagement partner has held the position for seven (7) years. The rotation of new audit engagement partner’s responsibilities within BDO will take place in FY2022.

In addition, the External Auditors will be invited to attend the Company’s AGM/Extraordinary General Meeting(s) and will be available to answer any questions from the shareholders on the conduct of the statutory audit and the contents of the audited financial statements as well as any corporate exercise undertaken by the Group where the External Auditors are involved.

The Board, through its NRC, reviews annually the performance of the AC. The evaluation covered key aspects such as the members’ financial literacy levels, ability and skills to pose probing questions, competencies in grasping complex audit issues as well as having relevant up-to date knowledge to discharge their duties and responsibilities under its TOR. Based on the assessment for FY2021, the Board was satisfied with the performance and effectiveness of the AC.

The detailed report of the AC is set out in the Audit Committee Report section on page 114 of this Integrated Report.

OUR GOVERNANCE FRAMEWORK

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board remains committed towards maintaining a sound risk management and internal control systems and policies to safeguard the shareholders interest. The Group maintains an adequate and effective system of risk management and internal controls addressing material financial, operational, regulatory, compliance and information technology risks to safeguard the stakeholders’ interests.

The Board supported by the AC and the RMC, recognises that the risk management and internal control systems established can provide only reasonable assurance that the Group will not be significantly affected by any event that can be reasonably foreseen or anticipated. There are no systems of risk management and internal controls that can provide absolute assurance in this regard, or absolute assurance against poor judgement in decision making, human error, losses, fraud or other irregularities.

The Board through the AC and RMC, has overall responsibility for the governance of risk and oversees the Management in the design, implementation and monitoring of the risk management and internal controls system. The RMC oversees the adequacy and effectiveness of the risk management framework, systems and policies of the Group. The AC is tasked with the responsibility of evaluating the reliability, adequacy and effectiveness of the Group’s risk management and internal control system, including whether there is prompt and accurate recording of transactions and proper safeguarding of assets. The IAD which is in-charge of the internal audit function, assists the AC in reviewing, evaluating and monitoring the effectiveness of the Group’s governance, risk management and internal control processes.

The RMC is assisted by the Risk Management Working Group (“RMWG”) at the operational level. The RMWG identifies, mitigates and monitors the critical risks highlighted by each Business Divisions. The Board through the RMC, has received assurances from the Group MD and the CFO that the risk management framework and internal controls system of the Group are operating adequately and effectively.

Regular assessments on the adequacy and integrity of the internal controls and monitoring of compliance with policies and procedures are also carried out through internal audit exercises. The risk-based internal audit plan that includes internal audit coverage and scope of work were presented to the AC for its consideration and approval annually. Internal audit reports encompassing the audit findings together with recommendations thereon are presented to the AC on a quarterly basis. The internal auditors and Management are tasked to ensure management action plans are carried out effectively and regular follow-up audits are performed to monitor the continued compliance.

Details of the Risk Management Framework and internal controls system of the Group are as set out in the Statement on Risk Management and Internal Control section on pages 120 to 124 of this Integrated Report.

RISK MANAGEMENT COMMITTEE

The RMC has oversight on the Group’s risk management framework and policies. The RMC comprised exclusively Non-Executive Directors and is headed by Dr Sarinder Kumari, with Dato’ Ir Goh Chye Koon, Dato’ Siow Kim Lun, Dato’ Dr Johari Basri and Evan Cheah Yean Shin as members.

The Group’s overall risk management processes is the responsibility of the Board undertaken through the RMC. The RMC supports the Board and management in setting the tone from the top so as to embed and maintain appropriate risk culture. It guides the development of and recommends for the Board’s approval, the risk appetite of various risks identified. It exercises oversight on how this is operationalised into individual risk appetite limits.

The RMC, with the assistance of the RMWG:

- (i) Evaluates and determines the nature and extent of the risks the Board is ready to endorse in pursuit of the Group’s strategic objectives;
- (ii) Ensures an appropriate and effective risk management framework is established and maintained;
- (iii) Monitors the design and implementation of the risk management framework;
- (iv) Oversees management of risk identification, reporting and mitigation efforts. The risk management review is reported to the RMC on a quarterly basis for review and discussion; and
- (v) Reviews and approves the Statement of Risk Management and Internal Control.

During the FY2021, five (5) meetings were held to deliberate on the following matters:

- (i) Reviewed the risk category and risk appetite of the Group;
- (ii) Reviewed and deliberated the quarterly risk reports which explained the identified principal risks at operational levels, the corresponding rating for each risk as well as the control and mitigation action plans taken;
- (iii) Reviewed and endorsed the Statement on Risk Management and Internal Control to be included in the Company’s Integrated Report 2020;
- (iv) Reviewed and update the RMC’s TOR to be in line with the regulatory and CG Code requirements; and
- (v) Reviewed the Anti-Bribery and Corruption Compliance Report presented by the Anti-Bribery and Compliance Officer

During the year under review, the RMC discussed the findings and the impact of the following potential risks:

- (i) Bribery and corruption practices;
- (ii) Delay in project delivery resulting in liquidated ascertained damages (LAD) and reputational risk;
- (iii) Staff & skilled personnel turnover;
- (iv) Cost overrun;
- (v) Lack of return on investment of machineries/assets and idling machines;
- (vi) Reliability of sub-contractors;
- (vii) Sub-contractors’ workers’ accreditations from Construction Industry Development Board;
- (viii) Foreign workers working permit;
- (ix) Scarcity of construction projects in the market;
- (x) COVID-19 pandemic outbreak; and
- (xi) Collection

For more details of the Risk Management Framework and Internal Controls system of the Group, please refer to the Statement on Risk Management and Internal Control on pages 120 to 124.

OUR GOVERNANCE FRAMEWORK

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of maintaining accountability to the shareholders of the Company, and promoting regular, effective and fair communication with shareholders and all stakeholders. The Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public in its effort to strengthen its relationship with the shareholders.

The Board has in place a Corporate Disclosure Policy which covers the Company's approach toward the determination and timely dissemination of material information, the circumstances under which the confidentiality of information will be maintained, response to market rumours or adverse or inaccurate publicity as well as restrictions on insider trading.

The communication channels used in the Company's engagement with its stakeholders include:

- (a) Up-to-date information on the Company's website;
- (b) An investor relations team;
- (c) Announcements via Bursa LINK;
- (d) Annual reports;
- (e) General meetings;
- (f) Investors, analysts and media briefings;
- (g) Domestic and overseas roadshows and investors conference; and
- (h) Investor Relations Mobile Application.

The Company maintains a corporate website, www.sunwayconstruction.com.my to disseminate information and enhance its investor relations. All disclosures, material information and announcements made to Bursa Securities via Bursa LINK are published on the website shortly after the same is released by the news wire service or the relevant authorities. Supplemental, non-material information will be posted on the website as soon as practicable after it is available. There is an Investor Relations section on the website which provides the Company's investor relations efforts as well as all relevant information about the Company, such as financial information, announcements released to Bursa Securities, general meetings materials, investor presentations, corporate governance matters, distribution information, press releases to the media and investor centre. The information is easily accessible to the public. Minutes of AGMs, annual reports and circulars to shareholders are also made available at this website for review.

In addition, the Company also announces the targeted date for release of the financial results of the Company 2 weeks in advance prior to each Board meeting in order to keep the shareholders and investing public aware of the timing of the release of the financial results.

The Board recognises the need for due diligence in maintaining, updating and clearly identifying the accuracy, veracity and relevance of information on the website. All timely disclosure and material information will be clearly date-identified. The Management has ongoing responsibility for ensuring that information in the Company's website is up to date.

While the Company endeavours to provide as much information as possible to the shareholders and stakeholders of the Company, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Company has also in place an insider trading policy to safeguard confidentiality of the material and price-sensitive information of the Company.

The Board has in place an Investor Relations team supporting the Group MD and the CFO to facilitate effective communication with shareholders, potential investors, analysts, fund managers and the media. In addition, the email address, name and contact number of the Investor Relationship Officer is listed on the Company's website to enable the public to forward queries relating to the Company.

The Company also disseminates Quarterly Reports and Corporate Presentations to all research analysts and investors via email communications as soon as the information is released to Bursa Securities. The Company also provides research analysts and investors continuous updates on the latest order book secured and outstanding order book. During FY2021, the Company had participated in various virtual investor conferences and road shows in Malaysia.

OUR GOVERNANCE FRAMEWORK

Building stronger relationships

To promote the success of the Company, we strive to foster strong business relationships with customers, suppliers and the communities in which we operate, and meet the interests of our employees while acting fairly for the benefit of shareholders as a whole. Engagement with our key stakeholders helps to ensure we have a long-term sustainable business model that provides good quality homes for our customers.

All Directors take into consideration the interests of stakeholders in their decision making. Whilst the importance of giving due consideration to our stakeholders is not new, this part of the report sets out how we engage with, and take into consideration, the interests of those key stakeholders who are material to the long-term success of the business.

Our key stakeholders are our shareholders, our business partners, our employees, our suppliers, the communities in which we operate, our customers and the Government and regulators. The stakeholders' voice is brought into the boardroom throughout the annual cycle through information provided by management and also by direct engagement with stakeholders themselves.

The following pages describe the engagement process in more detail.

STAKEHOLDER ENGAGEMENT

- Related Material Matters: Products and Services Governance Environment Society Employees

CLIENTS	Expectations of Stakeholders:	Our Response:
<p>Related Material Matters:</p> <p>To deliver products and services that meets their expectations, we engage them via:</p> <ul style="list-style-type: none"> Annual Client Satisfaction Survey (CSSS) Scheduled progress meetings, site visits and updates One off Quality Assessment System in Construction (QLASSIC) by Construction Industry Development Board (CIDB) Malaysia upon project completion Dissemination of information and disclosure of materials on our website at www.sunwayconstruction.com.my 	<ul style="list-style-type: none"> Delivery of products within time, cost, quality and compliance with relevant standards Provide expertise and knowledge in constructability solutions Conduct business with professionalism and good business ethics Highest level of legal compliance throughout construction process 	<ul style="list-style-type: none"> Conduct scheduled internal inspections and audits through Sunway Quality Management System (SQMS) and Progressive Quality Assessment (PQA) by internal experts Ensure workers are trained and skilled in their scope of works Conduct annual CSS to assess customers satisfaction in our deliverables for further improvement (CSS Response Rate 2021: 97.5%; 2020: 96.1%) Emphasis on good governance and business ethics within the workforce Established internal target of average annual QLASSIC score of 80% and above (Average QLASSIC score 2021: 83%; 2020: No assessment was conducted) <p><i>For more details, refer to Product Safety and Innovation on page 68.</i></p>

AUTHORITIES AND REGULATORS	Expectations of Stakeholders:	Our Response:
<p>Related Material Matters:</p> <p>To understand the changes and impact of relevant laws, regulations, guidelines, policies, we engage them via:</p> <ul style="list-style-type: none"> Regular reporting, engagement and timely updates Active participation and contribution to the industry through dialogues and forums, workshops, working groups and partnerships Unscheduled site inspections and visits Thematic events and initiatives launches 	<ul style="list-style-type: none"> Compliance to regulatory requirements and guidelines Ensure balance between stringent compliance controls and safeguarding client needs Cultivate a risk-aware culture where the potential risks to our business operations have been assessed and mitigated 	<ul style="list-style-type: none"> Continuous review and enhancement of our system and processes as our first impediment on risk management Implement best management practices for environmental, safety and health management Conduct scheduled internal inspections and audits as required in SunCon QESH Management System Established internal targets for Safety and Health performance (Lost-time incident rate (LTIR) 2021: 0.16; 2020: 0.54) Ensure business operations meet all regulatory requirements while pursuing business objectives and targets (No compounds and fines received on environmental non-compliance in FY 2021) <p><i>For more details, refer to Safety and Health on page 78.</i></p>

OUR GOVERNANCE FRAMEWORK

SHAREHOLDERS, INVESTORS AND ANALYSTS

Related Material Matters:

As our financial capital providers, we engage and update them via:

- Statutory announcement (when required)
- AGM and EGM
- Corporate events
- Ad-hoc media conferences
- Ad-hoc one-on-one meetings with management
- Annual Report
- Dissemination of information and disclosure of materials on our website at www.sunwayconstruction.com.my

Expectations of Stakeholders:

- Sustainable earnings generation and stable dividend stream
- Robust direct and indirect economic performance and impact
- Stay ahead of emerging opportunities and create competitive edge
- Timely and transparent reporting
- Strong corporate governance
- Prudent risk management strategies
- Embed sustainability considerations into business operations and practices
- Practice responsible consumption and production and to be a good corporate citizen

Our Response:

- Create sustainable value leveraging on diversified portfolio across regions where we operate
- Emphasis on strong liquidity and capital management to preserve financial viability
- Harnessing the prospects of Industrial Revolution 4.0, creating potential business opportunities and new ventures
- Established SunCon Future Value Goals 2030 which describes our commitment towards sustainability
- Provide timely updates of business performance (4 Bursa announcements in 2021)

For more details, refer to Segmental Performance report on page 42 to 59.

EMPLOYEES

Related Material Matters:

To understand and cater to their diverse needs, we engage them via:

- Biennial Employee Engagement Survey
- Annual materiality survey
- Regular electronic and printed communication (e.g. email, safety alerts, Knowledge Management portal)
- SunCon Social Club activities

Expectations of Stakeholders:

- A safe, healthy and conducive work environment
- Fair remuneration
- Equipped with future-ready skills and capabilities to remain relevant within the job market
- A workplace that embraces diversity and inclusion

Our Response:

- Emphasis on hazard identification, risk assessment and risk control to prevent undesirable events and to safeguard the health, safety and welfare of our people
- Crafting holistic approach to learning with the clear focus to strengthen our organisational capabilities, curating a flexible and forward-looking learning strategies that supports our talent pipeline
- Embracing diversity and inclusion in the workplace where our people are treated fairly with empowerment to have the opportunities for career progression and enhanced employability

For more details, refer to Human Capital Development on page 74.

SUPPLIERS AND SUBCONTRACTORS

Related Material Matters:

To ensure we support and develop our value chain, we engage them via:

- Biennial Business Partner Satisfaction Survey
- Annual Subcontractors and Suppliers Performance Evaluation
- Annual materiality survey
- Subcontractor, Suppliers and Consultants Sustainability Risk Assessment (when required)
- Monthly Environmental, Safety and Health (ESH) Committee at project site level
- Regular engagement with subcontractors and suppliers to communicate latest updates on emerging legal requirements

Expectations of Stakeholders:

- Sustainable procurement practices and supply chain management
- Professional and transparent procurement process
- Timely payment
- Knowledge sharing and capacity building
- A safe, healthy and conducive work environment

Our Response:

- Proactively seek to create and sustain synergistic partnership with our value chain partners
- Emphasis on provision of transparent supply chain and contract management processes and continually review these processes to achieve win-win solution
- Continuous implementation of e-bidding system to ensure transparency and paperless transactions
- Continuous implementation of Esker software for payment processes to ensure timely payments
- Emphasis on the provision of a safe, healthy and conducive workplace for our subcontractors workers through active participation and consultation in our site specific monthly ESH Committee meetings

For more details, refer to Supply Chain Management on page 67.

OUR GOVERNANCE FRAMEWORK

GENERAL PUBLIC AND COMMUNITIES

Related Material Matters:

We engage the local communities that we impact through:

- SunCon Hotline
- Dialogues and announcements to inform public members on inconveniences caused due to our operations within the locality
- Strategic collaboration with local social entrepreneur and non-profit organisations for community outreach programmes
- Dissemination of information and disclosure of materials on our website at www.sunwayconstruction.com.my or social media platform including LinkedIn, Instagram and YouTube

Expectations of Stakeholders:

- Responsible corporate citizen which gives back to the community
- Responsible for the livelihood of the surrounding community throughout the construction phase
- Safeguarding public safety
- Indirect economic impact through job creations and spent on local suppliers

Our Response:

- Proactively seek to safeguard the health and safety of public members and local communities where we operate through emphasis on hazard identification, risk assessment and risk control (Accidents involving public in 2021: 0; 2020: 0)
- Provide employment opportunities for young graduates (76% new hires in 2021 are below 30 years old)
- Provide learning platform for pre-graduates to gain hands-on experience for better preparation to launch into the working community (opportunities for 114 interns in 2021)
- Provision of sponsorships and volunteers under the umbrella of Sunway's CSR initiatives #SunwayforGood
- Continuous support for the Jeffrey Cheah Foundation championing the need of quality education

For more details, refer to Community Engagement on page 83.

Conduct of General Meetings

The Board encourages shareholders' participation in general meetings. The AGM of the Company provides a principal forum for shareholders to share their views. It also provides open dialogue opportunity and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutional at general meetings on clarifications of pertinent and relevant information is encouraged.

Due to the constant evolving COVID-19 pandemic situation in Malaysia, the Company had leveraged on digital technology to conduct its 7th AGM on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting facility. This virtual meeting had enabled shareholders to participate remotely wherever they were. A shareholder who was not able to participate in the AGM was given the option of appointing a proxy to participate remotely and vote online on his or her behalf.

In 2021, the Company had served more than 28 days' notice for its 7th AGM which was initially scheduled on 23 June 2021. However, pursuant to the Full Movement Control Order imposed by the Government and its subsequent extensions to curb the spread of COVID-19, the Board had postponed the 7th AGM to 25 August 2021. A 28-day notice was given for the postponed 7th AGM. The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Integrated Report 2020 and to make necessary registration to participate in the virtual meeting. The Company also distributed together with the Notice of 7th AGM, an Administrative Guide, which furnished useful information regarding the conduct of the 7th AGM, such as details of the virtual meeting, shareholders' entitlement to participate and vote in the virtual meeting, their right to appoint proxy, steps and procedures to access and vote in the virtual AGM.

At the commencement of the 7th AGM, the Group MD gave a detailed presentation of the Company and of the Group's financial performance for financial year ended 31 December 2020.

The Chairman provided ample time and opportunity for the Questions and Answers session during the AGM. All the Directors together with the Group MD, CFO and External Auditors were present to respond to all questions asked by shareholders. Shareholders were also encouraged to send in their questions prior to the AGM via email or through the online platform provided by the Company's Share Registrar. All suggestions and comments given by the shareholders were also noted by management for consideration.

All resolutions set out in the Notice of the 7th AGM were voted remotely by poll. Messrs. BDO Consulting Sdn Bhd, an independent external scrutineer was appointed to validate the votes for each resolution. The Company's Share Registrar, Sunway Management Sdn Bhd was the Polling Administrator for the conduct of the online polling.

The Minutes of the 7th AGM was also made available on the Company's website at www.sunwayconstruction.com.my for the information of the public.

OUR GOVERNANCE FRAMEWORK

Investor Relations ("IR")

SunCon places great emphasis on timely and effective communication on the Company's financial performance, business strategies and future prospects as these are essential in maintaining good relationship with our stakeholders. Our approach is to allow investors and research analysts to have equal access to information in a transparent and non-discriminative environment as this is important for the success and growth of a company.

SunCon's IR team has been actively promoting fair valuation for SunCon and attracting new investors who believe in our operational model and business strategies.

IR ACTIVITIES

In 2021, we have attended 13 events which are listed below. As this is our 7th year after listing, many analysts and fund managers have already been acquainted with SunCon. Also, due to COVID-19 pandemic, we were mostly working from home to reduce the risk of getting infected and to maintain social distancing which resulted in reduction of the number of physical conference during the year. Despite that, we continued to have virtual meetings with our analysts and fund managers to keep them informed on our updates especially during the numerous MCO periods. We hosted a total of 17 meetings with analysts and fund managers during the year, mostly on virtual platforms.

No.	Organiser	Event	Date	Venue
1.	CLSA	CLSA Malaysia ESG	10 February 2021	Webinar
2.	Nomura	ASEAN Virtual Conference	03 March 2021	Webinar
3.	AMBank	Meeting with KWAP	15 March 2021	Webinar
4.	Nomura	Nomura ASEAN Virtual Conference 2021	03 March 2021	Webinar
5.	UBS	Construction Day	08 April 2021	Webinar
6.	UBS	UBS Construction Day	08 April 2021	Webinar
7.	RHB	Conference call	20 April 2021	Webinar
8.	Macquarie	MQ Malaysia Insight	04 June 2021	Webinar
9.	KAF	KAF	06 June 2021	Webinar
10.	Bursa Marketplace	First Virtual Marketplace Fair	10 July 2021	Webinar
11.	Credit Suisse	ESG Corporate Week	27 July 2021	Webinar
12.	Private Group	IR Retail	29 September 2021	Webinar
13.	Rakuten Trade	IR Retail	14 October 2021	Webinar

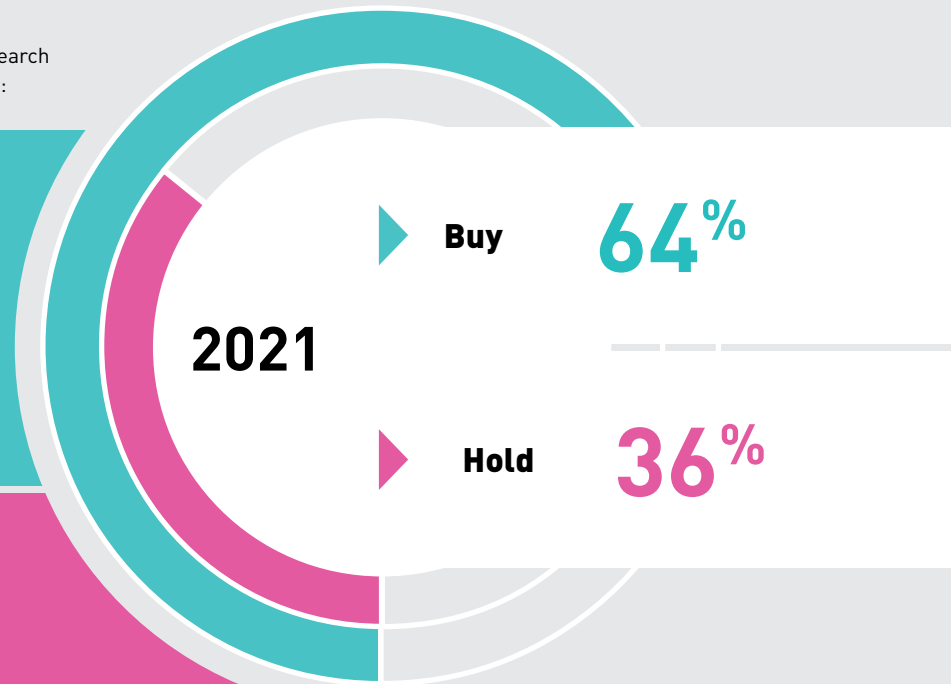
RESEARCH COVERAGE

The number of research coverage still remained as 14 research institutions for FY2021. The research institutions include:

- Affin Hwang Investment Bank
- Nomura Securities
- Credit Suisse Securities
- Alliance DBS
- CLSA Securities
- Hong Leong Investment Bank
- MIDF Research
- RHB Investment Bank

* Macquarie Research (pending re-initiation due to change of Analyst)

- AmInvestment Bank
- UOB KayHian
- Maybank Investment
- Kenanga Research
- TA Securities



OUR GOVERNANCE FRAMEWORK

AWARDS AND RECOGNITION

SunCon believes in transparent and comprehensive reporting and strives to provide accurate and timely disclosures to all stakeholders at all times. As such, we have been very honored to receive several awards during the year.

- SunCon was recognised for adhering to high standards of Corporate Governance (CG) at the prestigious Minority Shareholders Watch Group (MSWG) – ASEAN Corporate Governance Awards 2020, for the fifth consecutive year. SunCon clinched the Industry Excellence Award 2020 for the Construction category and ranked 16th in the list of Top 100 companies for overall CG & Performance in 2020 for adopting and disclosing best corporate governance practices and processes;
- Master Builders Association Malaysia – Construction Industry Trade Awards (CITA): Mechanical and Electrical Contractor Award;
- FTSE4Good Bursa Malaysia Index – Environmental, Social and Governance (ESG) rating was increased from 2.9 to 3.1;
- Inclusion in the MSCI Malaysia Small Cap Index; and
- 35th International Annual Report Competition (ARC) Awards 2021 – Bronze Award under Construction & Building category.

INDEX INCLUSION

SunCon ceased to be a constituent of the FTSE4Good Index series which we have been a constituent for 5 consecutive years ever since our listing. The exclusion from the Index was not due to a drop in the ESG Rating but because we were moved from the underlying indexes which in this case was the FTSE EMAS Index. We were removed from the FTSE EMAS Index because we did not pass the liquidity screening. In fact, our ESG rating is above the threshold required for index inclusion as confirmed by FTSE Russell during the semi-annual review of the FTSE4Good Inclusion Index Series. Nevertheless, SunCon will continue to keep our focus on sustainability themes as we are committed to being a responsible corporate entity. Our commitment to sustainability is demonstrated through multiple sustainability awards that we have secured for the past few years. SunCon hopes to be reinstated into the FTSE4Good Index series in their next nearest review.

FINANCIAL ANNOUNCEMENT

SunCon continues to engage with its stakeholders through a series of investor relations activities throughout the year. All major announcements such as the release of the quarterly results, new construction orders or new ventures are published on Bursa Malaysia. The information will then be disseminated in the form of flashnotes to all interested parties. We also ensure that these documents are immediately made available on the Group's Investor Relations website.

SunCon conducted its 7th AGM on the 25 August 2021 virtually as part of the Company's necessary precaution to safeguard the wellbeing of its shareholders amidst the COVID-19 pandemic. The meeting was broadcasted virtually via online meeting platform at www.sunwaymanagement.com.my hosted by the Company's Share Registrar and shareholders were able to follow the proceeds via live streaming as well as participate and vote online. Our Group MD presented the financial performance and review of 2020 as well as future prospects. The Board of Directors and management also duly responded all queries, opinions and feedback from the shareholders.

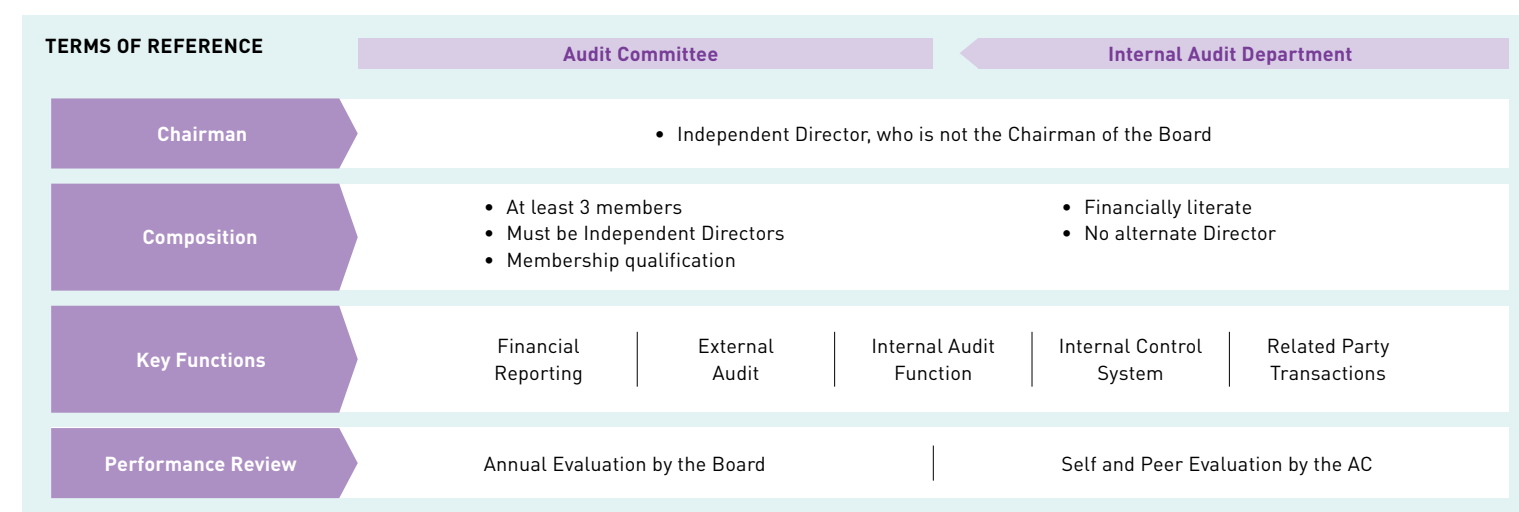


Sunway Carnival Mall Extension, Seberang Jaya

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of Sunway Construction Group Berhad ("Company") is pleased to present the Audit Committee Report which provides insights into the manner in which the Audit Committee ("AC") has discharged its oversight functions during the financial year ended 31 December 2021.



TERMS OF REFERENCE

The scope of responsibilities of the AC is outlined in its Terms of Reference ("TOR") which are set out in the Company's website at www.sunwayconstruction.com.my.

COMPOSITION

The AC comprises four (4) members, all of them are Independent Non-Executive Directors during the financial year ended 31 December 2021. Members of the AC during the financial year comprised the following Directors:

1 Dato' Siow Kim Lun – Chairman (Independent Non-Executive Director)	3 Dr Sarinder Kumari A/P Dam Parkash (Independent Non-Executive Director)	5 Dato' Ir Goh Chye Koon (Chairman of the Board / Independent Non-Executive Director) (Ceased to be member of AC on 1 June 2021)
2 Dato' Dr Johari Bin Basri (Senior Independent Non-Executive Director)	4 Cindy Tan Ler Chin (Independent Non-Executive Director) (Appointed on 15 September 2021)	

In line with the recommendation of the revised Malaysian Code on Corporate Governance ("MCCG"), Dato' Ir Goh Chye Koon resigned as a member of the AC since he was also the Chairman of the Board.

Consequently, the composition of the AC complied with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and the principles and practices set out in the MCCG:

Listing Requirements	Commentary
Paragraphs 15.09(1) (a) & (b)	<ul style="list-style-type: none"> The AC comprises four (4) members, all of whom are Independent Non-Executive Directors who satisfy the test of independence under the Listing Requirements. This has also fulfilled the requirements of at least three (3) members in the AC and majority of them should be Independent Non-Executive Directors.
Paragraph 15.09(1) (c)	<ul style="list-style-type: none"> Dato' Siow Kim Lun, the Chairman of the AC, has been approved and recognised by the Bursa Securities as a person qualified for the purpose of paragraph 15.09(1)(c)(iii) of the Listing Requirements.
Best Practices of MCCG	Commentary
Practice 9.1	<ul style="list-style-type: none"> Dato' Siow Kim Lun, the Chairman of the AC, is not the Chairman of the Board.
Practice 9.2	<ul style="list-style-type: none"> The TOR of the AC prohibits any former partner of the Company's external auditors from being appointed as a member of the AC before observing a cooling-off period of at least 3 years. Since the incorporation of the Company, none of the members of the Board were former key audit partners.
Practice 9.3	<ul style="list-style-type: none"> The AC has in place policies and procedures to assess the suitability, objectivity and independence of the external auditor.
Practice 9.4 (Step Up)	<ul style="list-style-type: none"> The AC comprises solely of independent directors.
Practice 9.5	<ul style="list-style-type: none"> All members are financially literate and are able to understand matters under the purview of the AC including the financial reporting process. They have attended various training programmes, conferences, seminars and courses organized by the relevant regulatory authorities and professional bodies on areas relevant to the Company's business, Directors' roles, responsibilities, effectiveness and/or corporate governance issues.

AUDIT COMMITTEE REPORT

MEETINGS AND ATTENDANCE

A total of 7 AC meetings were held during the financial year under review. The members of the AC and their attendance record are as follows:

Name of AC Members	Membership	Number of Meeting Attended	Percentage of Attendance
Dato' Siow Kim Lun	Chairman	7/7	100%
Dato' Dr Johari Bin Basri	Member	7/7	100%
Dr Sarinder Kumari A/P Oam Parkash	Member	7/7	100%
Cindy Tan Ler Chin (Appointed on 15 September 2021)	Member	1/1*	100%
Dato' Ir Goh Chye Koon (Ceased to be member of AC on 1 June 2021)	Member	5/5*	100%

Notes:

* Reflects the number of meetings held and attended during the financial year following her appointment to the AC.

* Reflects the number of meetings held during the time the AC member held office.

The following parties were invited to attend the AC meetings:

Invitees	Frequency of attendance	Purpose
Group Managing Director ("Group MD"), Chief Finance Officer ("CFO") and Managing Director ("MD") of main subsidiary, Sunway Construction Sdn Bhd ("SunCon")	All meetings	To provide clarification on risks, internal controls and audit issues relating to the Company and its subsidiaries' ("Group") finance and business operations.
Head of Internal Audit Department ("IAD") and team members	All meetings	To present and respond to questions raised relating to the internal audit reports, annual audit plan and investigation reports, if any.
External Auditors, Messrs BDO PLT ("External Auditors" or "BDO")	5 meetings	To present to the AC and respond to questions raised regarding the audit plan, the audit findings, the independent auditors' report as well as any other matters in respect of the Company considered important for the AC's attention.
Senior Management Officers	As and when necessary	To brief the AC on specific issues involving their respective areas of responsibilities arising from the internal audit reports or any matters of interest.

The minutes of each AC meeting were recorded and tabled for AC's confirmation at subsequent AC meetings and thereafter all minutes of AC meetings were presented to the Board for discussion and notation. The Chairman of the AC reported the AC's recommendations to the Board for its consideration and implementation as well as highlighted the significant matters and resolutions deliberated by the AC at its immediate subsequent meeting.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2021, the AC carried out the following activities in the discharge of its functions and duties as per its TOR:

1. FINANCIAL REPORTING

(a) Quarterly Financial Results

At the quarterly meetings of the AC held on 23 February 2021, 19 May 2021, 18 August 2021 and 17 November 2021, the AC reviewed and discussed with the Management the respective quarterly management accounts and quarterly financial results, taking into consideration that the necessary process and controls were in place in the preparation of the financial reports.

At each of the meetings, the CFO presented the financial reports and confirmed to the AC, the following matters:

- The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of new or amended accounting standards that were effective for the financial year 2021;
- There were no significant and unusual issues other than those reported in the financial statements;
- The Company and the Group continued to operate as going concerns; and
- The accounting standards, regulatory and other legal requirements had been complied with in preparation of the financial statements.

The AC reviewed the financial results and focused its attention on the accuracy of the reported financial figures and explanations to material variances or movements during the relevant quarters. The AC was satisfied that the unaudited quarterly financial results had been prepared in accordance with the Listing Requirements and the relevant approved accounting standards so as to give a true and fair view of the financial position of the Company and of its financial performance and cashflow for each quarter. The AC's recommendations of the quarterly financial results were presented to the Board for approval at each subsequent Board meetings for release to Bursa Securities.

(b) Audited Financial Statements

On 19 April 2021, the AC together with the External Auditors and Management reviewed and deliberated on the draft audited financial statements for the financial year ended 2020 ("AFS2020").

The AC discussed the significant audit findings and key audit matters ("KAM") raised by the External Auditors, as well as the disclosures required in the Independent Auditors' Report ("IA Report") of the AFS2020. At the aforesaid meeting, the Management and External Auditors confirmed that the draft AFS2020 was prepared in accordance with the relevant accounting standards and statutory requirements.

On 12 May 2021, the AC together with the External Auditors and Management, deliberated on the revised AFS2020, which included additional KAM. On 17 May 2021, the AC recommended the revised AFS2020, which was subsequently approved by the Board for release to Bursa Securities.

AUDIT COMMITTEE REPORT

(c) Accounting Standards and Other Relevant Regulatory Requirements

On 30 September 2021, the External Auditors provided the AC its Transparency Report pursuant to the requirement of the Audit Oversight Board and paragraph 33(d)(iii) of International Standard on Quality Management (ISQM).

Apart from the above, the External Auditors and the CFO had not brought to the attention of the AC any changes and amendments to regulations, accounting standards and other regulatory requirements that might have a financial impact on the Company.

2. EXTERNAL AUDIT

(a) The AC met with the External Auditors, on the following dates:

- The AC on 23 February 2021, reviewed and deliberated with the Management and the External Auditors, the Audit Report by the External Auditors in respect of their audit for financial year ended 2020.

In the meeting, the External Auditors confirmed their professional independence in relation to the audit engagement for financial year ended 2020. They also reported their audit status versus the audit plan. The AC was briefed on the findings on areas of significant auditors' attention, compliance with applicable approved accounting standards in Malaysia and other legal and regulatory requirements, key audit matters, etc. which they had identified during the course of their audit and the justifications provided by the Management.

The External Auditors had subsequently confirmed that they were not aware of any non-compliance of laws and regulations, as well as any material litigations and claims against the Group other than those brought forward from prior financial years.

The AC and Management had also confirmed that they were not aware of any non-compliance of laws and regulations or any significant fraud related matters.

- On 22 March 2021, the AC discussed with the External Auditors the impact of changes in accounting treatment affecting the AFS2020 arising from the Group's investments in the wholesale funds, namely Kenanga MoneyExtra Fund II and Maybank Shariah Institutional Income Fund. It was then agreed that these wholesale funds be consolidated into the AFS2020 and restated its comparatives via prior year adjustments.
- The AC on 19 April 2021, discussed with the External Auditors, the draft AFS2020. It was noted that there was no material deviation between the audited financial results for financial year ended 2020 and the unaudited fourth quarter results for the period ended 31 December 2020.

The External Auditors were of the opinion that the Company's AFS2020 provided a true and fair view of the financial position of the Company and of its Group in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016.

Based on its annual audit, the External Auditors reported "revenue recognition for construction contracts" as potential KAM and its audit response in its Independent Auditors' Report for the financial year 2020 due to significant judgements by management involved in estimating the progress towards complete satisfaction of performance obligations and determining whether there was any exposure to liquidated ascertained damages (LAD).

The AC had also discussed with the External Auditors, the accounting treatment and the disclosure required in respect of the Group's investments in the wholesale funds.

- On 12 May 2021, the AC together with the External Auditors and Management, deliberated on the revised AFS2020. The External Auditors had determined that the "prior years' adjustment in relation to consolidation of the investment in wholesale funds" to be a KAM because it required management to exercise significant judgements in determining whether the investments in wholesale funds were, in substance, structured entities under the control and significant influence of the Group in accordance with MFRS 10 and MFRS 128, taking into consideration its power over the wholesale funds, exposure or rights to variable returns from its involvement with the wholesale funds, its ability to use its power over the wholesale funds to affect the amount of its returns and the power to participate in the financial and operating policy decisions of the wholesale funds. It was also noted that adjustments were made in respect of restatements of comparative figures, investment in associates and investment in subsidiaries.
- On 17 November 2021, the AC reviewed and discussed with the External Auditors and Management the Audit Planning for financial year ended 31 December 2021 which outlined the External Auditors' engagement and reporting responsibilities, audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team, reporting and deliverables and assurance updates.
- The AC had two (2) private sessions with the External Auditors during the financial year to discuss any issues as well as reservations arising from their audit without the presence of Management and the Executive Board Members on 23 February 2021 and 19 April 2021. No major concerns were highlighted and the External Auditors had also confirmed that they had received full cooperation from the Management and had unrestricted access to all the Company's records. Furthermore, BDO was satisfied with the competencies of the various project finance teams who were able to provide timely information and supporting documents.
- The AC had at its meeting held on 19 April 2021 reviewed the audit and non-audit fees for the financial year ended 2020. The AC having considered the nature, scope and amount of non-audit fees, was satisfied that there was no conflict of interest and it would not impair the independence of the External Auditors. The non-audit fees did not comprise more than 50% of the total fees paid to the External Auditors. The AC subsequently recommended the audit and non-audit fees for the Board's approval.

AUDIT COMMITTEE REPORT

(d) The AC undertook an annual assessment on the quality of audit work by the External Auditors. The External Auditors were assessed based on the following criteria:

- Audit performance;
- Quality of communication;
- Independence;
- Objectivity;
- Professionalism; and
- Adequacy of resources.

The assessment was carried out by the AC members, the CFO office and the IAD. The results of the evaluation were tabled at the AC meeting held on 19 April 2021. Based on the assessment, the AC and Management were satisfied with the External Auditors' independence, performance and their audit quality for the financial year ended 31 December 2020.

As part of the independence review process, the External Auditors had also provided its written confirmation on its independence and the measures undertaken to control the quality of its audit work.

As such, the AC had subsequently recommended to the Board that the External Auditors be re-appointed as the Company's statutory auditors for the financial year 2021 subject to the shareholders' approval at the 7th Annual General Meeting of the Company.

(e) The audit engagement partner is required to rotate every seven years with a cooling-off period of five years in line with BDO's internal policy, which is in accordance with the By-Laws (on professional ethics, conduct and practice) of the Malaysian Institute of Accountants (MIA). The current audit engagement partner has held the position for 7 years. The rotation of the new audit engagement partner within BDO will take place in financial year 2022.

3. INTERNAL AUDIT

(a) The AC approved the IAD's 2021 Internal Audit Plan at its meeting held on 23 February 2021. The 2021 Internal Audit Plan was developed using a risk based audit approach and complied with the best practices of the International Standard for the Professional Practice of Internal Auditing (SPPIA) issued by the Institute of Internal Auditors (IIA). Accordingly, the audit planning processes included developing an audit universe and assess risks based on various parameters.

The AC had reviewed the adequacy and relevance of the scope and resources allocated for the plan. Subsequently, the plan and its proposed audit timetable and the budgeted man-hours were approved by the AC.

The 2021 Internal Audit Plan was also reviewed on a quarterly basis taking into account any developments which would have a major impact on the audit coverage.

The IAD's audit assignments for 2021 were mainly carried out in the following areas:

- Review of processes for tendering and awarding of contracts to subcontractors to ensure internal controls were adequate and effective and complied with the Group's existing policies and procedures. Contracts reviewed during the year included those awarded within all major on-going projects and key trade packages such as structural, mechanical and civil engineering and architectural;
- Review of project performances and processes over budgetary control, major materials management and resources management to ensure internal controls were adequate and effective and complied with existing policy and procedures;
- Review of the payment processes ensuring adequate controls and compliance with the Group's policy and procedures;
- Review of the Group's Cash Investments and Fund Placement policy and processes;
- Follow-up audits on previous audit findings ensuring that corrective actions were properly and timely implemented by management; and
- Performance of compliance and governance related assignments such as review of status of implementation of the Anti-Bribery & Corruption (ABC) programme, recurrent related party transactions ("RRPT"), as well as the status of compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446).

(b) The AC had reviewed the results of audit engagements carried out by IAD at every quarterly meeting and discussed the major findings and audit recommendations. The AC also reviewed the status of implementation of corrective actions taken by Management to ensure appropriate remedial actions were taken on a timely basis to address all areas of risk and internal control issues. In addition, the Head of IAD updated the AC on the progress of the 2021 Internal Audit Plan and results of ad-hoc assignments including audit investigations.

(c) At the meeting held on 19 April 2021, the Internal Audit Function Evaluation Report was tabled to the AC with regard to the assessment of the performance of the IAD. The AC assessed the effectiveness of the internal audit function in terms of scope and compliance with relevant regulatory standards as well as their collaboration with the External Auditors. The AC also assessed the adequacy of resources within the IAD, as well as the core skills and competencies of the IAD's staff.

The AC was satisfied with the performance of the IAD in 2020 and was of the opinion that the internal audit function was appropriate to its size and the nature and scope of its activities.

At the same meeting, the Head of IAD confirmed to the AC that all the internal auditors had signed a declaration that they were and had been independent, objective and in compliance with the Code of Conduct and Business Ethics of the Company and the professional standards laid down by the Institute of Internal Auditors in carrying out their duties as internal auditors.

(d) At the meeting held on 17 November 2021, the AC met with the Head and core team members of the IAD without the presence of the Management and Executive Board members to facilitate discussions on additional matters in relation to audit issues and internal control weaknesses noted in the course of their audit.

AUDIT COMMITTEE REPORT

4. REVIEWING RELATED PARTY TRANSACTIONS & CONFLICT OF INTEREST SITUATIONS

- (a) The AC had at its meetings held on 23 February 2021, 19 May 2021, 18 August 2021 and 17 November 2021, deliberated on any potential Management's conflict of interest, related party transactions and recurring related party transactions.

All related party transactions and recurring related party transactions were found to have complied with the following approved criteria:

- i) Carried out in compliance with the Listing Requirements of Bursa Securities and relevant rules and regulations;
- ii) Transactions/arrangements were carried out at an arms' length basis and under normal commercial terms;
- iii) Transactions/arrangements were in the best interest of the Company;
- iv) Interested parties abstained from deliberation and voting;
- v) Adequate disclosures were made via Bursa Announcements, Quarterly Results and Annual Report; and
- vi) Prior approval had been obtained from the shareholders, where applicable.

With the assistance of the IAD, the AC had satisfied itself the adequacy, appropriateness and compliance of the procedures established to monitor the RRPT.

The AC took note that there was no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the Group MD at its quarterly meetings.

- (b) On 23 February 2021, the AC reviewed and recommended to the Board for approval of the Circular to Shareholders in respect of the proposed renewal of shareholders' mandate for RRPT ("RRPT Mandate") as well as the statements made by the AC in respect of the RRPT Mandate.

5. INTERNAL CONTROL SYSTEM

- (a) The AC had reviewed the Company's internal control system together with the Internal Auditors on a quarterly basis. It was reasonably assured that the same were operating adequately and effectively. The key operational processes reviewed included:

- Tender and Award – tender submissions, comparison of quotations, evaluation of tenderers, approval of awards;
- Award of contracts to subcontractors, certification and payments;
- Resource Management – raw materials, labour, plant & machineries;
- Project budget assessment;
- Payments; and
- Cash Investments and Fund Placements.

- (b) AC also received assurances from the Group MD and the CFO that the Company's risk management and internal control system were operating adequately and effectively, in all material aspects.

6. OTHER MATTERS

- (a) On the meetings held on 23 February 2021, 19 April 2021, 19 May 2021, 18 August 2021 and 17 November 2021, the AC was briefed by the Company Secretary of the following pronouncements:

- (i) Extension of time of one-month granted by Bursa Malaysia Berhad ("Bursa Malaysia") for issuance of quarterly reports and annual reports that included the audited financial statements which were due by 28 February 2021, 31 March 2021 and 30 April 2021 via Bursa Malaysia's letter dated 17 February 2021.

- (ii) Amendments to the Listing Requirements of Bursa Securities in relation to the public security holding spread requirements via Bursa Securities' letter dated 23 February 2021.

- (iii) Sustainability Disclosure Review 2020: Key Observations & Recommendations issued by Bursa Securities on 25 February 2021 to enhance the sustainability practices and disclosures of listed issuers.

- (iv) Revision to the Securities Commission Malaysia's ("SC") Guidelines on Conduct of Directors of Listed Corporations and their subsidiaries issued by the SC on 12 April 2021.

- (v) Updates to the MCCG with new best practices and further guidance to strengthen the corporate governance culture of Malaysia's listed companies.

- (vi) Extension of time of one-month granted by Bursa Malaysia for the issuance of quarterly reports and annual reports that included the audited financial statements which were due by 31 July 2021 and 31 August 2021 via Bursa Malaysia's letter dated 31 June 2021.

- (vii) Guidance Note on Co-operation and Self-Reporting issued by the SC on 23 June 2021.

- (b) On 19 April 2021, the AC reviewed and recommended for the Board's approval, the Corporate Governance Overview Statement, AC Report and Statement on Risk Management and Internal Control for inclusion in the Company's Integrated Report 2020.

The AC also reviewed and recommended for the Board's approval, the Integrated Report 2020 of the Company and the Corporate Governance Report which was published together with the Company's Integrated Report in the Company's website.

- (c) On 17 November 2021, the AC conducted its annual review of its TOR. The TOR was amended to be in line with recent applicable rules and regulations.

- (d) The AC was satisfied that there were no breaches of the Listing Requirements of Bursa Securities as reported by the Company Secretary at its quarterly meetings during the financial year.

- (e) Minutes of the previous AC's meetings were tabled at the subsequent Board meetings by the AC Chairman. Significant issues and concerns discussed during the AC meetings together with the recommendations were highlighted and reported to the Board.

AUDIT COMMITTEE REPORT

PERFORMANCE EVALUATION

The Board, through its Nomination and Remuneration Committee ("NRC"), reviewed annually the terms of office of the AC. The NRC also assessed the performance of the AC as well as its members' skills set, experiences and competencies through an annual evaluation process. The members of the AC also undertook a Self and Peer Evaluation to assess whether the AC members had carried out their duties and responsibilities in accordance with its TOR. These assessments were facilitated by the Company Secretary.

The results of the assessment for 2020 was tabled to the NRC and the Board on 23 February 2021. The Board was satisfied that the AC had discharged its functions effectively and carried out its duties and responsibilities in accordance with its TOR.

CONTINUING EDUCATION

The details of training programmes and seminars attended by each AC member during the financial year ended 31 December 2021 are set out in the "Our Governance Framework" under "Directors' Induction, Training and Development" in page 101 of this Integrated Report.

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Internal Audit function is an integral part of the assurance framework and it is performed in-house and undertaken by IAD. The mission of IAD is to enhance and protect the Company and its Group's organizational value by providing risk-based and objective assurance, advice and insight. IAD helps the Group accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. IAD reports functionally to the AC and administratively to the Group MD.

The IAD is headed by Ms Celia Lee Kat Li who is a Chartered Member of the Institute of Internal Auditors Malaysia (CMIIA). The IAD has 5 auditors and most of the IAD staff have professional qualifications and are members of the Malaysian Institute of Accountants (MIA). The Head of IAD and the audit executives have confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

The IAD is a member of the Malaysian Chapter of the Institute of Internal Auditors (IIA) and adopts the IIA Standards laid down in the International Professional Practices Framework issued by the IIA. The IAD successfully completed its external Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. The IAD was originally scheduled to undertake another external Quality Assessment Review in 2020 but this has been postponed to 2022 due to the COVID-19 pandemic.

The IAD carried out its activities based on a risk-based annual audit plan approved by the AC. In ensuring that the responsibilities of the IAD are fully discharged, the AC reviews annually the adequacy of the scope, function and resources of the Internal Audit.

The internal audit reports were issued to the Management for their response, corrective actions and update on status of implementation of audit recommendations. The internal audit reports were subsequently tabled to the AC for deliberation and approval. The Head of the IAD has unrestricted access to the AC and reports directly to the AC.

During the financial year ended 31 December 2021 and as at the date of this report, the IAD carried out the following activities:

- (a) Prepared and presented the risk-based annual internal audit plan encompassing key business segments within the Group for the approval of the AC;
- (b) Performed audit engagements which covered reviews of internal control systems, accounting and management information systems, risk management and governance practices;
- (c) Issued internal audit reports to the AC and Management highlighting results of the assessments of internal controls identifying key areas of concerns as well as providing recommendations for improvements and follow-up audits;
- (d) Acted on suggestions made by the AC and/or Management on concerns over operations or controls and significant issues pertinent to the Company and of the Group;
- (e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and/or other channels;
- (f) Reported to the AC on the review of the adequacy, appropriateness and compliance with the procedures established to monitor RRPT;
- (g) Reported to the AC on the review of the status of compliance with the Workers' Minimum Standards of Housing and Amenities (Amendment) Act 2019 (Act 446); and
- (h) Reported to the AC on the review of the status of implementation of the Anti-Bribery and Corruption Programmes and the effectiveness of the Anti-Bribery and Corruption Policy and procedures.

The costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2021 including staff payroll costs and overheads amounted to RM919,000 (The cost incurred in the previous year was RM946,000). The decrease in cost was mainly due to the turnover of headcount in the department.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) is pleased to present the Statement on Risk Management and Internal Control, pursuant to Chapter 15, Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and Principle B of the Malaysia Code of Corporate Governance 2021, with guidance from the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD’S RESPONSIBILITY

The Board affirms its commitment and responsibility towards effective risk management and internal control so as to safeguard shareholders’ interests and Group’s assets. In doing so, the Board embeds risk management in all aspects of the activities, initiatives and processes of Sunway Construction Group Berhad (“SunCon”) and its subsidiaries (“the Group”). The framework has been set in place by the Board to identify, evaluate, mitigate and monitor the key risks faced by the Group.

The Board recognises that the framework is designed to mitigate rather than eliminate the risks or events with significant adverse impact on the achievement of the Group’s objectives and strategies. As such, it provides reasonable but not absolute assurance against material financial misstatement and management information and records, or against financial losses or fraud.

In pursuit of improving and integrating effective governance structures and processes into the framework, the Board has set up a Risk Management Committee (“RMC”) which comprises of Independent Directors in majority including its Chairman to oversee the Group’s risk management and internal control system. The RMC is accountable to the Board and meets quarterly to:

- Identify, assess and monitor key business risks and review risk mitigation strategies;
- Review and recommend risk management strategies, policies and levels of risk tolerance;
- Ensure infrastructure, resources and systems are in place to manage risks.

During the financial year, the RMC has reviewed, appraised and assessed the controls and progress of action plans taken to mitigate and manage the Group’s risk exposure. The RMC has subsequently provided assurance to the Board that the Group’s risk management and internal control are operating adequately and effectively in all material aspects. This statement however, does not cover associate companies and joint ventures where risk management and internal control are managed by the respective management teams.

INTERNAL CONTROL SYSTEM

Planning, monitoring and review of the Group’s performance and conduct are done via scheduled periodic meetings of the Board, Board Committees and management. The annual Business Plan ensures that all operating subsidiaries prepare and present its outlook, expectations, budgets, performance and targets for the forthcoming year.

The Risk Working Committee (“RWC”) led by Mr Richard Wong, who is also the Group Deputy Managing Director of Sunway Construction was setup to ensure that the Group’s risk coverage is more conclusive on exposures specifically to operational matters.

The RWC communicates the Board’s expectations to management teams and employees during management meetings, managers’ conferences and forums while the heads of the operating subsidiaries and departments are empowered with the responsibility of planning, monitoring, reporting and managing their respective operations.

Components of the Internal Control System

1 POLICIES & PROCEDURES

The Group’s internal control system encompasses formalised and documented internal policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group’s goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group’s online portal for employees’ reference.

2 AUDITS

The Group Internal Audit Department (“GIAD”) carries out internal audits on divisions and business units of the Group based on a risk-based audit plan approved annually by the Audit Committee (“AC”). Based on these audits, GIAD provides the AC with periodic reports highlighting observations, recommendations and action plans to improve the Group’s internal control system. The AC reviews and deliberates on any matters relating to internal control highlighted by the External Auditors in the course of their statutory audit of the financial statements of the Group.

Additionally, subsidiaries accredited with certifications such as International Organisation for Standardisation (“ISO”) and Occupational Health and Safety Advisory Services (“OHSAS”) are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

3 EMPLOYEE ENGAGEMENT AND PERFORMANCE

Key performance indicators, based on balanced scorecards are used to track and measure employees’ performance while employee engagement surveys are conducted to gain feedback on effectiveness and efficiency of the Group to aid continuous improvement of employee competency, in line with the Group’s goals and objectives.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

4 EMPLOYEE CONDUCT

Available for staff access in the Group Governance and Integrity portal, this is governed by a series of policies which define the core values of the Group – Integrity, Humility and Excellence.

- The Group has adopted an Anti-Bribery and Corruption Policy with the enforcement of the new Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business in order to prevent acts of bribery and corruption. In adherence to this Policy, the Group has adopted a ZERO TOLERANCE approach policy against all forms of bribery and corruption.
- The Anti-Money Laundering Policy establishes the general framework to manage and prevent the risk of the Group’s businesses from being used as a conduit for money laundering and terrorism financing activities. All employees are required to adhere to the requirements of the policy when carrying out their daily responsibilities.
- The Whistle Blowing Policy serves as a guideline for stakeholders and staff to report in a safe and confidential manner, any concerns regarding possible illegal, unethical conduct or malpractice to the management for action. Whistle blowing avenues include a direct line, e-mail or written mail to the Head of Internal Audit Department and Chairman of the Audit Committee.
- The Fraud Response Procedures guides management teams of respective business units to respond to allegations or suspicions of fraud and ensure that all cases of suspected or alleged frauds are reported promptly, and investigations are conducted effectively.
- The Group’s Code of Conduct and Business Ethics provides an ethical framework to guide actions and behaviors of directors and employees of the Group. It reflects the increasing need for effective corporate governance and compliance measures in the Group’s businesses, domestically and internationally.
- The Staff Handbook provides information on employment terms and conditions in addition to compensation, leaves, health benefits, education assistance, discounts, expectations and career path. Also included in the policy is the Group’s Personal Data Protection Notice on the collection and handling of personal information in accordance with the Malaysian Personal Data Protection Act 2010.

5 RISK MANAGEMENT

The Group’s risk management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines (“ERM”) into key activities, initiatives and processes of the Group. This enables the Group to identify, assess and mitigate risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.

The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:



Continuous risk assessment is fundamental to the Group’s risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks.

In providing assurance to the RMC and the Board, RWC continues to review the quarterly risk templates in identifying and mitigating all major risks of the operating subsidiaries under the Group. The quarterly risks from all operating subsidiaries are consolidated and updated to the Chairman, Group Managing Director and RMC, highlighting major risks and mitigating controls carried out.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Group has four (4) core response strategies for risk management. These include:

1. Risk Termination

In this instance, management chooses to terminate risks by eliminating the business or by significantly altering it. The Group may choose this route for risks that could have major or catastrophic impact on its businesses.

2. Risk Reduction

Risks may be reduced by taking specific actions aimed at reducing the likelihood of occurrence, thus reducing the impact of these risks on the Group's businesses.

3. Risk Acceptance

Management may choose not to act and to consciously accept certain risks which are significantly low in likelihood of occurrence and/or impact. Factors to consider for risks of such nature would be:

- Adequacy of current controls;
- Quality and quantity of information on the controls;
- Likelihood and consequences of the risk occurring; and
- The cost of additional controls

4. Risk Transfer

Management may choose to transfer all or part of a certain risk to other parties via:

- Transferring an entire business process to another party as is the case with sub-contracting and outsourcing arrangements;
- Sharing the business process with another party as is the case with partnerships and joint venture arrangements; and
- Retaining the process and transferring the legal and financial risks as is the case with insurance arrangements and the use of certain treasury/financial products.

Risk management discipline ensures that risk assessment is an on-going process whereby risks and risk mitigation measures are regularly reviewed and adjusted accordingly. The continuous risk assessment process therefore, represents the cornerstone of an effective ERM program for the Group.

Reporting Structure

The RMC will meet and deliberate on the top risks identified on a quarterly basis while its Chairman will subsequently update the Board on proceedings and updates from the RMC. Significant issues arising from changes in business environment are reviewed continuously to ensure minimal impact to the Group. The Group positions its business units towards a profitable objective while incorporating risk management principles into our functions and processes.

RWC is accountable for the effectiveness of the risk management framework and undertakes the role of assisting Business Units by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by the Business Units.

RWC continues to support the Group's efforts in embracing change and evolution into a resilient conglomerate, allowing it to refine its focus and strategies to achieve goals and objectives while sustaining an ecological balance between employees, communities and the environment. Thus, as the Group commits to provide Environmental, Safety & Health ("ESH") standards and practices to enhance stakeholders' value, RWC's quarterly risk reporting exercise with operating subsidiaries goes beyond risk mitigation to ensure that operational processes are consistent and remain compliant with the relevant standards such as OHSAS 18001 and ISO 14001 to name a few.

Apart from the above, RWC participates in other value-adding exercises such as:

- 1 REVIEW EXISTING SUNCON'S STANDARD OPERATING PRINCIPLES ("SSOP")**
The review of the Group's SSOPs is conducted by key relevant personnel from respective divisions or operating subsidiaries, covering credit control, procurement, products and services and operative guidelines.
- 2 ASSIST IN DAY-TO-DAY OPERATIONS FOR OPERATING SUBSIDIARIES**
Upon instruction from management, key relevant personnel assist in fulfilling daily operative requirements to ensure minimal business interruption or delays that could hamper the achievement of goals and objectives.
- 3 ASSIST IN CONDUCTING REGULATORY RESEARCH**
Such research is conducted to ensure that the Group's projects and businesses (existing or new) remain compliant to laws and regulations.
- 4 ASSIST IN CONDUCTING TENDER FOR DIVISIONS AND OPERATING SUBSIDIARIES**
RWC participates in tender processes to form an independent party to ensure fairness in observance of due process, decision making and tender awards.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Key Risk Factors

For the financial year under review, RWC has identified several risks which were most prevalent among business units in the Group. These were presented to the RMC quarterly which includes the Group Managing Director and CFO where controls, mitigating plans and monitoring mechanisms were highlighted. These risks can be found on pages 26 to 31 under "The Risks We Consider". Below is a summary of the key risk factors that the Group has focused on.

- 1 EXTERNAL RISKS**
The current economic climate of geopolitical tensions, the COVID-19 pandemic, raw material price increase, intense competition and the slowdown in the local and global economy are affecting the Group's overall economic performance. As a result of the pandemic, there are increase in the cost of compliance to standard operating procedures and disruptions to work progress due to the government-imposed movement control orders which have impacted on both the cost of the project and the productivity. Under such restrictive circumstances and challenging conditions, the Group is also faced with derailed strategic business plans, manpower shortages and stringent requirements and movement restrictions on foreign workers' accommodation. The decline in government infrastructure spending, fewer construction tender opportunities and the weaker demand in the property sector further contribute stress to the Group and its order book enhancement.

However, the Group continues to formalize strategies to remain resilient against these risks. The Group has adopted a myriad of strategies to effectively reduce and actively monitor cost in all aspects and continuously explore for new projects to achieve our financial and operational targets. The Group has managed to secure more in house projects with competitive pricing and quality assurance as well as overseas projects in India to ensure business continuity and profitability.

The surge in commodity prices such as steel, copper and cement price has also put additional pressure to the Group as it is directly exposed to the volatile material costs that can threaten profit margins. Nevertheless, several measures have been put in place to mitigate this risk such as close monitoring of costs, increasing the pool of approved suppliers and negotiating with suppliers to hedge the prices to protect against fluctuations of prices.

- 2 REGULATORY RISKS**
Changes in regulations, guidelines and laws in Malaysia or any other countries may directly and indirectly impact the Group. This risk is monitored to reduce the Group's exposure to potential legal liabilities and minimise any adverse impact arising from non-compliance of such changes. Together with the Group Managing Director, relevant business units and departments engage in discussions to attend to necessary changes to ensure compliance and monitor the resulting changes adopted.
- 3 FINANCIAL**
Credit and liquidity risk may arise from the inability to recover debts in a timely manner which may negatively affect the Group's profitability, liquidity, cash flows and funding. The slowdown of the construction industry coupled with longer payment terms have gradually increased the debtors' turnover ratio. The Group minimizes such exposures through persistent and close monitoring of collections and overdue debts and assessing the creditworthiness of potential customers before agreeing to tender invitations. Furthermore, the Group constantly monitors its cashflow position to ensure that a healthy balance is maintained between the continuity of funding and financial flexibility through the availability of ample credit facilities offered by financial institutions.
- 4 OPERATIONAL**
The Group's business units have continuously and consistently paid significant attention to this risk where aspects of project delivery, disaster recovery, infrastructure, production and safety are of paramount importance. This is so as the Group's reputation could be potentially damaged by one or more events, resulting in negative publicity and impairing public confidence. Appropriate and effective policies and procedures are implemented and thoroughly monitored by RWC to mitigate these risks. These are also continuously reviewed to ensure effectiveness and adequacy, in accordance with global best practices and standards.

Closing of borders by the Malaysian Government has caused labour shortage which has impacted several industries including construction. The Group has minimized the risk by splitting the award of a specific scope to several sub-contractors after assessing the sufficiency of their available labour for the project to ensure productivity and on time project delivery.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

THE BOARD'S CONCLUSION

The Board is pleased to report that the state of the Group's risk management and internal control framework is able to meet the Group's objective to ensure good corporate governance. There was no potential or present failure or weakness that would have material adverse effect on the results of the Group for the year under review.

The Board has also received assurance from the Group MD and CFO that the Group's risk management and internal control framework is operating adequately and effectively in all material aspects. Continuous focus on measures to protect and enhance shareholders value and business sustainability will remain a core practice for the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement on Risk Management and Internal Control as required under Paragraph 15.23 of Bursa Malaysia Securities Berhad's Main Market Listing Requirements. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention which causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is factually inaccurate.

THIS STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL WAS APPROVED BY THE BOARD OF DIRECTORS ON 29 MARCH 2022.



DR SARINDER KUMARI A/P OAM PARKASH
Independent Non-Executive Director

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"):

1 STATUS OF UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSAL

There were no corporate proposals during the financial year. Therefore, there were no proceeds raised from corporate proposals during the financial year.

2 MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2021.

3 RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 41 of the Notes to the Financial Statements.

4 AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2021, the total audit and non-audit fees paid or payable to the External Auditors or a firm affiliated to the External Auditors, for services rendered to the Company and the Group are as follows:

Fees paid and/or payable to External Auditors or its affiliates	FYE 2021	
	Company (RM'000)	Group (RM'000)
Statutory audit and related fees	17	564
Non-audit fees	Nil	37
Total	17	601

DIRECTORS' RESPONSIBILITY STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Act in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year. Where there are new accounting standards or policies that become effective during the year, the impact of these new treatments would be stated in the notes to the financial statements, accordingly.

In preparing the financial statements, the Directors have:

- (i) Adopted appropriate accounting policies and applied them consistently;
- (ii) Made judgements and estimates that are reasonable and prudent;
- (iii) Ensure that all applicable accounting standards have been followed; and
- (iv) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are responsible for taking such steps as are reasonably available to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

Principal activities

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

There have been no significant changes in the nature of these principal activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the financial year	110,750	33,839
Profit attributable to:		
Owners of the parent	112,586	33,839
Non-controlling interests	(1,836)	-
	110,750	33,839

Dividends

The dividends paid, declared or proposed by the Company since the end of the previous financial year were as follows:

	RM'000
In respect of financial year ended 31 December 2020:	
Second interim single-tier dividend of 2.75 sen per ordinary share paid on 7 April 2021	35,457
In respect of financial year ended 31 December 2021:	
First interim single-tier dividend of 1.25 sen per ordinary share paid on 29 September 2021	16,117
	51,574

On 23 February 2022, the Board of Directors had declared a second interim single-tier dividend of 4.00 sen per ordinary share for the financial year ended 31 December 2021. The total dividend payable amounted to RM51,574,364. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2021.

Reserves and provisions

There were no material transfers to or from reserves or provisions during the financial year other than those disclosed in the financial statements.

Issue of shares and debentures

The Company did not issue any new shares or debentures during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

DIRECTORS' REPORT

Directors

The Directors who have held office during the financial year until the date of this report are as follows:

Dato' Ir Goh Chye Koon
 Dato' Dr Johari Bin Basri
 Dato' Siow Kim Lun @ Siow Kim Lin
 Dr Sarinder Kumari A/P Oam Parkash
 Tan Sri Dato' (Dr.) Chew Chee Kin
 Evan Cheah Yean Shin
 Cindy Tan Ler Chin - Appointed on 15 September 2021
 Chung Soo Kiong
 Liew Kok Wing (Alternate Director to Chung Soo Kiong)
 Dato' Tan Kia Loke (Alternate Director to Evan Cheah Yean Shin) - Appointed on 29 October 2021

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the warrants and irredeemable convertible preference shares issued by its intermediate holding company, Sunway Berhad.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of remuneration received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 41 to the financial statements.

Directors' interests

According to the register of Directors' shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of the Directors in office at the end of the financial year in ordinary shares, irredeemable convertible preference shares, non-cumulative convertible redeemable preference shares and warrants in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares			
	As at 1.1.2021	Acquired	Sold	As at 31.12.2021
The Company				
Direct interests:				
Dato' Ir Goh Chye Koon	5,000	-	-	5,000
Chung Soo Kiong	46	-	-	46
Evan Cheah Yean Shin	13,435	-	-	13,435
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	841,482,318	-	-	841,482,318

⁽¹⁾ Deemed interest by virtue of Section 8 of the Companies Act 2016 ("CA 2016") held through Active Equity Sdn. Bhd. ("AE"), Sungei Way Corporation Sdn. Bhd. ("SWC"), Sunway Berhad, Sunway Holdings Sdn. Bhd. and parent.

DIRECTORS' REPORT

Directors' interests (contd.)

	Number of ordinary shares			As at 31.12.2021
	As at 1.1.2021/ Date of Appointment [^]	Acquired	Sold	
Intermediate holding company Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	120,201	-	-	120,201
Tan Sri Dato' (Dr.) Chew Chee Kin	21,038,466	-	-	21,038,466
Chung Soo Kiong	920,095	-	(99,100)	820,995
Evan Cheah Yean Shin	4,195,196	-	-	4,195,196
Liew Kok Wing	285,628	-	-	285,628
Dato' Tan Kia Loke [^]	10,229,880	-	-	10,229,880
Deemed interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽¹⁾	1,564,862	-	-	1,564,862
Evan Cheah Yean Shin ⁽²⁾	3,069,765,645	20,000,000	-	3,089,765,645

⁽¹⁾ Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.

⁽²⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC, Jef-San Enterprise Sdn. Bhd. and parent.

	Number of ordinary shares			As at 31.12.2021
	As at 1.1.2021	Acquired	Sold	
Penultimate holding company Sungei Way Corporation Sdn. Bhd.				
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	10,000,000	-	-	10,000,000

⁽¹⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE and parent.

	Number of ordinary shares			As at 31.12.2021
	As at 1.1.2021	Acquired	Sold	
Ultimate holding company Active Equity Sdn. Bhd.				
Direct interest:				
Evan Cheah Yean Shin	25,500	-	-	25,500
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	102,000	-	-	102,000

⁽¹⁾ Deemed interest held through parent.

DIRECTORS' REPORT

Directors' interests (contd.)

	Number of ordinary shares			As at 31.12.2021
	As at 1.1.2021	Acquired	Sold	
Related company Sunway Global Limited				
Direct interest:				
Tan Sri Dato' (Dr.) Chew Chee Kin	689,183	-	-	689,183

	Number of irredeemable convertible preference shares			As at 31.12.2021
	As at 1.1.2021/ Date of Appointment [^]	Acquired	Sold	
Intermediate holding company Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	24,040	-	-	24,040
Tan Sri Dato' (Dr.) Chew Chee Kin	4,207,692	-	-	4,207,692
Chung Soo Kiong	50,000	-	(50,000)	-
Evan Cheah Yean Shin	839,039	-	-	839,039
Liew Kok Wing	57,125	-	-	57,125
Dato' Tan Kia Loke [^]	2,445,931	-	-	2,445,931
Deemed interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽¹⁾	312,972	-	-	312,972
Evan Cheah Yean Shin ⁽²⁾	613,953,126	62,846,800	-	676,799,926

⁽¹⁾ Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.

⁽²⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC, Jef-San Enterprise Sdn. Bhd. and parent.

	Number of non-cumulative convertible redeemable preference shares			As at 31.12.2021
	As at 1.1.2021	Allotted	Redeemed	
Penultimate holding company Sungei Way Corporation Sdn. Bhd.				
Deemed interest:				
Evan Cheah Yean Shin ⁽¹⁾	300,000,000	-	-	300,000,000

⁽¹⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through parent.

DIRECTORS' REPORT

Directors' interests (contd.)

	Number of warrants 2017/2024			As at 31.12.2021
	As at 1.1.2021/ Date of Appointment [^]	Acquired	Sold	
Intermediate holding company				
Sunway Berhad				
Direct interests:				
Dato' Ir Goh Chye Koon	16,101	-	-	16,101
Tan Sri Dato' (Dr.) Chew Chee Kin	2,818,169	-	-	2,818,169
Evan Cheah Yean Shin	561,959	-	-	561,959
Liew Kok Wing	38,260	-	-	38,260
Dato' Tan Kia Loke [^]	1,370,325	-	-	1,370,325
Deemed interests:				
Tan Sri Dato' (Dr.) Chew Chee Kin ⁽¹⁾	209,618	-	-	209,618
Evan Cheah Yean Shin ⁽²⁾	468,393,341	-	-	468,393,341

⁽¹⁾ Deemed interest by virtue of Section 59(11)(c) of the CA 2016 held through spouse.

⁽²⁾ Deemed interest by virtue of Section 8 of the CA 2016 held through AE, SWC and parent.

By virtue of Evan Cheah Yean Shin's substantial interests in the Company and Active Equity Sdn Bhd, he is deemed to have interest in the shares of all the subsidiaries of the Company and Active Equity Sdn Bhd to the extent that the Company and Active Equity Sdn Bhd have an interest.

The other Directors in office at the end of the financial year did not have any interests in ordinary shares and warrants in the Company or its related corporation during the financial year.

DIRECTORS' REPORT

Directors' Remuneration

The details of Directors' remuneration are disclosed in Note 11 to the financial statements.

Indemnity and insurance for officers and auditors

During the financial year, the intermediate holding company of the Company, Sunway Berhad effected Directors' liability insurance to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. None of the Directors nor the Group paid for the insurance premium directly as the Group is under the effective cover of Sunway Berhad being its subsidiary company.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

Other statutory information

(I) As at the end of the financial year

- (a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) From the end of the financial year to the date of this report

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) As at the date of this report

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

Holding companies

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use.

List of Directors of Subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to date of this report is as follows:

Chang Kim Long	Tan Sri Dato' (DR) R.V. Navaratnam
Chung Soo Kiong	Thomas Samuel A/L CT Samuel^
Eric Tan Chee Hin	Tan Kim Yoke
Evan Cheah Yean Shin	U Than Oo
Khor Seng Yan	Wong Kwan Song
Kok Shin Lin	Lim Chee Siang
Kong Heong Fook	Ng Chee Hwa
Kumaresan Varadu Rasu	Lim Vin Tze
Kwong Tzyy En	Tan Eng Koon
Krishnakumar A/L Chelliah*	Oh Keng Jin
Liew Kok Wing	Subba Rao Semenchalam
Ng Bee Lien	Yip Lai Hun*
Ng Chong Beng	

^ Resigned on 10 January 2022

* Appointed after the financial year but before the date of this report

Significant event during the financial year and subsequent to the end of the reporting period

Significant event during the financial year and subsequent to the end of the reporting period is disclosed in Note 42 to the financial statements.

Auditors

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 31 December 2021 are disclosed in Note 9 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2022.

Tan Sri Dato' (Dr.) Chew Chee Kin
Director

Chung Soo Kiong
Director

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Dato' (Dr.) Chew Chee Kin and Chung Soo Kiong, being two of the Directors of Sunway Construction Group Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 139 to 218 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 29 March 2022.

Tan Sri Dato' (Dr.) Chew Chee Kin
Director

Chung Soo Kiong
Director

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Ng Bee Lien (CA 13890), being the officer primarily responsible for the financial management of Sunway Construction Group Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 139 to 218 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Ng Bee Lien
at Petaling Jaya in the State of
Selangor Darul Ehsan on 29 March 2022

Ng Bee Lien

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunway Construction Group Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 139 to 218.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including *International Independence Standards*) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition from construction contracts

Revenue from construction contracts during the financial year as disclosed in Note 5 to the financial statements is RM1,606,248,000.

We determined this to be a key audit matter because it requires management to exercise significant judgements in estimating the progress towards complete satisfaction of performance obligations and determining whether there is any exposure to liquidated ascertained damages ("LAD"). The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

In estimating the progress towards complete satisfaction of performance obligations, the Group considers the estimated contract work completed to date and the completeness and accuracy of its estimated total contract sum, including contract variations, claims and contingencies.

Audit response

Our audit procedures included the following:

- inspected documentation to support the estimated total contract sum and correspondences from contract customers in relation to variations and claims to corroborate key judgements applied by management;
- inspected documentation certified by professional consultants to support the contract work performed by the Group to-date;
- recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on contract work certified to-date and budgeted total contract sum;
- inquired in-house operational and financial personnel of the Group to assess the merits of extension of time submitted to the contract customers for assessing the exposure to LAD; and
- inspected relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company, or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SUNWAY CONSTRUCTION GROUP BERHAD
(INCORPORATED IN MALAYSIA)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 17 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT
LLP0018825-LCA & AF 0206
Chartered Accountants

Law Kian Huat
02855/06/2022 J
Chartered Accountant

Kuala Lumpur
29 March 2022

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	5	1,729,155	1,552,652	30,005	25,001
Cost of sales	6	(1,371,584)	(1,282,481)	-	-
Gross profit		357,571	270,171	30,005	25,001
Other income	7	21,324	20,476	-	-
Administrative expenses		(218,555)	(177,056)	(1,875)	(2,196)
Net impairment losses on financial assets	9	(15,456)	(12,332)	-	-
Other expenses		(5,469)	(10,741)	-	(3)
Operating profit		139,415	90,518	28,130	22,802
Finance and other distribution income	8	4,153	7,805	5,711	7,693
Finance costs	8	(4,583)	(6,943)	-	-
Share of results of associates, net of tax		8,621	10,014	-	-
Share of results of joint ventures, net of tax		4,639	110	-	-
Profit before tax	9	152,245	101,504	33,841	30,495
Income tax expense	12	(41,495)	(27,777)	(2)	(2)
Profit for the financial year		110,750	73,727	33,839	30,493
Profit attributable to:					
Owners of the parent		112,586	72,786	33,839	30,493
Non-controlling interests		(1,836)	941	-	-
		110,750	73,727	33,839	30,493
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss:					
Foreign currency translations		681	(874)	-	-
Share of other comprehensive income of joint ventures		462	166	-	-
Reclassification of foreign currency translation reserve to profit or loss on deregistration of foreign branches and subsidiaries		-	3,108	-	-
Other comprehensive income for the financial year, net of tax		1,143	2,400	-	-
Total comprehensive income for the financial year		111,893	76,127	33,839	30,493
Total comprehensive income attributable to:					
Owners of the parent		113,811	75,186	33,839	30,493
Non-controlling interests		(1,918)	941	-	-
		111,893	76,127	33,839	30,493
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	8.73	5.64		
Diluted	13	8.73	5.64		

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group	
		2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	15	124,668	107,321
Intangible assets	16	82	94
Investments in associates	18	596,917	444,137
Investments in joint arrangements	19	126,601	44,805
Other investments	20	273	273
Goodwill	21	-	-
Deferred tax assets	33	878	7,133
		849,419	603,763
Current assets			
Inventories	22	46,164	34,256
Trade receivables	23	600,607	866,397
Other receivables	24	60,227	38,461
Amount due from intermediate holding company	26	16	361
Amounts due from related companies	27	187,968	111,032
Amounts due from joint ventures	28	1,259	22,872
Amount due from an associate	29	-	9,130
Tax recoverable		19,710	19,720
Cash and bank balances	31	98,845	200,071
		1,014,796	1,302,300
Total assets		1,864,215	1,906,063

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (CONTD.)

	Note	Group	
		2021 RM'000	2020 RM'000
Equity and liabilities			
Current liabilities			
Borrowings	32	92,524	233,712
Trade payables	34	766,656	836,187
Other payables	35	94,183	103,789
Amount due to intermediate holding company	26	115	134
Amounts due to related companies	27	11,353	5,282
Amount due to a joint venture	28	13,925	7,931
Lease liabilities	36	5,184	1,908
Tax payable		7,285	4,110
Derivative liabilities	30	786	941
		992,011	1,193,994
Non-current liabilities			
Borrowings	32	145,390	67,203
Lease liabilities	36	7,157	5,526
Derivative liabilities	30	-	730
Deferred tax liabilities	33	2,886	-
		155,433	73,459
Total liabilities		1,147,444	1,267,453
Equity attributable to owners of the parent			
Share capital	37	258,580	258,580
Treasury shares	37	(6,990)	(6,990)
Merger reserve	38	(37,894)	(37,894)
Foreign currency translation reserve	38	13,405	12,180
Capital contribution by intermediate holding company	38	641	641
Other capital reserve	38	600	600
Retained earnings	38	470,791	409,779
		699,133	636,896
Non-controlling interests		17,638	1,714
Total equity		716,771	638,610
Total equity and liabilities		1,864,215	1,906,063

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (CONTD.)

	Note	Company	
		2021 RM'000	2020 RM'000
Assets			
Non-current assets			
Investment in a subsidiary	17	258,580	258,580
Current assets			
Other investments	20	203,264	176,922
Other receivables	24	121	46
Tax recoverable		1	-
Amount due from a subsidiary	25	68	22
Cash and bank balances	31	38,950	83,902
Total assets		500,984	519,472
Equity and liabilities			
Current liabilities			
Other payables	35	1,155	1,044
Amount due to a subsidiary	25	412	1,244
Amounts due to related companies	27	25	57
Total liabilities		1,592	2,345
Equity attributable to owners of the parent			
Share capital	37	258,580	258,580
Treasury shares	37	(6,990)	(6,990)
Retained earnings	38	247,802	265,537
Total equity		499,392	517,127
Total equity and liabilities		500,984	519,472

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Attributable to owners of the parent							Equity, total RM'000
	Non-distributable			Capital contribution by		Equity attributable to owners of the parent, total		
Group	Share capital (Note 37) RM'000	Treasury shares (Note 37) RM'000	Merger reserve (Note 38) RM'000	Foreign currency translation reserve (Note 38) RM'000	Other capital reserve (Note 38) RM'000	Distributable retained earnings (Note 38) RM'000	Non-controlling interests RM'000	Equity, total RM'000
At 1 January 2021	258,580	(6,990)	(37,894)	12,180	600	409,779	1,714	638,610
Profit for the financial year	-	-	-	-	-	112,586	(1,836)	110,750
Other comprehensive income, net of tax	-	-	-	1,225	-	-	(82)	1,143
Total comprehensive income	-	-	-	1,225	-	112,586	(1,918)	111,893
Transactions with owners								
Dividends paid	-	-	-	-	-	(51,574)	-	(51,574)
Dividend paid to non-controlling interests	-	-	-	-	-	-	(201)	(201)
Acquisitions of equity interests from subsidiaries by non-controlling interests	-	-	-	-	-	-	18,043	18,043
Total transactions with owners	-	-	-	-	-	(51,574)	17,842	(33,732)
At 31 December 2021	258,580	(6,990)	(37,894)	13,405	600	470,791	17,638	716,771

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTD.)

Group	Note	Attributable to owners of the parent							Equity, total RM'000	
		Non-distributable			Equity attributable to owners of the parent, total					
		Share capital (Note 37) RM'000	Treasury shares (Note 37) RM'000	Merger reserve (Note 38) RM'000	Foreign currency translation reserve (Note 38) RM'000	Capital contribution by intermediate holding company (Note 38) RM'000	Other capital reserve (Note 38) RM'000	Distributable Retained earnings (Note 38) RM'000		Non-controlling interests RM'000
At 1 January 2020		258,580	(6,990)	(37,894)	9,765	656	-	398,838	99,510	722,465
Profit for the financial year		-	-	-	-	-	-	72,786	941	73,727
Other comprehensive income, net of tax		-	-	-	2,415	(15)	-	-	-	2,400
Total comprehensive income		-	-	-	2,415	(15)	-	72,786	941	76,127
Transactions with owners										
Bonus issue by a subsidiary		-	-	-	-	-	600	(600)	-	-
Dividends paid	14	-	-	-	-	-	-	(61,245)	-	(61,245)
Dividend paid to non-controlling interests		-	-	-	-	-	-	-	(1,050)	(1,050)
Acquisitions of equity interests from subsidiaries by non-controlling interests		-	-	-	-	-	-	-	9	9
Effects of subscriptions and redemptions of units in a structured entity by unitholders		-	-	-	-	-	-	-	10,633	10,633
Effect of loss of control upon redemption of units in a structured entity		-	-	-	-	-	-	-	(108,329)	(108,329)
Total transactions with owners		-	-	-	-	-	600	(61,845)	(98,737)	(159,982)
At 31 December 2020		258,580	(6,990)	(37,894)	12,180	641	600	409,779	1,714	638,610

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTD.)

Company	Note	Share capital (Note 37) RM'000	Treasury shares (Note 37) RM'000	Distributable Retained earnings (Note 38) RM'000	Equity, total RM'000
At 1 January 2021		258,580	(6,990)	265,537	517,127
Profit for the financial year		-	-	33,839	33,839
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	33,839	33,839
Transaction with owners					
Dividends paid	14	-	-	(51,574)	(51,574)
Total transactions with owners		-	-	(51,574)	(51,574)
At 31 December 2021		258,580	(6,990)	247,802	499,392
At 1 January 2020		258,580	(6,990)	296,289	547,879
Profit for the financial year		-	-	30,493	30,493
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	30,493	30,493
Transactions with owners					
Dividends paid	14	-	-	(61,245)	(61,245)
Total transactions with owners		-	-	(61,245)	(61,245)
At 31 December 2020		258,580	(6,990)	265,537	517,127

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities				
Profit before tax	152,245	101,504	33,841	30,495
Adjustments for:				
Accretion of financial assets and financial liabilities	1,521	989	-	-
Bad debts written off	-	38	-	-
Depreciation and amortisation of property, plant and equipment, intangible assets and right-of-use assets	27,417	33,442	-	-
Dividend income	-	-	(30,005)	(25,001)
Employees' share option scheme	35	(351)	-	-
Fair value (gain)/loss on derivative assets and liabilities	(93)	1,485	-	-
Finance and other distribution income	(4,153)	(7,805)	(5,711)	(7,693)
Finance costs	4,583	6,943	-	-
Gain on disposal of property, plant and equipment	(2,372)	(1,463)	-	-
Gain on disposal of property stock	-	(1,156)	-	-
Gain on reassessments and modifications of leases	(810)	(103)	-	-
Impairment loss on goodwill	-	3,647	-	-
Impairment losses on:				
- trade receivables	16,195	14,145	-	-
- other receivables	26	19	-	-
- amounts due from related companies	11	-	-	-
- amount due from a joint venture	-	167	-	-
- quasi-equity loan advanced to a joint venture	541	-	-	-
- investment in an associate	1,091	-	-	-
Write off of:				
- property, plant and equipment	77	16	-	-
Reversal of impairment losses on:				
- trade receivables	(978)	(1,691)	-	-
- other receivables	(36)	(216)	-	-
- amount due from an associate	(134)	(72)	-	-
- amounts due from related companies	-	(20)	-	-
- amount due from a joint venture	(169)	-	-	-
Share of results of joint ventures	(4,639)	(110)	-	-
Share of results of associates	(8,621)	(10,014)	-	-
Unrealised foreign exchange loss	6	58	-	-
Write back of payables	(5)	(662)	-	-
Operating cash flows before working capital changes carried forward	181,738	138,790	(1,875)	(2,199)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTD.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities (contd.)				
Operating cash flows before working capital changes brought forward	181,738	138,790	(1,875)	(2,199)
Changes in working capital:				
Inventories	(11,908)	(9,206)	-	-
Trade receivables	251,710	(59,961)	-	-
Other receivables	(21,580)	(6,939)	(75)	20
Trade payables	(71,408)	160,022	-	-
Other payables	(10,694)	(89,867)	111	(736)
Amounts due from/(to) subsidiaries	-	-	(878)	1,222
Amount due from/(to) intermediate holding company	291	(206)	-	-
Amounts due from/(to) related companies	(69,956)	(14,172)	(32)	44
Amount due from an associate	9,265	6,741	-	-
Amounts due from/(to) joint ventures	7,545	(10,080)	-	-
Cash generated from/(used in) operations	265,003	115,122	(2,749)	(1,649)
Interest received	4,153	7,179	5,711	7,693
Interest paid	(4,039)	(5,772)	-	-
Dividend received from a joint venture	211	110	-	-
Distribution of income from an associate	2,301	-	-	-
Tax refunded	1,080	1,116	-	-
Tax paid	(29,999)	(29,953)	(3)	(3)
Net cash from operating activities	238,710	87,802	2,959	6,041
Cash flows from investing activities				
Proceeds from disposals of property, plant and equipment	3,290	1,537	-	-
Proceeds from disposal of property stock	-	1,200	-	-
Proceeds from disposal of an associate	-	46,902	-	-
Withdrawal of deposits pledged to other financial institutions	43,986	181,753	43,986	181,753
Acquisitions of property, plant and equipment and intangible assets	(34,819)	(3,393)	-	-
Acquisitions of equity interests from subsidiaries by non-controlling interests	18,043	9	-	-
Net cash from investing activities carried forward	30,500	228,008	43,986	181,753

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTD.)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from investing activities (contd.)				
Net cash from investing activities brought forward	30,500	228,008	43,986	181,753
Addition of interests in a joint venture	-	(378)	-	-
Advance to a joint venture	(56,961)	-	-	-
Addition of interests in associates	(147,550)	(405,550)	-	-
Net cash flow from funds placement	-	-	(26,342)	(160,318)
Net redemptions of units in a structured entity by unitholders	-	10,633	-	-
Net cash flow from loss of control upon redemption of units in a structured entity	-	(5,890)	-	-
Dividends received	-	-	30,005	25,001
Net cash (used in)/from investing activities	(174,011)	(173,177)	47,649	46,436
Cash flows from financing activities				
Repayments to related companies	-	(95,833)	-	-
Drawdowns of term loans	68,143	90,944	-	-
Drawdowns of bills discounting	78,186	107,345	-	-
Repayments of term loans	(68,143)	(76,449)	-	-
Repayments of bills discounting	(120,007)	(157,124)	-	-
(Repayments)/Drawdowns of revolving credits	(23,000)	50,000	-	-
Payments of lease liabilities	(5,238)	(2,712)	-	-
Interest paid on:				
- advances from related companies	-	(686)	-	-
- lease liabilities	(544)	(485)	-	-
Dividends paid	(51,574)	(61,245)	(51,574)	(61,245)
Dividends paid to non-controlling interests of subsidiaries	(201)	(1,050)	-	-
Net cash used in financing activities	(122,378)	(147,295)	(51,574)	(61,245)
Net decrease in cash and cash equivalents	(57,679)	(232,670)	(966)	(8,768)
Effects of exchange rate changes on cash and cash equivalents	439	(110)	-	-
Cash and cash equivalents at beginning of financial year	117,838	350,618	1,871	10,639
Cash and cash equivalents at end of financial year	60,598	117,838	905	1,871

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Corporate information

Sunway Construction Group Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at Level 8, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The immediate, intermediate, penultimate and ultimate holding companies of the Company are Sunway Holdings Sdn. Bhd., Sunway Berhad, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, all of which are incorporated in Malaysia. Sunway Berhad is listed on the Main Market of Bursa Malaysia Securities Berhad and produces financial statements available for public use. Related companies refer to companies within the Sunway Berhad group of companies.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries and the interests of the Group in associates and joint arrangements.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 17 to the financial statements.

The financial statements for the financial year ended 31 December 2021 were authorised for issue in accordance with a resolution of the Directors on 29 March 2022.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The new MFRSs and amendments to MFRSs adopted during the financial year are set out in Note 43(a) to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

3. Segment information

For management purpose, the Group is organised into business units based on their products and services. In addition, the businesses are considered from a geographical perspective. The Group's reporting segments are as follows:

- (i) Construction - turnkey, construction related design and build, civil engineering, building works, geotechnical services and related products, hire of heavy machineries, mechanical and engineering works, sustainable energy, facade engineering and consultancy services and transportation agent.
- (ii) Precast concrete - construction engineering, sub-contracting works for precast fabrication, manufacturing and distribution of precast components and building materials.

Operating segments that have been aggregated to form the above reporting segments are as indicated as above. These operating segments are aggregated due to the similar nature and economic characteristics of the businesses.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise tax assets and liabilities, corporate assets, liabilities and expenses, if any.

Segment revenue, expenses and results include transfers between business segments. The inter-segment transactions have been entered into, on negotiated basis and are eliminated on consolidation. These policies have been applied consistently throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. 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	Elimination RM'000	Note	Total RM'000
At 31 December 2021					
Revenue					
Sales to external customers	1,606,248	122,907	-		1,729,155
Inter-segment sales	427,181	92,316	(519,497)	A	-
Total revenue	2,033,429	215,223	(519,497)		1,729,155
Results					
Operating profit	134,861	4,554	-	A	139,415
Finance and other distribution income	3,910	243	-		4,153
Finance costs	(3,247)	(1,336)	-		(4,583)
Share of results of associates	8,621	-	-		8,621
Share of results of joint ventures	4,639	-	-		4,639
Profit before tax	148,784	3,461	-		152,245
Income tax expense	(41,058)	(437)	-		(41,495)
Net profit for the year	107,726	3,024	-		110,750
Non-controlling interests	1,836	-	-		1,836
Attributable to owners of the parent	109,562	3,024	-		112,586
Assets					
Segment assets	1,510,786	191,880	(582,557)		1,120,109
Investments in associates	596,917	-	-		596,917
Investments in joint ventures	4,806	121,795	-		126,601
Unallocated assets					20,588
Total assets					1,864,215
Liabilities					
Segment liabilities	1,107,365	207,695	(177,787)		1,137,273
Unallocated liabilities					10,171
Total liabilities					1,147,444
Other segment information					
Capital expenditure	6,245	28,574	-	B	34,819
Depreciation and amortisation	23,408	4,009	-		27,417

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Segment information (contd.)

Business segments (contd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment: (contd.)

	Construction RM'000	Precast concrete RM'000	Elimination RM'000	Note	Total RM'000
At 31 December 2020					
Revenue					
Sales to external customers	1,455,226	97,426	-		1,552,652
Inter-segment sales	422,713	82,074	(504,787)	A	-
Total revenue	1,877,939	179,500	(504,787)		1,552,652
Results					
Operating profit	87,174	3,344	-	A	90,518
Finance and other distribution income	7,151	654	-		7,805
Finance costs	(5,674)	(1,269)	-		(6,943)
Share of results of associates	10,014	-	-		10,014
Share of results of a joint venture	110	-	-		110
Profit before tax	98,775	2,729	-		101,504
Income tax expense	(26,874)	(903)	-		(27,777)
Net profit for the year	71,901	1,826	-		73,727
Non-controlling interests	(941)	-	-		(941)
Attributable to owners of the parent	70,960	1,826	-		72,786
Assets					
Segment assets	1,739,753	211,067	(560,552)		1,390,268
Investments in associates	444,137	-	-		444,137
Investments in joint ventures	378	44,427	-		44,805
Unallocated assets					26,853
Total assets					1,906,063
Liabilities					
Segment liabilities	1,285,777	172,934	(195,368)		1,263,343
Unallocated liabilities					4,110
Total liabilities					1,267,453
Other segment information					
Capital expenditure	2,284	1,109	-	B	3,393
Depreciation and amortisation	29,632	3,810	-		33,442

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Segment information (contd.)

Geographical segments

The following table provides an analysis of the Group's revenue, profit before tax, net profit, profit attributable to owners of the parent and assets by geographical segment:

	Revenue from contracts with customers RM'000	Profit/(loss) before tax RM'000	Net profit/(loss) RM'000	Profit/(loss) attributable to owners of the parent RM'000	Segment assets RM'000
At 31 December 2021					
Malaysia	1,593,986	152,430	111,248	110,815	952,985
Singapore	122,907	(32)	(32)	(32)	115,898
India	12,262	(7,957)	(8,273)	(6,004)	50,978
Trinidad & Tobago	-	-	-	-	25
United Arab Emirates	-	7,904	7,904	7,904	198
Myanmar	-	(100)	(97)	(97)	25
	1,729,155	152,245	110,750	112,586	1,120,109
At 31 December 2020					
Malaysia	1,412,611	97,640	70,324	69,370	1,259,005
Singapore	97,426	(3,672)	(3,630)	(3,623)	119,085
India	42,092	2,492	2,013	2,019	2,674
Trinidad & Tobago	-	-	-	-	24
United Arab Emirates	-	5,074	5,074	5,074	9,336
Myanmar	523	(30)	(54)	(54)	144
	1,552,652	101,504	73,727	72,786	1,390,268

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements

- A Inter-segment revenues and profit are eliminated on consolidation.
 B Capital expenditures consist of:

	2021 RM'000	2020 RM'000
Property, plant and equipment (exclude right-of-use buildings)	34,737	3,365
Software	82	28
	34,819	3,393

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

3. Segment information (contd.)

Major customers

Revenue from two (2) customers (2020: one (1) customer) from the construction segment represent approximately RM539,453,000 (2020: RM280,000,000) of the Group's revenue.

The following are major customers with revenue equal or more than ten percent (10%) of Group's revenue:

	2021 RM'000	2020 RM'000
Customer A	329,000	280,000
Customer B	210,453	- *
	539,453	280,000

* Represents revenue not disclosed as the revenue is less than 10% of Group's revenue.

4. Capital and financial risk management

(a) Capital management

The primary objective of the Group's and of the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's and the Company's businesses and maximise shareholders' value.

The Group and the Company manage their capital structure by ensuring that financial commitments are met as and when they fall due. In addition, divestment of the Group's and of the Company's non-core assets which provide low returns are also made to optimise the capital structure of the Group and of the Company.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's and of the Company's debt level, hence its capital structure. The ratio is calculated as total borrowings divided by total equity. Total equity is the equity attributable to owners of the parent.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Borrowings (Note 32)	237,914	300,915	-	-
Equity attributable to owners of the parent	699,133	636,896	499,392	517,127
Gearing ratio	34%	47%	N/A	N/A

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40.0 million. The Company has complied with this requirement for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risks (both fair value and cash flow), foreign currency risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below. It is, and has been throughout the current financial year and previous financial year, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest bearing amount due to a related company, deposits with licensed banks and other financial institutions and borrowings.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 27, 31 and 32 to the financial statements respectively.

Foreign currency risk

The Group is not significantly exposed to foreign currency risk as the majority of the Group's transactions, assets and liabilities are denominated in Ringgit Malaysia ("RM") except for foreign currency risk arising from a country in which certain foreign subsidiaries operate. The currencies giving rise to this risk are Singapore Dollar ("SGD") and India Rupee ("INR").

Approximately 8% (2020: 9%) of the Group's sales are denominated in foreign currencies whilst almost 2% (2020: 1%) of costs are denominated in the respective functional currencies of the Group entities.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the revenue stream to be generated from its investments.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances amounted to RM18,013,000 (2020: RM18,030,000).

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.

Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

Group	INR RM'000	SGD RM'000	Others RM'000
At 31 December 2021			
Financial assets in foreign currencies			
Cash and bank balances	5,538	12,203	272
Trade and other receivables	45,033	79,541	15
Financial liabilities in foreign currencies			
Trade and other payables	(8,982)	(19,834)	(65)
Borrowing	-	(145,390)	-
Net exposure	41,589	(73,480)	222

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Foreign currency risk exposure (contd.)

The currency risk exposure profiles for each class of financial instruments are as follows: (contd.)

Group	SGD RM'000	Others RM'000
At 31 December 2020		
Financial assets in foreign currencies		
Cash and bank balances	15,319	2,711
Trade and other receivables	102,865	9,461
Financial liabilities in foreign currencies		
Trade and other payables	(6,004)	(12,358)
Borrowing	(143,571)	-
Net exposure	(31,391)	(186)

Company

At 31 December 2021/2020

The currency risk exposure profile of the Company is not presented as there is no exposure to foreign currency at the end of the reporting period.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Group, with all other variables held constant.

	Group Profit net of tax	
	2021 RM'000	2020 RM'000
INR/RM		
- strengthened 1.5% (2020: N/A)	(437)	-
- weakened 1.5% (2020: N/A)	437	-
SGD/RM		
- strengthened 0.6% (2020: 1.3%)	(366)	(339)
- weakened 0.6% (2020: 1.3%)	366	339

The exposure of INR is only presented in this financial year as the India operations only re-commenced activities in this financial year. The exposure to the other currencies except for INR and SGD, are not significant, hence the effects of the changes in the exchange rates are not presented.

The sensitivity of the Group's equity to a reasonably possible change in the foreign exchange rates against the functional currency of the Group is not presented as the effects are immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

4. Capital and financial risk management (contd.)**(b) Financial risk management objectives and policies (contd.)****Liquidity risk**

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from both capital markets and financial institutions and balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

The analysis of financial instruments by remaining contractual maturities have been disclosed in Notes 25, 26, 27, 28, 30, 32, 34, 35 and 36 to the financial statements respectively.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Notes 23 and 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
- Construction contracts	1,606,248	1,455,226	-	-
- Sale of goods	122,907	97,426	-	-
Other revenue				
Dividend income from a subsidiary	-	-	30,005	25,001
	1,729,155	1,552,652	30,005	25,001

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the reportable segments of the Group.

Group	India RM'000	Malaysia RM'000	Singapore RM'000	Total RM'000
31 December 2021				
Major products and service lines				
Revenue from construction contracts	12,262	1,593,986	-	1,606,248
Sales of goods	-	-	122,907	122,907
Revenue from external customers	12,262	1,593,986	122,907	1,729,155
Timing of revenue recognition				
Services transferred over time	12,262	1,593,986	17,365	1,623,613
Products transferred at a point in time	-	-	105,542	105,542
Revenue from external customers	12,262	1,593,986	122,907	1,729,155
31 December 2020				
Major products and service lines				
Revenue from construction contracts		1,455,226	-	1,455,226
Sales of goods		-	97,426	97,426
Revenue from external customers		1,455,226	97,426	1,552,652
Timing of revenue recognition				
Services transferred over time		1,455,226	-	1,455,226
Products transferred at a point in time		-	17,885	17,885
Products transferred over time		-	79,541	79,541
Revenue from external customers		1,455,226	97,426	1,552,652

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

5. Revenue (contd.)**(a) Revenue from construction contracts**

Construction contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices.

Revenue from construction contracts is measured at the fixed transaction price agreed under the agreement.

The Group determines the transaction price of a contract after considering the effect of variable consideration, constraining estimates of variable consideration, effect of significant financing component, non-cash consideration and consideration payable to customer.

When the fair value of variable consideration is uncertain, the Group estimates the amount of consideration by using the most likely amount method and only recognises to the extent that is highly probable that a significant reversal in cumulative revenue will not occur.

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue based on contract work certified to date which depicts the basis of direct measurements of value to the customers of the construction work performed to date relative to the remaining construction work promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the customer obtains control of the asset.

Significant judgement is required in estimating the progress towards complete satisfaction of performance obligations and in assessing the exposures to liquidated ascertained damages ("LAD") based on the facts and circumstances of the relevant construction projects, including projects that had been served with certificates of non-achievement for project delays. In making these judgements, the Group evaluates based on experience and by relying on the work of specialists. The progress towards complete satisfaction of performance obligations is measured using the output method, which is based on the contract work certified to date over the estimated total contract sum.

(b) Sale of goods

Revenue is recognised as and when control of the asset is transferred to the customer and it is probable that the Group would collect the consideration to which it will be entitled in exchange for the asset that would be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the performance of the Group does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation using the output method. The output method recognises revenue on the basis of direct measurements of value to the customers of goods transferred to date relative to the remaining goods promised under the contract.

If control of the asset transfers at a point in time, revenue is recognised at a point in time when the goods has been transferred to the customer and coincides with the delivery of goods and acceptance by customers.

There is no material right of return and warranty provided to the customers on the sale of products.

(c) Dividend income

Dividend income is recognised when the right of the Company to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

6. Cost of sales

	Group	
	2021 RM'000	2020 RM'000
Construction contract costs	1,260,207	1,194,647
Cost of goods sold	111,377	87,834
	1,371,584	1,282,481

7. Other income

Included in other income are the following:

	Group	
	2021 RM'000	2020 RM'000
Rental income	635	239
Bad debts recovered	-	12
Gain on disposal of property, plant and equipment	2,402	1,463
Gain on disposal of property stock	-	1,156
Gain on reassessments and modifications of leases	810	103
Write back of payables	5	662
Accretion of financial assets	334	830
Foreign exchange gain:		
- realised	130	223
- unrealised	217	31

Rental income is accounted for on a straight-line basis over the lease term of an ongoing lease.

8. Finance and other distribution income and finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Finance and other distribution income				
Finance and other distribution income from:				
Advance to a related company (Note 41)	-	2	-	-
Deposits with licensed banks	27	578	-	-
Deposits with other financial institutions	3,143	5,366	1,861	4,214
Structured entities controlled by its intermediate holding company	489	1,828	3,842	3,468
Others	494	31	8	11
	4,153	7,805	5,711	7,693
Finance costs				
Interest expense in relation to:				
Lease liabilities	(544)	(485)	-	-
Advance from a related company (Note 41)	-	(686)	-	-
Bank borrowings	(4,039)	(5,750)	-	-
Others	-	(22)	-	-
	(4,583)	(6,943)	-	-

Interest income from short term deposits, structured entities controlled by its intermediate holding company and advances are recognised on an accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. Profit before tax

(a) Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:				
- statutory audits	567	547	17	17
- over provision in prior years	(3)	(8)	-	-
- other services	37	9	-	-
Foreign exchange losses:				
- realised	288	54	-	1
- unrealised	223	89	-	-
Fair value (gain)/loss on derivative assets and liabilities	(93)	1,485	-	-
Realised loss on derivative liabilities	-	408	-	-
Accretion of financial assets and liabilities	1,521	989	-	-
Reclassification of foreign currency translation reserve to profit or loss on deregistration of foreign branches and subsidiaries	-	3,108	-	-
Bad debts written off	-	38	-	-
Impairment losses on:				
- goodwill (Note 21)	-	3,647	-	-
- investment in an associate (Note 18)	1,091	-	-	-
Written off of property, plant and equipment (Note 15)	77	16	-	-
Rental expenses:				
- short term lease expenses	301	627	-	-
- lease expense for low value assets	271	180	-	-
- variable lease payment expense	79	68	-	-
Management fees paid to intermediate holding company and a related company (Note 41)	16,382	9,305	-	-
Management fees paid to a subsidiary (Note 41)	-	-	202	767
Service level agreement fees paid to related companies (Note 41)	3,416	3,324	6	5

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. Profit before tax (contd.)

(b) Net impairment losses on financial assets recognised in profit or loss were as follows

	Group	
	2021 RM'000	2020 RM'000
Impairment losses on:		
- trade receivables (Note 23)	16,195	14,145
- other receivables (Note 24)	26	19
- amounts due from joint ventures (Note 28)	-	167
- amounts due from related companies (Note 27)	11	-
- quasi-equity loan advanced to joint ventures (Note 19)	541	-
	16,773	14,331
Reversal of allowance for Impairment losses of:		
- trade receivables (Note 23)	(978)	(1,691)
- other receivables (Note 24)	(36)	(216)
- amount due from an associate (Note 29)	(134)	(72)
- amounts due from joint ventures (Note 28)	(169)	-
- amounts due from related companies (Note 27)	-	(20)
	(1,317)	(1,999)
Net impairment losses of financial assets	15,456	12,332

10. Employee benefits expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Wages, salaries, allowances and bonuses	120,737	100,067	-	-
Social security contributions	910	1,032	-	-
Contributions to defined contribution plan	9,856	11,029	-	-
Employees' share option scheme	35	(351)	-	-
Other benefits	5,622	6,152	16	16
	137,160	117,929	16	16

Included in employee benefits expense of the Group are Executive Directors' remuneration amounting to RM4,339,000 (2020: RM2,185,000) as further disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

11. Directors' remuneration

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors' remuneration:				
Salaries and bonuses	3,874	1,943	-	-
Contribution to defined contribution plan	465	232	-	-
Other benefits	-	10	-	-
Total Executive Directors' remuneration excluding benefits-in-kind (Note 10)	4,339	2,185	-	-
Estimated money value of benefits-in-kind	57	44	-	-
Total Executive Directors' remuneration including benefits-in-kind (Note 41)	4,396	2,229	-	-
Non-Executive Directors' remuneration:				
Fees	709	680	709	680
Other emoluments	78	74	78	74
	787	754	787	754
Total Directors' remuneration including benefits-in-kind	5,183	2,983	787	754

The number of Directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2021	2020
Executive Directors:		
RM2,000,001 - RM2,600,000	1	-
RM1,500,001 - RM2,000,000	1	-
RM1,000,000 - RM1,500,000	-	2
Non-Executive Directors:		
RM150,001 - RM200,000	1	1
RM100,000 - RM150,000	5	5
Below RM100,000	1	-

Included in Executive Directors, is the Alternate Director.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Income tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current income tax:				
Malaysian income tax	30,159	21,860	1	2
Foreign tax	-	25	-	-
	30,159	21,885	1	2
Under/(Over) provision in prior years:				
Malaysian income tax	1,882	11,180	1	-
Foreign tax	313	(43)	-	-
	2,195	11,137	1	-
	32,354	33,022	2	2
Deferred tax (Note 33):				
Relating to origination and reversal of temporary differences	9,465	4,059	-	-
Over provision in prior years	(324)	(9,304)	-	-
	9,141	(5,245)	-	-
Total income tax expense	41,495	27,777	2	2

(a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

12. Income tax expense (contd.)

- (c) A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group	
	2021 RM'000	2020 RM'000
Profit before tax	152,245	101,504
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	36,539	24,361
Different tax rates in other countries	(28)	(735)
Effect of reduction in tax rates arising from incremental taxable income	35	-
Income not subject to tax	(3,580)	(6,771)
Expenses not deductible for tax purposes	8,433	10,841
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	1,791	1,390
Utilisation of deferred tax assets previously not recognised	(384)	(712)
Effect of share of results of associates	(2,069)	(2,403)
Effect of share of results of joint ventures	(1,113)	(27)
Under provision of income tax in prior years	2,195	11,137
Over provision of deferred tax in prior years	(324)	(9,304)
Income tax expense for the year	41,495	27,777

	Company	
	2021 RM'000	2020 RM'000
Profit before tax	33,841	30,495
Taxation at Malaysian statutory tax rate of 24% (2020: 24%)	8,122	7,319
Income not subject to tax	(8,570)	(7,844)
Expenses not deductible for tax purposes	449	527
Under provision of income tax in prior year	1	-
Income tax expense for the year	2	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

13. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2021	2020
Profit attributable to owners of the parent (RM'000)	112,586	72,786
Weighted average number of ordinary shares in issue ('000)	1,289,359	1,289,359
Basic earnings per ordinary share (sen)	8.73	5.64

(b) Diluted

Diluted earnings per share equals basic earnings per ordinary share because there were no dilutive ordinary shares as at the end of reporting period.

14. Dividends

	Group/Company			
	Dividends in respect of year		Dividends recognised in year	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interim dividend for 2019				
Single-tier dividend of 3.5 sen per ordinary share	-	-	-	45,128
Interim dividend for 2020:				
Single-tier dividend of 1.25 sen per ordinary share	-	16,117	-	16,117
Single-tier dividend of 2.75 sen per ordinary share	-	35,457	35,457	-
Interim dividend for 2021:				
Single-tier dividend of 1.25 sen per ordinary share	16,117	-	16,117	-
Single-tier dividend of 4.00 sen per ordinary share	51,574	-	-	-
	67,691	51,574	51,574	61,245

On 23 February 2022, the Board of Directors declared a second interim single-tier dividend of 4.00 cents per ordinary shares for the financial year ended 31 December 2021. The total dividend payable amounted to RM51,574,364. The dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

The Board of Directors do not recommend any final dividend for the financial year ended 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group At 31 December 2021	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Right-of-use buildings RM'000	Total RM'000
Cost								
At beginning of financial year	8,538	18,234	267,808	27,944	9,733	3	18,973	351,233
Additions	-	-	5,119	509	534	28,575	10,603	45,340
Written-off	-	-	(8,482)	(51)	(976)	-	-	(9,509)
Disposals	-	-	(3,156)	(1,579)	-	-	-	(4,735)
Reassessment and modification of leases	-	-	-	-	-	-	350	350
Reclassifications	-	-	3	-	-	(3)	-	-
Exchange differences	-	-	13	(1)	26	(30)	22	30
At end of financial year	8,538	18,234	261,305	26,822	9,317	28,545	29,948	382,709
Accumulated depreciation								
At beginning of financial year	-	6,272	191,746	21,865	7,897	-	12,589	240,369
Depreciation charge for the financial year	-	1,033	17,760	2,584	541	-	5,405	27,323
Written-off	-	-	(4,862)	(52)	(975)	-	-	(5,889)
Disposals	-	-	(2,241)	(1,576)	-	-	-	(3,817)
Exchange differences	-	-	13	-	23	-	19	55
At end of financial year	-	7,305	202,416	22,821	7,486	-	18,013	258,041
Accumulated impairment losses								
At beginning of financial year	-	-	3,543	-	-	-	-	3,543
Written-off	-	-	(3,543)	-	-	-	-	(3,543)
At end of financial year	-	-	-	-	-	-	-	-
Net carrying amount	8,538	10,929	58,889	4,001	1,831	28,545	11,935	124,668

15. Property, plant and equipment

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group At 31 December 2020	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Capital work-in- progress RM'000	Right-of-use buildings RM'000	Total RM'000
Cost								
At beginning of financial year	8,538	17,456	282,209	28,507	9,775	-	21,407	367,892
Additions	-	778	811	280	1,493	3	639	4,004
Written-off	-	-	(7,984)	(5)	(1,494)	-	-	(9,483)
Disposals	-	-	(7,198)	(838)	(45)	-	-	(8,081)
Reassessment and modification of leases	-	-	-	-	-	-	(1,876)	(1,876)
Reversals	-	-	-	-	-	-	(1,196)	(1,196)
Exchange differences	-	-	(30)	-	4	-	(1)	(27)
At end of financial year	8,538	18,234	267,808	27,944	9,733	3	18,973	351,233
Accumulated depreciation								
At beginning of financial year	-	5,279	180,896	19,612	8,828	-	11,227	225,842
Depreciation charge for the financial year	-	993	25,986	3,092	595	-	2,636	33,302
Written-off	-	-	(7,969)	(5)	(1,493)	-	-	(9,467)
Disposals	-	-	(7,136)	(834)	(37)	-	-	(8,007)
Reassessment and modification of leases	-	-	-	-	-	-	(77)	(77)
Reversals	-	-	-	-	-	-	(1,196)	(1,196)
Exchange differences	-	-	(31)	-	4	-	(1)	(28)
At end of financial year	-	6,272	191,746	21,865	7,897	-	12,589	240,369
Accumulated impairment losses								
At beginning/end of financial year	-	-	3,543	-	-	-	-	3,543
Net carrying amount	8,538	11,962	72,519	6,079	1,836	3	6,384	107,321

15. Property, plant and equipment (contd.)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

15. Property, plant and equipment (contd.)

- (a) Right-of-use buildings represent right-of-use assets arising from lease arrangements that do not meet the definition of investment property.
- (b) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Buildings	2 - 15
Plant and machinery	10 - 33
Motor vehicles	20
Office equipment, furniture and fittings	10 - 33

Freehold land has an unlimited useful life and therefore is not depreciated. Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The useful lives and residual values of other components of property, plant and equipment (excluding right-of-use assets) are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

- (c) The right-of-use assets under property, plant and equipment are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the end of the lease term. The principal depreciation periods are as follows:

Buildings over the lease period from 2 to 12 years

- (d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2021 RM'000	2020 RM'000
Additions of property, plant and equipment	45,340	4,004
Additions via finance lease	(10,603)	(639)
Cash outflow for acquisition of property, plant and equipment	34,737	3,365

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16. Intangible assets

Software	Group	
	2021 RM'000	2020 RM'000
Cost		
At beginning of financial year	18,260	18,232
Additions	82	28
At end of financial year	18,342	18,260
Accumulated amortisation		
At beginning of financial year	18,166	18,026
Amortisation charge for the year	94	140
At end of financial year	18,260	18,166
Net carrying amount	82	94

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives. The amortisation expense on intangible assets with finite life is included within the other expenses line item.

Software

Software that does not form an integral part of the related hardware is treated as intangible asset with finite life and is amortised over its estimated useful life of three (3) years (2020: three (3) years).

NOTES TO THE FINANCIAL STATEMENTS

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17. Investment in a subsidiary

	Company	
	2021 RM'000	2020 RM'000
At cost		
Unquoted ordinary shares	258,580	258,580

- (a) Investment in a subsidiary, which is eliminated on consolidation, is stated in the separate financial statements at cost less any accumulated impairment losses.
- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.
- (c) On 22 July 2020, Sunway Construction Sdn. Bhd., a direct wholly-owned subsidiary of the Company, had incorporated a new subsidiary known as Sunway RNS TJ Private Limited. ("Sunway RNS TJ") by subscribing 120,000 ordinary shares at an issue price of INR1.00 each, representing 60% of the paid-up share capital of Sunway RNS TJ, to undertake for the project known as "Four laning of Thorapalli Agraharam – Jittandahalli Section of NH-844 from Km 25.000 to Km 63.500 (existing Chainage) corresponding to Km 23.350 to Km 60.100 (Design Chainage) under Bharatmala Pariyojana Phase-I (National Corridor) on Hybrid Annuity Model in the State of Tamil Nadu (Package-II of Hosur Dharamapuri Section)".

During the financial year, the Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 2,049 shares in Sunway RNS TJ, an existing indirect subsidiary, for a total cash consideration of INR296,316,255 (approximately equivalent to RM16.7 million). The effective shareholding interest of the Group in Sunway RNS TJ remains at 60%.

- (d) On 13 November 2020, Sunway Construction Sdn. Bhd., a direct wholly-owned subsidiary of the Company, had incorporated a new subsidiary known as Sunway RNSIL MC Private Limited. ("Sunway RNSIL MC") by subscribing 120,000 ordinary shares at an issue price of INR1.00 each, representing 60% of the paid-up share capital of Sunway RNSIL MC, to undertake for the project known as "Two laning with Paved Shoulder of Meensurutti (Km. 98.433) to Chidambaram (Km. 129.965.) Section of NH-227 on Hybrid Annuity Mode under Bharatmala Pariyojana Phase-I (Residual Projects under NHDP) in the State of Tamil Nadu".

During the financial year, the Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 2,117 shares in Sunway RNSIL MC, an existing indirect subsidiary, for a total cash consideration of INR192,964,550 (approximately equivalent to RM10.9 million). The effective shareholding interest of the Group in Sunway RNSIL MC remains at 60%.

- (e) During the financial year, the Group, via Sunway Construction Sdn. Bhd. had acquired additional equity shares, representing 2,300,000 shares in Sunway Construction India Pte. Ltd., an existing indirect wholly-owned subsidiary, for a total cash consideration of INR23,000,000 (approximately equivalent to RM1.3 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in a subsidiary (contd.)

- (f) Details of the subsidiaries are as follows:

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Subsidiary of Sunway Construction Group Berhad						
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering and building works, and transportation agents	100.00	100.00	-	-
Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunway Innopave Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment undertaking of sub-contract work and transportation agent	100.00	100.00	-	-
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical, engineering works and sustainable energy	100.00	100.00	-	-
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	100.00	100.00	-	-
Sunway Construction India Pte. Ltd. **	India	Construction of civil and building works	100.00	100.00	-	-
Sunway Machineries Services Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in a subsidiary (contd.)

(f) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Creative Stones Sdn. Bhd. #	Malaysia	Dormant	70.00	70.00	30.00	30.00
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing of precast concrete building components, undertaking of precast concrete building contracts and construction activities, as well as acting as transportation agent	100.00	100.00	-	-
Sunway Builders Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	-	-
Sunway Construction Caribbean Limited @	Trinidad and Tobago	Dormant	100.00	100.00	-	-
Sunway RNS TJ Private Limited ** ^	India	Concessionarie	60.00	60.00	40.00	40.00
Sunway RNSIL MC Private Limited ** ^	India	Concessionarie	60.00	60.00	40.00	40.00
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	100.00	100.00	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in a subsidiary (contd.)

(f) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunspan Sdn. Bhd. **+	Malaysia	Dormant	100.00	100.00	-	-
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	100.00	100.00	-	-
Sunway Facade Network Sdn. Bhd.	Malaysia	Facade design, engineering, construction and consultancy services	60.00	60.00	40.00	40.00
Sunway Visioneering Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
Sunway Concrete Products (M) Sdn. Bhd.	Malaysia	Manufacture of prefabricated structural and metal components for building or civil engineering of cement, concrete or artificial stones	100.00	100.00	-	-
Sunway Innopave (S) Pte. Ltd. *	Singapore	Investment holding company and renting of construction and civil engineering machinery and equipment	100.00	100.00	-	-
Subsidiary of Sunway Engineering Sdn. Bhd.						
Sunway Pekat Solar Sdn. Bhd.	Malaysia	Installation of non-electric solar energy collectors	60.00	60.00	40.00	40.00

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in a subsidiary (contd.)

(f) Details of the subsidiaries are as follows: (contd.)

Name of companies	Principal place of business/ Country of incorporation	Principal activities	% of ownership interest held by			
			Group		Non-controlling interest	
			2021 %	2020 %	2021 %	2020 %
Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.						
Sunway CT Geotechnics Pte. Ltd. *	Singapore	Dormant	55.00	55.00	45.00	45.00
Subsidiary of Sunway Industrial Products Sdn. Bhd.						
Sunway Concrete Products (S) Pte. Ltd. *	Singapore	Manufacturing and sale of precast concrete building components	100.00	100.00	-	-
Subsidiary of Sunway Innopave (S) Pte. Ltd.						
Sunway Builders (Myanmar) Company Limited * ^ ^ ~	Myanmar	Project management in construction services	100.00	100.00	-	-

* Audited by BDO Member Firms.

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

Statutory audit not required as at 31 December 2021 as the subsidiary is in the process of winding-up.

+ The Sunspan Sdn Bhd had on 7 February 2022 been placed under Member's Voluntary Winding Up. The affairs and conduct of the company is now placed under the control of the liquidator who will manage the entire process of liquidation.

@ Applied for deregistration on 29 March 2019.

^ Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2021 as financial year end of the subsidiary of 31 March does not coincide with the Group.

^^ Subsidiary is consolidated based on management accounts for the financial year ended 31 December 2021 as financial year end of the subsidiary of 30 September does not coincide with the Group.

~ In the process of liquidation.

(g) In the prior financial year, the Group determined that its placements in a wholesale fund is in substance, a structured entity under its control in accordance with MFRS 10 *Consolidated Financial Statements*, taking into consideration its power over the wholesale fund, exposure or rights to variable returns from its involvement with the wholesale fund and its ability to use its power over the wholesale fund to affect the amount of its returns.

The Group invested in the wholesale fund with the objective of achieving short term to long term income for its treasury management purposes. The fund was managed by the fund manager, who applied various investment strategies to accomplish its investment objectives. The operations were financed through the creation of investee fund units, which in turn entitled the holders to variable returns and fair values in the wholesale fund's net assets.

In relation to this, the Group was exposed to, or had rights to variable returns from its involvement in the fund. Accordingly, the fund was deemed as a subsidiary of the Group and had been consolidated in the financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

17. Investment in a subsidiary (contd.)

(h) In the prior financial year,

- (i) non-controlling interest redeemed units in the fund amounting to RM55,150,000 from Maybank Shariah Institutional Income Fund ("MSIIF") in January 2020, resulting to an increase in proportion of ownership interest of the Group in the fund from 64.20% to 80.52%.
- (ii) the Group redeemed units in the fund amounting to RM14,000,000 from MSIIF on 15 January 2020, resulting to a decrease in proportion of ownership interest in the fund from 80.52% to 79.18%.
- (iii) non-controlling interest redeemed units in the fund amounting to RM4,217,000 from MSIIF in January and February 2020, resulting to an increase in proportion of ownership interest of the Group in the fund from 79.18% to 80.86%.
- (iv) the Group redeemed units in the fund amounting to RM45,000,000 from MSIIF on 17 February 2020, resulting to a decrease in proportion of ownership interest in the fund from 80.86% to 75.30%.
- (v) non-controlling interest placed RM70,000,000 into MSIIF on 19 February 2020, resulting to a decrease in proportion of ownership interest of the Group in the fund from 75.30% to 51.89%.
- (vi) On 24 February 2020, MSIIF became an associate of the Group subsequent to the redemption of units in the fund amounting to RM70,000,000, resulting to a decrease in proportion of ownership interest of the Group in the fund from 51.89% to 30.20%.

The effects of redemption to the Group were as follows:

Decrease in proportion of ownership interest in MSIIF from 51.89% to 30.20%

	2020 RM'000
Redemption sum	70,000
Fair value of the remaining ownership interest	46,861
	116,861
Less: Net carrying amount of MSIIF	
- Other investments	149,004
- Other receivables	308
- Cash and bank balances	75,890
- Other payables	(12)
	225,190
- Less: Non-controlling interest	(108,329)
	(116,861)
Gain on redemption of ownership interest in MSIIF	-
Total consideration for ownership interest redeemed	70,000
Less: Cash and cash equivalents of structured entity under the control of the Group	(75,890)
Net cash flow of the Group on redemption of ownership interest	(5,890)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Investments in associates

	Group	
	2021 RM'000	2020 RM'000
At cost:		
Unquoted:		
Cost of investment	577,590	430,040
Share of post-acquisition profits and other comprehensive income, net of dividend income	20,418	14,097
	598,008	444,137
Less: Accumulated impairment losses	(1,091)	-
	596,917	444,137

- (a) Investments in associates are stated at cost less any accumulated impairment losses in the separate financial statements and it is accounted for using the equity method of accounting in the consolidated financial statements.
- (b) The financial year end of the associates are coterminous with the financial year end of the Group.
- (c) Details of the associates are as follows:

Name of associates	Principal place of business	Principal activities	Proportion of ownership interest	
			2021 %	2020 %
Associate of Sunway Builders Sdn. Bhd.				
ISZL Consortium *	Unincorporated Abu Dhabi	Construction	25.00	25.00
Associates of the Group				
Maybank Shariah Institutional Income Fund ("MSIIF") * ^	Malaysia	Investment in shariah-compliant equities, Sukuk, Islamic deposits, Islamic money market instruments, Islamic collective investment schemes	29.47	31.35
Kenanga MoneyExtra Fund II ("KMEF2") * ^	Malaysia	Investment in short-term money market instruments and fixed income securities	33.40	30.24

* Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

^ The wholesale funds are deemed as associates of the Group as the Group has significant influence over the wholesale funds in accordance with MFRS 128 Investments in Associates and Joint Ventures.

- (d) On 24 February 2020, MSIIF became an associate from a subsidiary of the Group subsequent to the redemption of units in the fund amounting to RM70,000,000 by the Group, resulting to a decrease in proportion of ownership interest of the Group in the fund from 51.89% to 30.20%.

On 27 February 2020, the Group has further redeemed the remaining proportion of its ownership interest in MSIIF for a redemption sum of RM46,902,000. There is no gain or loss arising from the redemption.

Subsequent to the redemption and in December 2020, the Group has increased its ownership interest in MSIIF to 31.35% and MSIIF became an associate of the Group.

During the current financial year, MSIIF remains as an associate of the Group with ownership interest of 29.47%.

- (e) In the previous financial year, the Group has increased its ownership interest in KMEF2 and subsequently redeemed certain portion of its ownership interest in KMEF2. The Group's ownership interest in KMEF2 was 30.24% as at 31 December 2020 and KMEF2 became an associate of the Group.

During the current financial year, KMEF2 remains as an associate of the Group with ownership interest of 33.40%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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

(i) Summarised statements of financial position

	ISZL Consortium		MSIIF		KMEF2		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current assets	459	38,456	1,070,021	957,693	843,145	462,312	1,913,625	1,458,461
Total assets	459	38,456	1,070,021	957,693	843,145	462,312	1,913,625	1,458,461
Loan from Consortium Members	6,391	(3,123)	-	-	-	-	6,391	(3,123)
Current liabilities	(2,488)	(18,837)	(54)	(53)	(37)	(34)	(2,579)	(18,924)
Total liabilities	3,903	(21,960)	(54)	(53)	(37)	(34)	3,812	(22,047)
Net assets	4,362	16,496	1,069,967	957,640	843,108	462,278	1,917,437	1,436,414

(ii) Summarised statements of profit or loss and other comprehensive income

	ISZL Consortium		MSIIF		KMEF2		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	-	-	21,731	19,975	16,242	22,754	37,973	42,729
Profit before tax	(3,816)	-	21,185	19,638	15,938	22,228	33,307	41,866
Total comprehensive income	(2,930)	-	21,185	19,638	15,938	22,228	34,193	41,866

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

18. Investments in associates (contd.)
(f) (contd.)
(iii) Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in associates

	ISZL Consortium		MSIIF		KMEF2		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net assets at beginning of financial year	16,496	16,496	957,640	271,743	462,278	497,100	1,436,414	785,339
Net placement/(redemption)	-	-	111,174	708,214	373,286	(37,816)	484,460	670,398
Profit for the year	(3,816)	-	21,185	19,638	15,938	22,228	33,307	41,866
Other comprehensive income	886	-	-	-	-	-	886	-
Distribution of income during the year	(9,204)	-	(20,032)	(41,955)	(8,394)	(19,234)	(37,630)	(61,189)
Net assets at end of financial year	4,362	16,496	1,069,967	957,640	843,108	462,278	1,917,437	1,436,414
Interest in associate as at year end	25%	25%	29.47%	31.35%	33.40%	30.24%		
Less: Impairment losses	1,091	4,124	315,319	300,220	281,598	139,793	598,008	444,137
Carrying value of Group's interest in associates	(1,091)	-	-	-	-	-	(1,091)	-
	-	4,124	315,319	300,220	281,598	139,793	596,917	444,137

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investments in joint arrangements

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares at cost	44,488	44,488
Share of post-acquisition profits and other comprehensive income, net of dividends received	5,207	317
	49,695	44,805
Quasi-equity loan	77,447	-
Less: Impairment loss	(541)	-
	76,906	-
	126,601	44,805

19.1 Investments in joint ventures

- (a) Investments in joint ventures are stated at cost less accumulated impairment losses in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.
- (c) The financial year end of the joint ventures are coterminous with the financial year end of the Group, except for IJM Sunway Sdn. Bhd., which has a financial year end of 31 March. Management accounts of this joint venture for the financial year ended 31 December 2021 has been used for the purpose of applying the equity method of accounting.
- (d) Quasi-equity loan is unsecured, interest free and has the unconditional right to avoid settlement of the loan in cash and is considered to be part of investment of the Group in providing the joint venture with a long term source of additional capital.
- (e) Impairment for quasi-equity loan is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss ("ECL") model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in allowance for impairment accounts of quasi-equity loan is as follows:

	Group	
	12 months ECL	
	2021 RM'000	2020 RM'000
At beginning of financial year	-	-
Charge for the year	541	-
At end of financial year	541	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investments in joint arrangements (contd.)

19.1 Investments in joint ventures (contd.)

(f) Details of the joint ventures are as follows:

Name of Joint Venture	Principal place of business/ Country of incorporation	Principal activities	Effective interest in equity	
			2021 %	2020 %
Joint venture of Sunway Engineering Sdn. Bhd.				
IJM Sunway Sdn. Bhd. **	Malaysia	Dormant	50.00	50.00
GME-SE Joint Venture (STW) **	Unincorporated Malaysia	Provision of mechanical and engineering works	50.00	50.00
Joint venture of Sunway Construction Sdn. Bhd.				
SunCity SunCon Joint Venture [Ⓐ]	Unincorporated Malaysia	Dormant	-	50.00
Joint venture of Sunway Geotechnics (M) Sdn. Bhd.				
Sunway Aneka Pertama Geotechnics (PH) Inc. **	Incorporated Philippines	Construction	43.00	43.00
Joint venture of Sunway Concrete Product (S) Pte. Ltd.				
HL-Sunway JV Pte. Ltd. **	Singapore	Manufacturing and sales of precast concrete components	49.00	49.00

** Audited by firms of auditors other than BDO PLT in Malaysia and BDO Member Firms.

[Ⓐ] Dissolved on 8 January 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investments in joint arrangements (contd.)

19.1 Investments in joint ventures (contd.)

(g) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the MFRS financial statements of the joint ventures (translated to Ringgit Malaysia, where applicable, based on exchange rates as at the end of the reporting period) and not share of the Group of those amounts. The other joint ventures are not material to the Group.

(i) Summarised statements of financial position

At 31 December 2021	GME-SE Joint Venture (STW)	Sunway Aneka Pertama Geotechnics (PH) INC.	HL-Sunway JV Pte. Ltd.	Total
	RM'000	RM'000	RM'000	RM'000
Non-current assets	-	-	271,322	271,322
Cash and cash equivalents	652	880	609	2,141
Other current assets	19,271	-	8,593	27,864
Current assets	19,923	880	9,202	30,005
Total assets	19,923	880	280,524	301,327
Trade and other payables and provisions	11,067	-	188,914	199,981
Total current liabilities	11,067	-	188,914	199,981
Net assets	8,856	880	91,610	101,346

At 31 December 2020	SunCity SunCon Joint Venture	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
	RM'000	RM'000	RM'000	RM'000
Non-current assets	10	-	128,380	128,390
Cash and cash equivalents	2,082	880	7,759	10,721
Other current assets	63	-	13,007	13,070
Current assets	2,145	880	20,766	23,791
Total assets	2,155	880	149,146	152,181
Trade and other payables and provisions	2,155	-	58,479	60,634
Total current liabilities	2,155	-	58,479	60,634
Net assets	-	880	90,667	91,547

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investments in joint arrangements (contd.)

19.1 Investments in joint ventures (contd.)

(g) (contd.)

(ii) Summarised statements of profit or loss and other comprehensive income

	GME-SE Joint Venture (STW)	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2021	RM'000	RM'000	RM'000	RM'000
Revenue	57,726	-	-	57,726
Cost of Sales	(48,870)	-	-	(48,870)
Other expenses	-	-	-	-
Profit before tax	8,856	-	-	8,856
Taxation	-	-	-	-
Profit after tax	8,856	-	-	8,856
Other comprehensive income net of tax	-	-	943	943
Total comprehensive income	8,856	-	943	9,799
Dividend received from joint venture during the financial year	-	-	-	-

	SunCity SunCon Joint Venture	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2020	RM'000	RM'000	RM'000	RM'000
Revenue	-	-	-	-
Cost of Sales	-	-	-	-
Other income	110	-	-	110
Profit before tax	110	-	-	110
Income tax expense	-	-	-	-
Profit after tax	110	-	-	110
Other comprehensive income net of tax	-	-	339	339
Total comprehensive income	110	-	339	449
Dividend received from joint venture during the financial year	110	-	-	110

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investments in joint arrangements (contd.)

19.1 Investments in joint ventures (contd.)

(g) (contd.)

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

	GME-SE Joint Venture (STW)	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2021	RM'000	RM'000	RM'000	RM'000
Net assets at beginning of financial year	-	880	90,667	91,547
Profit for the year	8,856	-	-	8,856
Other comprehensive income	-	-	943	943
Dividend paid during the year	-	-	-	-
Net assets at end of financial year	8,856	880	91,610	101,346
Interest in joint ventures as at year end	50%	43%	49%	
Carrying value of Group's interest in joint ventures	4,428	378	44,889	49,695

	SunCity SunCon Joint Venture	Sunway Aneka Pertama Geotechnics (PH) Inc.	HL-Sunway JV Pte. Ltd.	Total
At 31 December 2020	RM'000	RM'000	RM'000	RM'000
Net assets at beginning of financial year	-	-	90,328	90,328
Capital injection	-	880	-	880
Profit for the year	110	-	-	110
Other comprehensive income	-	-	339	339
Dividend paid during the year	(110)*	-	-	(110)
Net assets at end of financial year	-	880	90,667	91,547
Interest in joint ventures as at year end	50%	43%	49%	
Carrying value of Group's interest in joint ventures	-	378	44,427	44,805

* Dividend paid was solely attributable to the Group

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

19. Investments in joint arrangements (contd.)

19.2 Investments in joint operations

- (a) Taisei-Sunway Joint Venture is deemed to be a joint operation of the Group, which is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.
- (b) When the Group undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:
- its assets, including its share of any assets held jointly;
 - its liabilities, including its share of any liabilities incurred jointly;
 - its revenue from the sale of its share of the output arising from the joint operation;
 - its share of the revenue from the sale of the output by the joint operation; and
 - its expenses, including its share of any expenses incurred jointly.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When the Group transacts with a joint operation in which the Group is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

- (c) Details of the joint operation are as follows:

Name of Joint Operation	Principal place of business	Principal activities	Participating interest	
			2021 %	2020 %
Joint operation of Sunway Construction Sdn. Bhd.				
Taisei-Sunway Joint Venture*	Unincorporated Malaysia	Construction works	50.00	50.00

* Audited by BDO Member Firms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

20. Other investments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-current				
Corporate membership	273	273	-	-
Current				
Placement in funds	-	-	203,264	176,922

- (a) The other investments are financial assets and measured at fair value through profit or loss pursuant to MFRS 9 *Financial Instruments*.
- (b) Placement in funds are in respect of investment in wholesale funds, which are structured entities controlled by its intermediate holding company in accordance with MFRS 10 *Consolidated Financial Statements*.
- (c) The fair value of corporate membership and unquoted bonds of the Group are categorised as Level 2 in the fair value hierarchy while the fair value of placement in funds is categorised as Level 1 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

21. Goodwill

	Group	
	2021 RM'000	2020 RM'000
Cost		
At beginning/end of financial year	35,397	35,397
Accumulated impairment losses		
At beginning of financial year	(35,397)	(31,750)
Impairment loss recognised in profit or loss (Note 9)	-	(3,647)
At end of financial year	(35,397)	(35,397)
Net carrying amount		
At beginning/end of financial year	-	-

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

	Group 2021/2020 RM'000
Precast concrete	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

22. Inventories

	Group	
	2021 RM'000	2020 RM'000
At cost		
Properties stocks	453	453
Raw materials	14,179	7,679
Finished goods	28,283	22,473
Spare parts	3,249	3,651
	46,164	34,256

- (a) Properties stocks comprise properties received from trade receivables as settlement of debts in the ordinary course of business.
- (b) Cost of raw materials and finished goods is determined on a first-in, first-out basis. Cost comprises costs of purchase, cost of conversion plus other costs incurred in bringing the inventories to their present location and condition.
- (c) Cost of spare parts is determined on a weighted average basis. Cost comprises costs of purchase plus other costs incurred in bringing the inventories to their present location and condition.
- (d) During the current financial year, inventories of the Group recognised as cost of sales amounted to RM86,630,000 (2020: RM73,614,000).

23. Trade receivables

	Group	
	2021 RM'000	2020 RM'000
Third parties	407,992	628,225
Related parties	29,005	43,735
Retention sums	209,782	225,386
	646,779	897,346
Less: Impairment losses	(46,172)	(30,949)
Total trade receivables	600,607	866,397

- (a) Total trade receivables are classified as financial assets measured at amortised cost.
- (b) The Group's primary exposure to credit risk arises through its trade receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 90 days (2020: 30 days to 90 days). Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest bearing.

- (c) Included in retention sums of the Group are amounts owing from related parties of RM50,317,000 (2020: RM41,176,000).

- (d) Impairment for trade receivables is recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group is exposed to credit risk.

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected credit loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. Trade receivables (contd.)

- (d) (contd.)

During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. The Group has identified the Gross Domestic Product, unemployment rate and non-performing loan ratio as the key macroeconomic factors of the forward-looking information. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward-looking information, including the effects of COVID-19 pandemic.

- (e) The reconciliation of movements in impairment losses for trade receivables is as follows:

	Group		
	Lifetime ECL - not credit impaired RM'000	Lifetime ECL - credit impaired RM'000	Total RM'000
At 31 December 2021			
At beginning of financial year	5,813	25,136	30,949
Charge for the financial year	148	16,047	16,195
Reversal of impairment losses	(423)	(555)	(978)
Exchange differences	6	-	6
At end of financial year	5,544	40,628	46,172
At 31 December 2020			
At beginning of financial year	6,928	16,515	23,443
Charge for the financial year	3	14,142	14,145
Reversal of impairment losses	(1,120)	(571)	(1,691)
Written off	-	(4,950)	(4,950)
Exchange differences	2	-	2
At end of financial year	5,813	25,136	30,949

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

- (f) The ageing analysis of the Group's trade receivables are as follows:

Group	2021		Total RM'000
	Gross RM'000	Impaired RM'000	
Current	555,357	(4,568)	550,789
1 to 30 days past due	799	(7)	792
31 to 60 days past due	2,728	(21)	2,707
61 to 90 days past due	2,019	(15)	2,004
91 to 120 days past due	4,140	(40)	4,100
121 days to 150 days past due	5,456	(360)	5,096
More than 150 days past due	76,280	(41,161)	35,119
	91,422	(41,604)	49,818
	646,779	(46,172)	600,607

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

23. Trade receivables (contd.)

(f) The ageing analysis of the Group's trade receivables are as follows: (contd.)

	2020		Total RM'000
	Gross RM'000	Impaired RM'000	
Current	781,594	(4,967)	776,627
1 to 30 days past due	55,771	(358)	55,413
31 to 60 days past due	4,829	(58)	4,771
61 to 90 days past due	1,630	(24)	1,606
91 to 120 days past due	2,278	(36)	2,242
121 days to 150 days past due	1,327	(21)	1,306
More than 150 days past due	49,917	(25,485)	24,432
	115,752	(25,982)	89,770
	897,346	(30,949)	866,397

(g) The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's total trade receivables at the end of the reporting period are as follows:

	Group			
	2021 RM'000	% of total	2020 RM'000	% of total
By country:				
Malaysia	519,020	86.4%	800,940	92.4%
Singapore	67,680	11.3%	65,457	7.6%
India	13,907	2.3%	-	-
	600,607	100.0%	866,397	100.0%
By segment:				
Construction	532,927	88.7%	800,940	92.4%
Precast concrete	67,680	11.3%	65,457	7.6%
	600,607	100.0%	866,397	100.0%

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are engaged in a wide spectrum of activities and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. Other receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits	8,669	7,843	-	-
Prepayments	18,289	28,291	58	-
Sundry receivables	36,350	5,418	63	46
	63,308	41,552	121	46
Less: Impairment losses	(3,081)	(3,091)	-	-
Total other receivables	60,227	38,461	121	46

- (a) Total other receivables, net of prepayments are classified as financial assets measured at amortised cost.
- (b) Included in other receivables of the Group is amounts due from related parties of RM134,000 (2020: RM303,000).
- (c) The amounts due from related parties are unsecured, non-interest bearing and repayable based on credit terms granted. The credit period is generally for a period of 30 days to 90 days (2020: 30 days to 90 days).
- (d) Impairment for other receivables is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while twelve-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the twelve months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The probability of non-payment by other receivables, amount due from a subsidiary, intermediate holding company, related companies, joint ventures, an associate and quasi-equity loan is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for other receivables, amount due from a subsidiary, intermediate holding company, related companies, joint ventures, an associate and quasi-equity loan. The Group has identified the Gross Domestic Product, unemployment rate and non-performing loan ratio as the key macroeconomic factors of the forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

24. Other receivables (contd.)

(d) (contd.)

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward-looking information and significant increase in credit risk, including the effects of COVID-19 pandemic.

No expected credit losses are recognised arising from other receivables of the Company because the probability of default by other receivables is negligible.

(e) The Group and the Company have no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

(f) The reconciliation of movements in impairment losses for other receivables is as follows:

	12-month ECL RM'000	Group Lifetime ECL credit impaired RM'000	Total RM'000
At 31 December 2021			
At beginning of financial year	64	3,027	3,091
Charge for the financial year	26	-	26
Reversal of impairment losses	(36)	-	(36)
At end of financial year	54	3,027	3,081
At 31 December 2020			
At beginning of financial year	264	5,126	5,390
Charge for the financial year	18	1	19
Reversal of impairment losses	(216)	-	(216)
Written off	(2)	(2,100)	(2,102)
At end of financial year	64	3,027	3,091

Credit impaired refers to individually determined debtors who are in significant financial difficulties and have defaulted on payments as at the financial year end.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

25. Amount due from/(to) a subsidiary

	Company	
	2021 RM'000	2020 RM'000
Current assets		
Amount due from a subsidiary (non-trade)	68	22
Current liabilities		
Amount due to a subsidiary (non-trade)	412	1,244

(a) Amount due from/(to) a subsidiary are classified as financial assets/(liabilities) measured at amortised cost.

(b) Amount due from/(to) a subsidiary (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.

(c) The maturity profile of amount due to a subsidiary of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

(d) Impairment for amount due from a subsidiary is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from a subsidiary because the probability of default by the subsidiary is negligible.

26. Amount due from/(to) intermediate holding company

	Group	
	2021 RM'000	2020 RM'000
Current assets		
Amount due from intermediate holding company (non-trade)	16	361
Current liabilities		
Amount due to intermediate holding company (non-trade)	115	134

(a) Amount due from/(to) intermediate holding company are classified as financial assets/(liabilities) measured at amortised cost.

(b) Amount due from/(to) intermediate holding company (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.

(c) The maturity profile of amount due to intermediate holding company of the Group at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year.

(d) Impairment for amount due from intermediate holding company is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

No expected credit loss is recognised arising from amount due from intermediate holding company because the probability of default by intermediate holding company is negligible.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Amounts due from/(to) related companies

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current assets				
Amounts due from related companies				
- trade	187,920	107,724	-	-
- non-trade	147	3,396	-	-
	188,067	111,120	-	-
Less: Impairment losses	(99)	(88)	-	-
Net carrying amount of amounts due from related companies	187,968	111,032	-	-
Current liabilities				
Amounts due to related companies				
- trade	9,364	4,348	-	-
- non-trade	1,989	934	25	57
	11,353	5,282	25	57

- (a) Amounts due from/(to) related companies are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amounts due from/(to) related companies (trade) are unsecured, interest free and the credit period is generally for a period of 30 days to 90 days (2020: 30 days to 90 days).
Included in amounts due from related companies (trade) are retention sum of RM94,338,000 (2020: RM51,359,000).
- (c) Amounts due from/(to) related companies (non-trade) are unsecured, interest free and the terms of repayment are within next twelve (12) months in cash and cash equivalents.
- (d) The maturity profile of amount due to related companies of the Group at the end of the reporting period based on contractual undiscounted repayment obligations are payable on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

27. Amounts due from/(to) related companies (contd.)

- (e) Impairment for amounts due from related companies (trade) is recognised based on the simplified approach using the lifetime expected credit loss as disclosed in Note 23(d) to the financial statements and impairment for amounts due from related companies (non-trade) is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amounts due from related companies (trade) is as follows:

Group	Lifetime ECL - not credit impaired	
	2021 RM'000	2020 RM'000
At beginning of financial year	88	108
Charge for the financial year	11	-
Reversal of impairment losses	-	(20)
At end of financial year	99	88

No expected credit loss is recognised arising from amounts due from related companies (non-trade) because it is negligible.

- (f) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's statements of cash flows as cash flows from financing activities.

	Group 2020 RM'000
At beginning of financial year	95,833
Cash flows	
- Payments of principal	(95,833)
- Payments of interests	(686)
Non-cash flows	
- Interest expense	686
At end of financial year	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

28. Amounts due from/(to) joint ventures

	Group	
	2021 RM'000	2020 RM'000
Current assets		
Amounts due from joint ventures		
- trade	2	70
- non-trade	1,257	22,969
	1,259	23,039
Less: Impairment losses	-	(167)
Net carrying amount of amounts due from joint ventures	1,259	22,872
Current liabilities		
Amount due to a joint venture		
- trade	13,925	7,931

- (a) Amounts due from/(to) joint ventures are classified as financial assets/(liabilities) measured at amortised cost.
- (b) Amounts due from/(to) joint ventures (trade) are unsecured, interest free and the credit period is generally for a period of 30 days to 90 days (2020: 30 days to 90 days).
- (c) Amounts due from joint ventures (non-trade) are unsecured, interest free and the terms of repayment is within next twelve (12) months in cash and cash equivalents.
- (d) The maturity profile of amount due to a joint venture of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (e) Impairment for amounts due from joint ventures is recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amounts due from joint ventures is as follows:

Group	12-month ECL	
	2021 RM'000	2020 RM'000
At beginning of financial year	167	-
Charge for the financial year	-	167
Reversal of impairment losses	(169)	-
Exchange differences	2	-
At end of financial year	-	167

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

29. Amount due from an associate

	Group	
	2021 RM'000	2020 RM'000
Amount due from an associate (non-trade)	-	9,261
Less: Impairment losses	-	(131)
Net carrying amount of amount due from an associate	-	9,130

- (a) Amount due from an associate was classified as financial asset measured at amortised cost.
- (b) Amount due from an associate (non-trade) was secured, interest free and the terms of repayment was within next twelve (12) months in cash and cash equivalents.
- (c) Impairment for amount due from an associate was recognised based on the general approach within MFRS 9 using the forward-looking expected credit loss model as disclosed in Note 24(d) to the financial statements.

The reconciliation of movements in impairment losses for amount due from an associate is as follows:

Group	12-month ECL	
	2021 RM'000	2020 RM'000
At beginning of financial year	131	201
Reversal of impairment losses	(134)	(72)
Exchange differences	3	2
At end of financial year	-	131

30. Derivative liabilities

Group	2021		2020	
	Contract/ Notional amount RM'000	Liabilities RM'000	Contract/ Notional amount RM'000	Liabilities RM'000
Interest rate swaps	61,016	786	61,016	1,645
Forward currency contracts	-	-	1,236	26
Total derivatives liabilities		786		1,671
Less: Current portion		(786)		(941)
Non-current portion		-		730

- (a) Derivatives are classified as fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) Derivatives are categorised as Level 2 in the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

30. Derivative liabilities (contd.)

(c) The Group entered into derivatives as follows:

(i) Interest rate swap

An interest rate swap is a derivative in which one party exchanges a stream of interest payments for another party's stream of cash flow. In the previous financial year, the Group entered into interest swaps to exchange floating interest rate for fixed interest rates in order to minimise the exposure from fluctuation of interest rate. This interest rate swaps received floating interest rate equals to Singapore Swap Offer Rate ("SOR") per annum and paid fixed rate of interest of 1.49% and 1.58% (2020: 1.49% and 1.58%) per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of the reporting period and changes in the fair value is recognised in the profit or loss.

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

(ii) Foreign currency forward contracts

The Group entered into foreign currency forward contracts to manage some of the transaction exposure. These contracts were entered into for periods consistent with currency transaction exposure and fair value changes exposure.

Forward currency contracts were valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts were stated at fair value using the prevailing market rate and changes in the fair value were recognised in the profit or loss. The fair value changes were attributable to changes in foreign exchange spot and forward rate.

(d) The maturity profile of the Group's derivative liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2021				
Derivatives - settled net	786	-	-	786
As at 31 December 2020				
Derivatives - settled net	941	730	-	1,671

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31. Cash and bank balances

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances				
Cash at banks and on hand	45,972	67,692	860	1,663
Deposits with:				
Licensed banks	483	202	-	-
Other financial institutions	52,390	132,177	38,090	82,239
Cash and bank balances	98,845	200,071	38,950	83,902

(a) The weighted average interest rates per annum of deposits that were effective as at the end of the reporting period were as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Deposits with licensed banks	2.08	3.90	-	-
Deposits with other financial institutions	2.42	2.42	2.32	2.45

The maturity of deposits with licensed banks during the years under review is 25 days to 365 days (2020: 365 days).

The average maturity of deposits with other financial institutions of the Group and of the Company are 1 day (2020: 3 days) and 1 day (2020: 1 day) respectively at the end of the reporting period.

(b) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	98,845	200,071	38,950	83,902
Less: Deposits with licensed banks with maturity of more than 3 months	(202)	(202)	-	-
Less: Deposits pledged to other financial institutions	(38,045)	(82,031)	(38,045)	(82,031)
Total cash and cash equivalents	60,598	117,838	905	1,871

(c) Included in the deposits with other financial institutions of the Group and Company is an amount of RM38,045,000 (2020: RM82,031,000) pledged to other financial institutions as securities for banking facilities granted to certain subsidiary as disclosed in Note 32(d) to the financial statements.

(d) At the end of the reporting period, the interest rate profile of the deposits with licensed banks and other financial institutions were:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Floating rates	52,873	132,379	38,090	82,239

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group and of the Company to be higher/(lower) by RM100,000 (2020: RM252,000) and RM72,000 (2020: RM156,000) respectively.

(e) Cash and bank balances are financial assets measured at amortised cost.

(f) No expected credit loss is recognised arising from cash and bank balances because the probability of default by these financial institutions is negligible.

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32. Borrowings

	Group	
	2021 RM'000	2020 RM'000
Long term borrowings		
Secured:		
Term loans	68,055	67,203
Unsecured:		
Term loans	77,335	-
	145,390	67,203
Short term borrowings		
Unsecured:		
Term loans	-	76,367
Revolving credits	27,000	50,000
Bills discounting	65,524	107,345
	92,524	233,712
	237,914	300,915
Total borrowings		
Term loans	145,390	143,570
Revolving credits	27,000	50,000
Bills discounting	65,524	107,345
	237,914	300,915

- (a) Borrowings are classified as financial liabilities carried at amortised cost.
- (b) The Group has entered into interest rate swap contracts to hedge the floating rate interest payable on some of its borrowings. The contracts entitle the Group to pay interest at fixed rates on notional principal amounts and oblige it to receive interest at floating rates on the same amounts. Under the swaps, the Group agrees with the other parties to exchange, the difference between fixed rate and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Borrowings (contd.)

- (c) The weighted average interest rates per annum of borrowings that were effective as at the end of the reporting period were as follows:

	Group	
	2021 %	2020 %
Long term borrowings		
Term loans	0.80	1.08
Short term borrowings		
Term loans	-	0.92
Revolving credits	2.33	2.72
Bills discounting	2.18	3.01

- (d) The term loans of the Group are secured by fixed deposits of the Group and the Company as disclosed in Note 31(c) to the financial statements.

- (e) At the end of the reporting period, the interest rate profile of the borrowings was:

	Group	
	2021 RM'000	2020 RM'000
Fixed rate	153,540	218,361
Floating rate	84,374	82,554

Sensitivity analysis for fixed rate borrowings at the end of the reporting period is not presented as it is not affected by the changes in interest rates.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the end of the reporting period would result in the profit net of tax of the Group to be lower/(higher) by RM160,000 (2020: RM157,000).

- (f) The maturity profile of the Group's borrowings at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2021	94,139	148,179	-	242,318
As at 31 December 2020	234,834	55,448	13,295	303,577

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

32. Borrowings (contd.)

- (g) The maturity periods of revolving credits and bills discounting are on demand or within one year. The maturity period for term loans is as follows:

	Group	
	2021 RM'000	2020 RM'000
Not later than 1 year	-	76,367
Later than 1 year and not later than 5 years	145,390	53,933
Later than 5 years	-	13,270
	145,390	143,570

- (h) Reconciliation of liabilities arising from financing activities

	Group			
	1.1.2021 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2021 RM'000
Term loans	143,570	-	1,820	145,390
Revolving credits	50,000	(23,000)	-	27,000
Bills discounting	107,345	(41,821)	-	65,524
	300,915	(64,821)	1,820	237,914

	Group			
	1.1.2020 RM'000	Cash flows RM'000	Non-cash changes RM'000	31.12.2020 RM'000
Term loans	128,926	14,495	149	143,570
Revolving credits	-	50,000	-	50,000
Bills discounting	157,124	(49,779)	-	107,345
	286,050	14,716	149	300,915

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. Deferred tax

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year	7,133	1,888
Recognised in profit or loss (Note 12)	(9,141)	5,245
At end of financial year	(2,008)	7,133
Presented after appropriate offsetting as follows:		
Deferred tax assets, net *	878	7,133
Deferred tax liabilities, net *	(2,886)	-
	(2,008)	7,133

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM2,589,000 (2020: RM6,621,000) for the Group.

- (a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Construction Contracts RM'000	Others RM'000	Total RM'000
At 1 January 2020	6,152	3,198	9,350
Recognised in profit or loss	4,658	(254)	4,404
At 31 December 2020/1 January 2021	10,810	2,944	13,754
Recognised in profit or loss	(9,463)	(824)	(10,287)
At 31 December 2021	1,347	2,120	3,467

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Total RM'000
At 1 January 2020	7,462	7,462
Recognised in profit or loss	(841)	(841)
At 31 December 2020/1 January 2021	6,621	6,621
Recognised in profit or loss	(1,146)	(1,146)
At 31 December 2021	5,475	5,475

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

33. Deferred tax (contd.)

- (b) Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2021 RM'000	2020 RM'000
Unused tax losses		
- Expires by 31 December 2028	599	599
- Expires by 31 December 2029	259	259
- Expires by 31 December 2030	634	1,191
- Expires by 31 December 2031	9	-
Unabsorbed capital allowances	10,591	1,770
Other deductible temporary differences	12,519	14,928
	24,611	18,747

Deferred tax assets have not been recognised in respect of these items as they have arisen in subsidiary companies that have a recent history of losses or in subsidiary companies where future taxable profits may be insufficient to trigger the utilisation of these items, including taking into consideration the effects of COVID-19 pandemic.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local tax authorities.

34. Trade payables

	Group	
	2021 RM'000	2020 RM'000
Third parties	766,656	836,187

- (a) Trade payables are classified as financial liabilities carried at amortised cost.
- (b) The normal trade credit terms granted to the Group range from 14 days to 60 days (2020: 14 days to 60 days).
- (c) The maturity profile of the trade payables of the Group at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. Other payables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sundry payables	35,685	34,008	15	5
Advances received on contracts	7,127	32,593	-	-
Accruals	51,371	37,188	1,140	1,039
	94,183	103,789	1,155	1,044

- (a) Other payables are classified as financial liabilities carried at amortised cost.
- (b) The maturity profile of other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations is payable on demand or within one year.
- (c) Included in other payables of the Group is amounts due to related parties of RM16,000 (2020: RM24,000).
- (d) Included in the advances received on contracts are advances received in relation to four (4) (2020: four (4)) construction contracts awarded to the Group.

36. Lease liabilities

	Group	
	2021 RM'000	2020 RM'000
Non-current liabilities	7,157	5,526
Current liabilities	5,184	1,908
Total lease liabilities	12,341	7,434

- (a) Lease liabilities are initially measured at the present value of the lease payments that are not paid at the commencement date.

After initial recognition, lease liabilities are measured by increasing the carrying amounts to reflect interest on the lease liabilities, reducing the carrying amounts to reflect the lease payments made and remeasuring the carrying amounts to reflect any reassessment or lease modifications.

The corresponding right-of-use assets of the lease liabilities are presented as property, plant and equipment as disclosed in Note 15 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. Lease liabilities (contd.)

(a) (contd.)

Variable lease payments, lease payments associated with short term leases and low value assets

The Group recognises variable lease payments when the condition that triggers those payments occur while lease payments associated with short term leases (leases with lease term of 12 months or less) and low value assets (leases for which the underlying asset is RM20,000 and below) are recognised on a straight-line basis over the lease terms. The variable lease payments and lease payments associated with short term leases and low value assets are recognised in profit or loss as rental expenses as disclosed in Note 9 to the financial statements.

In the previous financial year, the Group recognised variable lease payments of RM21,000 related to rent concessions arising from COVID-19 pandemic.

Extension and termination options

Extension and termination options are included in certain property leases of the Group, which are negotiated for purposes such as providing operational flexibility to the Group. The extension and termination options are mainly exercisable by the Group and not by the respective lessors.

The Group determines the lease term of a lease as the non-cancellable period of the lease, together with periods covered by an option to extend or to terminate the lease if the Group is reasonably certain to exercise the relevant options. Management has considered the relevant facts and circumstances that create an economic incentive for the Group to either exercise the option to extend the lease, or to exercise the option to terminate the lease. Any differences in expectations from the original estimates would impact the carrying amounts of the lease liabilities of the Group.

During the current financial year, the Group had reassessed the lease terms of certain property leases in relation to the likelihood of exercising of extension options, taking into consideration the current relevant facts and circumstances. There were also modifications on the terms and conditions of certain property leases of the Group during the current financial year.

The effects of the lease reassessments and modifications during the current financial year was a decrease in recognised lease liabilities of RM460,000 (2020: RM1,902,000) and an increase in right-of-use assets of RM350,000 (2020: decrease of RM1,799,000) (Note 15) as well as a gain on reassessments and modifications of leases of RM810,000 (2020: RM103,000) recognised in profit or loss (Note 7).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. Lease liabilities (contd.)

(b) The maturity profile of the Group's lease liabilities at the end of the reporting period based on contractual undiscounted repayment obligations is summarised in the table below:

	Group	
	2021 RM'000	2020 RM'000
Not later than 1 year	5,577	2,279
Later than 1 year and not later than 2 years	5,166	1,997
Later than 2 years and not later than 3 years	1,704	1,761
Later than 3 years and not later than 4 years	160	1,761
Later than 4 years and not later than 5 years	176	160
Later than 5 years	351	527
Total undiscounted lease payments	13,134	8,485
Less: Future finance charges	(793)	(1,051)
Present value of lease liabilities	12,341	7,434

Analysis of present value of lease liabilities

Not later than 1 year	5,184	1,908
Later than 1 year and not later than 2 years	4,929	1,715
Later than 2 years and not later than 3 years	1,623	1,562
Later than 3 years and not later than 4 years	128	1,644
Later than 4 years and not later than 5 years	151	128
Later than 5 years	326	477
	12,341	7,434
Less: Amount due within 12 months	(5,184)	(1,908)
Amount due after 12 months	7,157	5,526

(c) The lease payments are discounted using the Group's annual incremental borrowing rate of 2.92% to 5.32% (2020: 2.99% to 5.32%).

(d) Lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting period is not presented as it is not affected by changes in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

36. Lease liabilities (contd.)

(e) Reconciliation of liabilities from financing activities to the statements of financial position and statements of cash flows are as follows:

	Group	
	2021 RM'000	2020 RM'000
At beginning of financial year	7,434	11,410
Cash flows		
- Payments of lease liabilities	(5,238)	(2,712)
- Payments of lease interests	(544)	(485)
Non-cash flows		
- Addition	10,603	639
- Reassessments and modifications	(460)	(1,902)
- Exchange difference	2	(1)
- Interest expense	544	485
At end of financial year	12,341	7,434

(f) The following are total cash outflows for leases as a lessee:

	Group	
	2021 RM'000	2020 RM'000
Included in net cash from operating activities		
- Payments relating to short-term leases and low value assets	572	807
- Payments relating to variable lease payment not included in the measurement of lease liabilities	79	68
	651	875
Included in net cash from financing activities		
- Payment of lease liabilities	5,238	2,712
- Interest paid in relation to lease liabilities	544	485
	5,782	3,197
Total cash outflows for leases	6,433	4,072

37. Share capital and treasury shares

	Group/Company			
	Number of shares		Amount	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Ordinary shares				
Issued and fully paid with no par value:				
At beginning/end of financial year	1,292,900	1,292,900	258,580	258,580

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

As at 31 December 2021, the Company held a total of 3,540,900 ordinary shares as treasury shares out of its total issued and paid up share capital of 1,292,900,010 ordinary shares. Such treasury shares are recorded at a carrying amount of RM6,989,694 (2020: RM6,989,694). None of the treasury shares repurchased had been sold as at 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

38. Reserves

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable:					
Capital contribution by intermediate holding company	(a)	641	641	-	-
Merger reserve	(b)	(37,894)	(37,894)	-	-
Foreign currency translation reserve	(c)	13,405	12,180	-	-
Other capital reserve	(d)	600	600	-	-
		(23,248)	(24,473)	-	-
Distributable:					
Retained earnings		470,791	409,779	247,802	265,537
		447,543	385,306	247,802	265,537

The movements in each category of reserves are disclosed in the statements of changes in equity.

The natures of each category of reserves are as follows:

(a) Capital contribution by intermediate holding company

Capital contribution by intermediate holding company represents the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options.

(b) Merger reserve

The merger reserve represents the following:

- (i) Premium on the issue of shares for the acquisition of the remaining shares in Sunway Builders Sdn. Bhd.; and
- (ii) The excess of the consideration paid over the share capital and capital reserves of Sunway Construction Sdn. Bhd. and its subsidiaries as at the acquisition date under the pooling of interest method of accounting.

(c) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group.

(d) Other capital reserve

The other capital reserve represents the bonus issue of shares undertaken by a subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

39. Capital commitments

	Group	
	2021 RM'000	2020 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment	41	-
Approved and contracted for investment in a joint venture	108,222	176,833
Approved and contracted for investment in India concessionaire	30,075	59,000
Approved but not contracted for property, plant and equipment	100	126
	138,438	235,959

40. Contingent liabilities

(a) Guarantees

	2021	2020
	RM'000	RM'000
Unsecured:		
Guarantees given to third parties in respect of contracts and trade performance	315,095	442,473
Guarantees given to related companies in respect of contracts and trade performance	131,527	128,961
	446,622	571,434

The Group designates guarantees given to related companies as insurance contracts as defined in MFRS 4 *Insurance Contract*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At the end of the reporting period, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. Contingent liabilities (contd.)

(a) Guarantees (contd.)

Recognised insurance liabilities are only removed from the statements of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties and related companies to call upon the guarantees are remote.

(b) Material outstanding litigations

- (i) On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant").

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator.

The Statement of Claim was raised in respect of various claims and the total amount claimed is Rs.891.5 million (approximately equivalent to RM49.1 million) in addition to interest and cost.

In the counterclaim, SunCon is seeking for Rs.781.4 million (approximately equivalent to RM43.1 million) for inter alia, additional costs incurred by SunCon to complete the works, recovery of mobilisation advance and interest charges, loss of reputation and loss of profits.

On 11 January 2013, the arbitrator that presided over the case passed away and 75 hearings had been held.

SunCon was notified by its solicitors that an arbitration petition had been filed by the Claimant on 7 January 2016 in the Supreme Court of India for the appointment of a new arbitrator. The Supreme Court of India by an order dated 5 January 2017 appointed Hon'ble Mr. Justice Vikramajit Sen (a former Judge of the Supreme Court of India) as arbitrator. The first hearing before Mr. Justice Vikramajit Sen was held on 24 February 2017 and cross examination had been completed on 7 October 2017.

The Arbitrator published his award on 9 April 2019 and awarded the Claimant Rs.128.4 million (approximately equivalent to RM7.1 million).

SunCon had filed an appeal with the High Court of New Delhi in early July 2019 to set aside the arbitral award. Shristi has also filed an execution application against SunCon for enforcement of the arbitral award.

On 10 February 2020, the Honorable Court has directed SunCon to deposit, on a without prejudice basis, the decretal amount with interest with the Registrar General of the High Court of Delhi. SunCon has deposited Rs.135.7 million (approximately equivalent to RM7.5 million) on 26 February 2020 and the amount has been fully provided in the accounts on prudence grounds. Subject to compliance of the said direction, the Honorable Court has stayed the Arbitral Award dated 9 April 2019.

The Claimant filed an application in the High Court of Delhi to permit the Claimant to withdraw the decretal amount deposited by SunCon on 4 March 2020 for release of Rs. 67.3 million (approximately equivalent to RM3.7 million) from the deposited Award Amount.

On 27 August 2020, the Court directed the release of Rs.67.2 million (approximately equivalent to RM3.7 million) on the basis of a corporate guarantee to the furnished by Srei Infrastructure Finance Ltd. ("SIFL") The balance is to be released subject to furnishing of a bank guarantee. On 3 November 2020, the Court placed on record the corporate guarantee issued on 21 September 2020 and directed the registry to release the amount in terms of the Court order dated 27 August 2020. On 18 November 2020, Shristi withdrew their application for withdrawal without a bank guarantee and it has been dismissed accordingly.

Matter was adjourned a few times due to the Covid-19 pandemic and it was further adjourned to 8 April 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. Contingent liabilities (contd.)**(b) Material outstanding litigations (contd.)**

- (ii) SunCon was awarded a contract for the execution of the rehabilitation and upgrading of km 406 to km 449.15 of highway NH-76 in the State of Rajasthan, India to four-lane configuration ("NH-76 Highway Project") by the National Highways Authority ("NHA") in 2005. SunCon commenced 7 separate arbitration proceedings against NHA on various disputes arising from the NH-76 Highway Project (each, a "Reference"). The following sets out the nature of SunCon's claims and the current status of the proceedings:

Reference 1 – In November 2009, SunCon claimed against NHA for the payment of the completed construction of fly ash for the highway embankment. The Arbitral Tribunal had, via an award dated 28 June 2011, awarded SunCon a sum of Rs.43.1 million (approximately equivalent to RM2.4 million). NHA appealed against the Arbitral Tribunal's decision to the High Court of Delhi. In 2012, the High Court ruled in favour of NHA and set aside SunCon's award.

SunCon appealed to the Supreme Court of India and was granted leave of appeal. Next date of hearing date fixed on 27 March 2020. The scheduled hearing was subsequently postponed until further notice due to the "COVID-19" pandemic. The solicitors acting for SunCon is of the view that SunCon has a good case on the merits and would depend on the perceptions of the Supreme Court.

Reference 4 – In November 2012, SunCon claimed against NHA for the loss and expenses incurred during the extended project year which was due to NHA's delay. The Arbitral Tribunal had, via an award dated 29 April 2014, awarded SunCon a sum of Rs.310.3 million (approximately equivalent to RM17.1 million).

NHA appealed against the Arbitral Tribunal's award to the High Court.

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.

On 3 June 2020, SunCon has issued a letter to NHA with the intention to explore the possibility of an amicable resolution of the disputes with NHA through the mechanism of Conciliation Committee of Independent Experts ("CCIE"). SunCon has selected its preferred CCIE panel but NHA has inclined for SunCon to change its preferred panel as this selected panel schedule is full. SunCon has written in to inform its decision to maintain its CCIE panel which was later maintained. Matter has been reverted to court as an amicable resolution at CCIE was not achieved. The next date of hearing is on 2 May 2022.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. Contingent liabilities (contd.)**(b) Material outstanding litigations (contd.)**

- (iii) PNSB Acmar Sdn. Bhd. ("Plaintiff") had on 14 November 2019 served a Writ of Summon and a Statement of Claim both dated 8 November 2019 on Prasarana Malaysia Berhad ("Prasarana") (1st Defendant) and Sunway Construction Sdn. Bhd. ("SunCon") (2nd Defendant).

The Plaintiff is claiming that all the construction works in relation to the project known as "Construction and Completion of Light Rail Transit Line 3 (LRT3) from Bandar Utama to Johan Setia" ("Project") and the structures such as the Project's poles, bars, and LRT stations had trespassed and/or encroached into the Plaintiff's own development project area and has resulted in losses and damages towards the Plaintiff.

Prasarana is the owner of the Project and SunCon is the awarded Works Package Contractor for the contract known as "Contract No. Prasarana/GSC/CTT/2.06080/ 2017: Construction and Completion of Guideway, Stations Iconic Bridge, Park and Rides, Ancillary Buildings and other Associated Works for Package GS07-08 for Light Rail Transit 3 (LRT3) from Bandar Utama to Johan Setia" in relation to the Project.

The Plaintiff is claiming, amongst other, for the following:

- Special damages of RM711,367,434.46;
- The costs between the solicitor and client amounts to RM400,000.00;
- Interest rate of 5% per year from the date of trespass i.e. 30 April 2018 until the full settlement; and
- Court's declarations, injunctions, orders and other reliefs that the Honorable Court deems fit and proper.

On the case management on 5 March 2020, the Court had directed SunCon to file the application to strike out the case by 19 March 2020. On 30 October 2020, the striking out application by Prasarana and SunCon is dismissed and matter is to proceed for full trial. On 9 December 2020, the Plaintiff filed an application for discovery against the Defendants. Based on decision published on 11 May 2021, the court has dismissed Plaintiff's application for discovery against SunCon. On 19 February 2021, SunCon filed applications to include Setia Utama LRT3 Sdn. Bhd. ("SULRT3") (formerly known as "MRCB George Kent Sdn. Bhd.") as co-defendant and third party to the suit.

On 31 May 2021, the Court has allowed PNSB's application to amend the Statement of Claim to RM643,851,825.01.

On 21 July 2021, the Court has allowed SunCon's Application for Leave to issue Third Party Notice to SULRT3. The Court has further directed for SunCon to file and serve its Statement of Claim on SULRT3 within 14 days. On 28 July 2021, the Court has disallowed SunCon's application to include SULRT3 as co-defendant. On 27 January 2022, the Court allowed PNSB's request for extension of time for filing documents. The next case management is on 4 April 2022.

The solicitors acting for SunCon, after taking into consideration the evidence available, a review of the Statement of Claim, documents with client and a review of the law, are of the considered opinion that the Plaintiff's claim for the sum of RM643,851,825.01 is likely to be dismissed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. Related party disclosures

(a) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

Group	2021 RM'000	2020 RM'000
Rental income of plant and machinery from:		
Related companies:		
Emerald Tycoon Sdn. Bhd.	4	-
Sunway Enterprise (1988) Sdn. Bhd.	35	42
SunMed Velocity Sdn. Bhd.	3	-
Sunway Medical Centre Sdn. Bhd.	10	12
Sunway Monash-U Residence Sdn. Bhd.	-	(2)
Sunway Putra Hotel Sdn. Bhd.	-	5
Contract revenue from:		
Related companies:		
Alliance Parade Sdn. Bhd.	47,377	38,172
Deco Style Sdn. Bhd.	32,444	22,132
Emerald Tycoon Sdn. Bhd.	411	11,707
Paradigm Fairview Sdn. Bhd.	8,773	-
SunMed Velocity Sdn. Bhd.	(5,735)	-
Sunway Belfield Sdn. Bhd.	34,671	7,280
Sunway City (Ipoh) Sdn. Bhd.	32	-
Sunway Integrated Properties Sdn. Bhd.	17,375	21,852
Sunway Medical Centre (Ipoh) Sdn. Bhd.	1,472	-
Sunway Medical Centre Sdn. Bhd.	125,859	86,459
Sunway Paving Solutions Sdn. Bhd.	585	634
Sunway PFM Sdn. Bhd.	4,078	5,715
Sunway Serene Sdn. Bhd.	102,163	72,581
Sunway South Quay Sdn. Bhd.	68,284	116,836
Sunway Spun Pile (M) Sdn. Bhd.	397	606
Related parties:		
Daiwa Sunway Development Sdn. Bhd. @	-	10
Sunway Iskandar Sdn. Bhd. ^	(9)	1,091
Sunway Real Estate Investment Trust *	108,878	75,486
Sunway Marketplace Sdn. Bhd. ^	34,665	69,691
Sunway Velocity Two Sdn. Bhd. ^	114,208	92,307
Sunway Velocity Mall Sdn. Bhd. ^	10	6,477

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. Related party disclosures (contd.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2021 RM'000	2020 RM'000
Interest income from:		
Related company:		
Sunway Treasury Sdn. Bhd. (Note 8)	-	2
Distribution income from:		
Structured entities controlled by its intermediate holding company:		
Maybank Shariah Institutional Income Fund	6,199	3,265
Kenanga Money Extra Fund II	3,645	8,153
Interest expense charged by:		
Related company:		
Sunway Treasury Sukuk Sdn. Bhd. (Note 8)	-	(686)
Management fees charged by: (Note 9)		
Intermediate holding company:		
Sunway Berhad	(185)	(9,305)
Related company:		
Sunway Services Sdn. Bhd.	(16,197)	-
Rental of land charged by:		
Related party:		
Sunway Iskandar Sdn. Bhd. ^	(450)	(566)
Rental of office space charged by:		
Related companies:		
Emerald Tycoon Sdn. Bhd.	(2,665)	-
Sunway Paving Solutions Sdn. Bhd.	1	(870)
Sunway Integrated Properties Sdn. Bhd.	-	(24)
Sunway Management Sdn. Bhd.	(46)	-
Sunway Pyramid Development Sdn. Bhd.	(71)	(65)
Sunway Fawanis JV	-	(16)
Sunway Marketing (S) Pte. Ltd.	-	(9)
Rich Worldclass Sdn. Bhd.	(17)	(16)
Sunway Monash-U Residence Sdn. Bhd.	-	2

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. Related party disclosures (contd.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2021 RM'000	2020 RM'000
Rental of office space charged by: (contd.)		
Related parties:		
Sunway Iskandar Sdn. Bhd. ^	-	(3)
Sunway Real Estate Investment Trust *	(1,648)	(1,449)
Service level agreement fees paid to: (Note 9)		
Related companies:		
Sunway FSSC Sdn. Bhd.	(894)	(994)
Sunway Shared Services Sdn. Bhd.	(1,612)	(1,333)
Sunway HR Shared Services Sdn. Bhd.	(910)	(997)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	31	(17)
Related companies:		
Sunway Marketing Sdn. Bhd.	(61,318)	(41,697)
Sunway Quarry Industries Sdn. Bhd.	(2,094)	(4,106)
Sunway Paving Solutions Sdn. Bhd.	(756)	(1,646)
Sunway Enterprise (1988) Sdn. Bhd.	(109)	(344)
Sunway FSSC Sdn. Bhd.	(16)	72
Sunway Risk Management Sdn. Bhd.	(22)	(28)
Sunway Hose Centre Sdn. Bhd.	(30)	(74)
Sunway HR Shared Services Sdn. Bhd.	(168)	(312)
Sunway Travel Sdn. Bhd.	(178)	(139)
Sunway Medical Centre Sdn. Bhd.	(1,838)	(473)
Sunway Lagoon Club Bhd.	(92)	(72)
Sunway Resort Hotel Sdn. Bhd.	(2)	-
Sunway Leisure Sdn. Bhd.	(117)	(93)
Sunway Lagoon Sdn. Bhd.	(290)	(216)
Sunway PFM Sdn. Bhd.	(20)	(27)
Alliance Parade Sdn. Bhd.	(8)	-
Deco Style Sdn. Bhd.	(3,170)	(918)
Emerald Tycoon Sdn. Bhd.	(110)	-
Fame Parade Sdn. Bhd.	(1,232)	(1,159)
Kinta Sunway Resort Sdn. Bhd.	(3)	-
Sunway Fawanis JV	-	(16)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. Related party disclosures (contd.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Group (contd.)	2021 RM'000	2020 RM'000
Purchases of goods/services from: (contd.)		
Related companies: (contd.)		
Sunway Lost World Water Park Sdn. Bhd.	-	(6)
Sunway Sustainability Solutions Sdn. Bhd.	(35)	(32)
Sunway United Star Sdn. Bhd.	(1,080)	(990)
Sunway South Quay Sdn. Bhd.	8	(97)
Sunway Specialist Centre Sdn. Bhd.	-	(46)
Sunway Services Sdn. Bhd.	(88)	-
Sunway Shared Services Sdn. Bhd.	(2,846)	(2,292)
SunMed Clinics Sdn. Bhd.	(20)	(36)
Sunway Management Sdn. Bhd.	(200)	(237)
Pasir Mas Holdings Sdn. Bhd.	(384)	(305)
Paradigm Fairview Sdn. Bhd.	(2)	-
Sunway Leadership Center Sdn. Bhd.	(89)	(76)
Sunway Spun Pile (M) Sdn. Bhd.	(55)	(353)
Sunway Belfield Sdn. Bhd.	(165)	-
Sunway City (JB) Sdn. Bhd.	(22)	(4)
Sunway Coating Solutions Sdn. Bhd.	(4)	-
Sunway Money Sdn. Bhd.	(1)	-
Sunway Serene Sdn. Bhd.	(234)	(151)
SunMed Velocity Sdn. Bhd.	(172)	(810)
Sunway Design Sdn. Bhd.	(3)	(12)
Sunway SCF Sdn. Bhd.	14	-
Sunway Treasury Sdn. Bhd.	(13)	(12)
Sunway Pharma Sdn. Bhd.	(173)	(6)
Sunway Hotel Seberang Jaya Sdn. Bhd.	(13)	(16)
Sunway Hotel Hanoi Liability Ltd Company	-	(1)
Sunway Southern Management Sdn. Bhd.	-	(1)
Related parties:		
Sunway Iskandar Sdn. Bhd. ^	(317)	(362)
Sunway Marketplace Sdn. Bhd. ^	(57)	-
Sunway Velocity Mall Sdn. Bhd. ^	(4)	(5)
Sunway Velocity Two Sdn. Bhd. ^	(52)	-
Sunway Velocity Hotel Sdn. Bhd. ^	(14)	-
Hitachi Sunway Information Systems Sdn. Bhd. +	(337)	(368)
Sunway Computer Services Sdn. Bhd. +	(140)	(84)
Sunway Digital Wave Sdn. Bhd. +	(1,257)	(2,282)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. Related party disclosures (contd.)

(a) Significant related party transactions (contd.)

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year: (contd.)

Company	2021 RM'000	2020 RM'000
Distribution income from: (Note 8)		
Structured entities controlled by its intermediate holding company:		
Maybank Shariah Institutional Income Fund	3,623	1,368
Kenanga Money Extra Fund II	219	2,100
Management fees charged by:		
Subsidiary:		
Sunway Construction Sdn. Bhd. (Note 9)	(202)	(767)
Service level agreement fee paid to:		
Related company:		
Sunway FSSC Sdn. Bhd. (Note 9)	(6)	(5)
Purchases of goods/services from:		
Intermediate holding company:		
Sunway Berhad	-	(22)
Related companies:		
Sunway Management Sdn. Bhd.	(182)	(217)
Sunway Treasury Sdn. Bhd.	-	(4)

@ Daiwa Sunway Development Sdn. Bhd. is an associate of Sunway City Sdn. Bhd., a subsidiary of the intermediate holding company.

* Sunway Real Estate Investment Trust is an associate of the intermediate holding company.

^ Sunway Iskandar Sdn. Bhd., Sunway Velocity Mall Sdn. Bhd., Sunway Velocity Two Sdn. Bhd., Sunway Velocity Hotel Sdn. Bhd. and Sunway Marketplace Sdn. Bhd. are joint ventures of Sunway City Sdn. Bhd..

+ Sunway Computer Services Sdn. Bhd., Sunway Digital Wave Sdn. Bhd. and Hitachi Sunway Information Systems Sdn. Bhd. are companies in which a Director of the Company has deemed substantial interests.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

41. Related party disclosures (contd.)

(b) Remuneration of key management personnel

Key management personnel are persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and of the Company.

The remuneration of the Executive Directors and other members of key management during the financial year are as follows:

	Group	
	2021 RM'000	2020 RM'000
Short-term employee benefits	13,403	8,874
Post-employment benefits:		
- Defined contribution plan	1,332	928
Estimated money value of benefits-in-kind	219	168
	14,954	9,970

Included in the total key management personnel are:

	Group	
	2021 RM'000	2020 RM'000
Executive Director's remuneration (Note 11)	4,396	2,229

42. Significant event during the financial year and subsequent to the end of the reporting period

The Coronavirus disease "COVID-19" pandemic

During the financial year, the Government of Malaysia imposed various phases of the Movement Control Order ("MCO") in response to the resurgence of the 2019 Novel Coronavirus infection ("COVID-19") pandemic, followed by the announcement of the National Recovery Plan ("NRP") in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. On 8 March 2022, the Government of Malaysia announced that the country will begin its transition to endemic phase of COVID-19 from 1 April 2022 with the opening of its international borders and abolishment of certain COVID-19 restrictions.

The COVID-19 pandemic does not have any significant impact to the business operations of the Group

Based on the assessment of the Group, the judgements and assumption used in the preparation of the financial statements for the financial year ended 31 December 2021 have not been impacted significantly by the COVID-19 pandemic. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2022, such as expected credit losses of financial assets, fair value measurement of other investment, derivatives and impairment assessments of assets (property, plant and equipment, investments in subsidiaries, associates and joint ventures).

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

43. Adoption of MFRSs and Amendments to MFRSs

(a) New MFRSs adopted during the financial year

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

On 1 January 2021, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2021.

Title	Effective date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 - <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16 <i>Covid-19 - Related Rent Concessions beyond 30 June 2021</i>	1 April 2021*

* Early adopted by the Group and the Company.

Adoption of the above Amendments to Standards did not have any material effect on the financial performance or position of the Group and of the Company.

(b) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

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

Title	Effective date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

DIRECTORS' INTERESTS IN SHARES

AS AT 1 APRIL 2022

**DIRECTORS' INTEREST IN THE COMPANY
SUNWAY CONSTRUCTION GROUP BERHAD**

DIRECT INTEREST	Ordinary Shares	
	No.	%
Evan Cheah Yean Shin	13,435	#
Wong Kwan Song	371	#
DEEMED INTEREST		
Dato' Ir Goh Chye Koon ^a	5,000	#
Evan Cheah Yean Shin ^b	841,482,318	65.26

**DIRECTORS' INTEREST IN INTERMEDIATE HOLDING COMPANY
SUNWAY BERHAD**

DIRECT INTEREST	Ordinary Shares	
	NO.	%
Tan Sri Dato' (Dr) Chew Chee Kin	21,038,466	0.43
Evan Cheah Yean Shin	4,195,196	0.09
Liew Kok Wing	285,628	0.01
Dato' Tan Kia Loke	10,229,880	0.21
Wong Kwan Song	8,927	#
DEEMED INTEREST		
Dato' Ir Goh Chye Koon ^a	120,201	#
Tan Sri Dato' (Dr) Chew Chee Kin ^c	1,564,862	0.03
Evan Cheah Yean Shin ^d	3,089,765,645	63.20

DIRECT INTEREST	Warrants 2017/2024	
	NO.	%
Tan Sri Dato' (Dr) Chew Chee Kin	2,818,169	0.42
Evan Cheah Yean Shin	561,959	0.08
Liew Kok Wing	38,260	0.01
Dato' Tan Kia Loke	1,370,325	0.22
Wong Kwan Song	1,293	#
DEEMED INTEREST		
Dato' Ir Goh Chye Koon ^a	16,101	#
Tan Sri Dato' (Dr) Chew Chee Kin ^c	209,618	0.03
Evan Cheah Yean Shin ^e	468,393,341	69.98

DIRECT INTEREST	NUMBER OF IRREDEEMABLE CONVERTIBLE PREFERENCE SHARES	
	NO.	%
Tan Sri Dato' (Dr) Chew Chee Kin	4,207,692	0.43
Evan Cheah Yean Shin	839,039	0.09
Liew Kok Wing	57,125	0.01
Dato' Tan Kia Loke	2,445,931	0.25
DEEMED INTEREST		
Dato' Ir Goh Chye Koon ^a	24,040	#
Tan Sri Dato' (Dr) Chew Chee Kin ^c	312,972	0.03
Evan Cheah Yean Shin ^d	676,799,926	69.22

DIRECTORS' INTERESTS IN SHARES

AS AT 1 APRIL 2022

DIRECTORS' INTEREST IN PENULTIMATE HOLDING COMPANY SUNGEI WAY CORPORATION SENDIRIAN BERHAD

DEEMED INTEREST	ORDINARY SHARES	
	NO.	%
Evan Cheah Yean Shin ^f	10,000,000	100.00

DEEMED INTEREST	NUMBER OF NON-CUMULATIVE CONVERTIBLE REDEEMABLE PREFERENCE SHARES	
	NO.	%
Evan Cheah Yean Shin ^g	300,000,000	100.00

DIRECTORS' INTEREST IN ULTIMATE HOLDING COMPANY ACTIVE EQUITY SDN BHD

DIRECT INTEREST	ORDINARY SHARES	
	NO.	%
Evan Cheah Yean Shin	25,500	15.00

DEEMED INTEREST	NO.	%
Evan Cheah Yean Shin ^g	102,000	60.00

DIRECTORS' INTERESTS IN RELATED COMPANY SUNWAY GLOBAL LIMITED

DIRECT INTEREST	ORDINARY SHARES OF HKD1.00 EACH	
	NO.	%
Tan Sri Dato' (Dr) Chew Chee Kin	689,183	0.24

Notes:

Negligible

a Deemed interest by virtue of Section 8 of the Companies Act 2016 ("Act") held through Affin Hwang Trustee Berhad GCK Family Trust.

b Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.

c Deemed interest by virtue of Section 59(1)(c) of the Act held through spouse.

d Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Jef-San Enterprise Sdn Bhd and parent.

e Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad and parent.

f Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd and parent.

g Deemed interest by virtue of Section 8 of the Act held through parent.

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

Number of Issued Shares	: 1,292,900,010 ordinary shares
Treasury shares	: 3,540,900 treasury shares held by the Company
Class of Shares	: Ordinary Shares
Voting Rights	: One vote per share

DISTRIBUTION OF SHAREHOLDINGS

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES HELD	% OF SHAREHOLDINGS
LESS THAN 100	3,433	24.88	156,292	0.01
100 - 1,000	5,858	42.45	2,262,013	0.18
1,001 - 10,000	3,500	25.37	14,063,173	1.09
10,001 - 100,000	835	6.05	24,476,565	1.90
100,001 - 64,467,954 (LESS THAN 5% OF ISSUED SHARES)	167	1.21	440,440,118	34.16
64,467,955 (5% AND ABOVE OF ISSUED SHARES)	6	0.04	807,960,949	62.66
	13,799	100.00	1,289,359,110*	100.00

Note:

* Exclude a total of 3,540,900 treasury shares retained by the Company as per record of depositors as at 1 April 2022.

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
1	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR SUNWAY HOLDINGS SDN BHD-T8	251,000,000	19.47
2	SUNWAY HOLDINGS SDN BHD	201,532,609	15.63
3	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT-SUMITOMO MITSUI BANKING CORPORATION MALAYSIA BERHAD FOR SUNWAY HOLDINGS SDN BHD	110,000,000	8.53
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	74,702,523	5.79
5	RHB NOMINEES (TEMPATAN) SDN BHD MALAYSIAN TRUSTEES BERHAD PLEDGED SECURITIES ACCOUNT FOR SUNWAY HOLDINGS SDN BHD-T16	65,000,000	5.04
6	SJ SEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AL RAJHI BANK FOR SUNWAY HOLDINGS SDN BHD	56,000,000	4.34
7	SUNGEI WAY CORPORATION SENDIRIAN BERHAD	55,520,000	4.31
8	SUNGEI WAY CORPORATION SENDIRIAN BERHAD	50,205,817	3.89
9	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	49,067,000	3.81
10	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	28,755,100	2.23
11	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (NOMURA)	23,043,100	1.79
12	RHB NOMINEES (TEMPATAN) SDN BHD INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD PLEDGED SECURITIES ACCOUNT FOR SUNWAY HOLDINGS SDN BHD	20,000,000	1.55
13	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LSF)	17,363,900	1.35
14	HSBC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUNGEI WAY CORPORATION SENDIRIAN BERHAD	13,000,000	1.01
15	PERMODALAN NASIONAL BERHAD	12,622,200	0.98
16	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SUNGEI WAY CORPORATION SENDIRIAN BERHAD	11,300,000	0.88

ANALYSIS OF SHAREHOLDINGS

AS AT 1 APRIL 2022

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

	NAME OF SHAREHOLDERS	NO. OF SHARES	%
17	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	10,666,900	0.83
18	KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	9,385,600	0.73
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (AMUNDI)	7,995,300	0.62
20	TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING AO	7,903,872	0.61
21	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMP COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND	7,717,100	0.60
22	CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	7,401,390	0.57
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (PAR 3)	6,972,300	0.54
24	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LEEF)	6,849,800	0.53
25	PERTUBUHAN KESELAMATAN SOSIAL	6,805,400	0.53
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (RHBISLAMIC)	5,716,300	0.44
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LBF)	5,420,200	0.42
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (BNP NAJMAH EQ)	5,163,700	0.40
29	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	5,053,900	0.39
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	4,622,500	0.36
	TOTAL SHAREHOLDINGS	1,136,786,511	88.17

SUBSTANTIAL SHAREHOLDERS

AS AT 1 APRIL 2022

Substantial Shareholders	DIRECT		DEEMED	
	NO. OF SHARES	%	NO. OF SHARES	%
1 Sunway Berhad	-	-	703,532,609 ^a	54.56
2 Sunway Holdings Sdn Bhd	703,532,609	54.56	-	-
3 Tan Sri Dato' Seri Dr Jefferey Cheah Fook Ling AO	7,923,892	0.61	833,629,588 ^b	64.65
4 Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng	-	-	841,553,480 ^c	65.27
5 Sarena Cheah Yean Tih	57,727	*	841,482,416 ^d	65.26
6 Evan Cheah Yean Shin	13,435	*	841,482,318 ^e	65.26
7 Adrian Cheah Yean Sun	-	-	841,482,318 ^e	65.26
8 Sungei Way Corporation Sendirian Berhad	130,025,817	10.08	703,532,609 ^f	54.56
9 Active Equity Sdn Bhd	-	-	833,558,426 ^g	64.65
10 Employees Provident Fund Board	118,425,423	9.18	-	-

Notes:

* Negligible

a Deemed interest by virtue of Section 8 of the Companies Act 2016 ("Act") held through Sunway Holdings Sdn Bhd.

b Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd and children.

c Deemed interest held through spouse and children.

d Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent.

e Deemed interest by virtue of Section 8 of the Act held through Active Equity Sdn Bhd, Sungei Way Corporation Sendirian Berhad, Sunway Berhad, Sunway Holdings Sdn Bhd and parent.

f Deemed interest by virtue of Section 8 of the Act held through Sunway Berhad and Sunway Holdings Sdn Bhd.

g Deemed interest by virtue of Section 8 of the Act held through Sungei Way Corporation Sendirian Berhad, Sunway Berhad and Sunway Holdings Sdn Bhd.

CORPORATE DIRECTORY

SUNWAY CONSTRUCTION GROUP BERHAD
201401032422 (1108506-W)

BUILDING AND CIVIL/INFRASTRUCTURE SERVICES

SUNWAY CONSTRUCTION SDN. BHD. 197601001216 (27175-V)

Head Office
Level 8, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9601
W sunwayconstruction.com.my
E enquiriesuncon@sunway.com.my

Johor Office
Iskandar Medini
Zone F Plot F19 & F20
PTD 200695 & 200696
79250 Iskandar Puteri, Johor Darul Takzim

Penang Office
No 6, 1st & 2nd Floor, Jalan Todak 1,
Pusat Bandar Seberang Jaya,
13700 Perai, Pulau Pinang
T (604) 3839 260

India Office
Naveen Complex, 7th Floor,
14 M.G Goad Bangaluru,
Bangalore KA 560001, India

SUNWAY RNS TJ PRIVATE LIMITED
CIN NO: U45202KA2020FTC136307
SUNWAY RNSIL MC PRIVATE LIMITED
CIN NO: U45209KA2020FTC141025

SUNWAY CONSTRUCTION INDIA PTE LTD
CIN NO: U45203KA2001PTC029947
No. 20, 2nd Floor, Uniworth Plaza
Sankey Road Bangalore
Karnataka, 560020 India

MECHANICAL, ELECTRICAL & PLUMBING SERVICES

SUNWAY ENGINEERING SDN. BHD. 199501012685 (341887-W)
Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9531

SUSTAINABLE ENERGY

SUNWAY ENGINEERING SDN. BHD. 199501012685 (341887-W)
Level 9, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9531

FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES

SUNWAY GEOTECHNICS (M) SDN. BHD. 199601041661 (414014-W)
Level 7, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Selangor Darul Ehsan
T (603) 5639 9696
F (603) 5639 9533

SUNWAY GEOTECHNICS (M) SDN BHD SINGAPORE BRANCH OFFICE (T19FC0124L)
65, Ubi Road 1 Oxley Bizhub #01-62
Singapore 408729
T (65) 6582 8089
F (65) 6581 0482

SUNWAY ANEKA PERTAMA GEOTECHNICS (PH) INC
19/F Marco Polo Ortigas Manila, Sapphire Road,
Ortigas Center, Pasig City,
Manila, 1600, Philippines

MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

SUNWAY PRECAST INDUSTRIES SDN. BHD.
199201000271 (231775-X)
Senai, Johor
18, Jalan Idaman 1/1
Taman Perindustrian Senai
81400 Senai, Johor Darul Takzim
T (607) 5955 222
F (607) 5951 246

SUNWAY CONCRETE PRODUCTS (M) SDN. BHD.
201601039388 (1210329-A)
Iskandar, Johor
Plot F5, Lot PTD 200685
Medini Zone F, Bandar Medini Iskandar
79250 Nusajaya, Johor Darul Takzim

SUNWAY CONCRETE PRODUCTS (S) PTE. LTD. (199409213Z)
65, Ubi Road 1 Oxley Bizhub #01-62
Singapore 408729
T (65) 6582 8089
F (65) 6581 0482

INTEGRATED CONSTRUCTION AND PREFABRICATION HUB (ICPH)
10, Punggol Barat Lane , Singapore 797359

MACHINERY & LOGISTICS

SUNWAY MACHINERY SDN. BHD. 199601016902 (389253-P)
Sunway Enterprise Park,
Jalan SEP 2,
Taman Putra Perdana,
47130 Puchong, Selangor Darul Ehsan
T (603) 8322 3630
F (603) 8325 1790

CORPORATE INFORMATION

BOARD OF DIRECTORS

<p>Independent Non-Executive Chairman Dato’ Ir Goh Chye Koon</p> <p>Senior Independent Non-Executive Director Dato’ Dr Johari Bin Basri</p>	<p>Independent Non-Executive Director Dato’ Siow Kim Lun Dr Sarinder Kumari Cindy Tan Ler Chin</p> <p>Non-Independent Non-Executive Director Tan Sri Dato’ [Dr] Chew Chee Kin Evan Cheah Yean Shin (Alternate Director: Dato’ Tan Kia Loke)</p>	<p>Group Managing Director Non-Independent Executive Director Liew Kok Wing (Alternate Director: Wong Kwan Song)</p>
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AUDIT COMMITTEE

Dato’ Siow Kim Lun (Chairman)
Dato’ Dr Johari Bin Basri
Dr Sarinder Kumari
Cindy Tan Ler Chin

NOMINATION AND REMUNERATION COMMITTEE

Dato’ Dr Johari Bin Basri (Chairman)
Dato’ Siow Kim Lun
Dr Sarinder Kumari
Cindy Tan Ler Chin
Tan Sri Dato’ (Dr) Chew Chee Kin

RISK MANAGEMENT COMMITTEE

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

BOARD SUSTAINABILITY COMMITTEE

Dato’ Dr Johari Bin Basri (Chairman)
Liew Kok Wing
Cindy Tan Ler Chin

COMPANY SECRETARIES

Tan Kim Aun (MAICSA 7002988)
(SSM PC No. 202008001249)
Chang Mei Yee (MAICSA 7064078)
(SSM PC No. 201908000539)

REGISTERED OFFICE

Level 16, Menara Sunway
Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia

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SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite, Avenue 3
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No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia

T (603) 2783 9299
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AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)
Chartered Accountants

SOLICITORS

Wong Kian Kheong
Harold & Lam Partnership
Sanjay Mohan

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Standard Chartered Bank Malaysia Berhad
Malayan Banking Berhad

STOCK EXCHANGE LISTING

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

WEBSITE ADDRESS

www.sunwayconstruction.com.my

INVESTOR RELATIONS

Crystal Teh
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Elaine Lai
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E irsuncongroup@sunway.com.my
F (603) 5639 9530

KEY PERFORMANCE DATA

102-7, 102-8, 102-38, 401-1, 405-1, 403-9

AIR MONITORING – TSP

Project Site	Requirement	Compliance Limit	Average Reading	Average Baseline	Maximum	Minimum
SMCSJ	New Ambient Air Quality Standard Concentration Limit	260	33.3	30.0	37.0	29.0
SCME	Malaysian Recommended Environmental Air Quality Guidelines	260	38.5	29.0	47.0	31.0
SIS	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	-	28.8	36.0	40.0	22.0
3C4	Malaysian Ambient Air Quality Standard (MAAQS)	260	30.8	-	35.0	28.0
Velocity 2 Plot A	Malaysian Ambient Air Quality Standard (MAAQS)	260	71.0	46.0	102.0	47.0
RC1	Malaysian Ambient Air Quality Standard (MAAQS)	260	48.3	16.3	53.0	42.0
SMC 4	Malaysian Ambient Air Quality Standard (MAAQS)	260	39.1	38.7	86.0	17.0
KJ P1	Malaysian Ambient Air Quality Standard (MAAQS)	260	56.8	54.0	68.0	47.0
Belfield	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	-	25.0	35.0	32.0	18.0
SMCD	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	-	42.3	55.7	73.0	19.0
PNLC	Malaysian Ambient Air Quality Standard (MAAQS)	260	50.4	52.5	98.0	29.0
CP2	Malaysian Ambient Air Quality Standard (MAAQS)	260	19.2	62.1	46.4	10.7
Velocity 2 Plot B	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	-	34.0	27.5	81.0	20.0

AIR MONITORING – PM_{2.5}

Project Site	Requirement	Compliance Limit	Average Baseline	Maximum	Minimum
Belfield	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	35	16.0	21.0	6.0
Velocity 2 Plot B	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	-	13.0	31.0	7.0
SMCD	New Ambient Air Quality Standard Concentration Limit IT-3 (2020)	35	11.0	12.0	9.0

AIR MONITORING – PM₁₀

Project	Permissible Limit (µg/m³)	Average Baseline (µg/m³)	2021		2020		2019	
			Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)
			TNB 2C	100	-	6.9	57.0	5.0
PNLC	100	33.0	6.0	48.0	14.0	84.0	32.0	58.0
SIS	100	27.0	18.0	25.0	-	-	-	-
Belfield	100	10.7	10.0	36.0	-	-	-	-
Velocity 2 Plot B	100	24.0	11.0	53.0	-	-	-	-
SMCD	100	36.7	16.0	56.0	-	-	-	-
CP2	100	-	4.0	22.6	-	-	-	-

AIR MONITORING – SO_x

Project	Permissible Limit (µg/m³)	Average Baseline (µg/m³)	2021		2020		2019	
			Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)
			SIS	80	< 5	< 5	< 5	-
Belfield	80	< 5	< 5	< 5	-	-	-	-
Velocity 2 Plot B	80	< 5	< 5	27	-	-	-	-
SMCD	80	< 5	< 5	< 5	-	-	-	-

KEY PERFORMANCE DATA

AIR MONITORING – NO_x

Project	Permissible Limit (µg/m³)	Average Baseline (µg/m³)	2021		2020		2019	
			Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)
			LRT3 GS07 & 08	70	< 0.5	< 0.5	< 0.5	< 0.5
SIS	70	< 0.5	< 0.5	< 0.5	-	-	-	-
Belfield	70	< 0.5	< 0.5	< 0.5	-	-	-	-
Velocity 2 Plot B	70	< 0.5	< 0.5	14	-	-	-	-
SMCD	70	< 0.5	< 0.5	< 0.5	-	-	-	-

AIR MONITORING – CO_x

Project	Permissible Limit (µg/m³)	Average Baseline (µg/m³)	2021		2020		2019	
			Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)	Min (µg/m³)	Max (µg/m³)
			LRT3 GS07 & 08	30	0.8	1.9	3.8	1.2
Belfield	10	0.9	0.5	2.9	-	-	-	-
Velocity 2 Plot B	10	3.3	0.5	3.6	-	-	-	-
SMCD	10	1.7	1.5	2.0	-	-	-	-

WATER MONITORING – RIVER WATER

Project	Permissible Limit (mg/L)	Average Baseline (mg/L)	2021	
			Min (mg/L)	Max (mg/L)
			LRT3 GS07 & 08	50
CP2	50	11.0	5.0	25.2
Velocity 2 Plot A	150	21.0	2.0	24.0
PNLC	150	26.0	2.0	47.0
SIS	150	18.0	5.0	57.0
SMCD	150	48.5	6.0	86.0

* Due to externalities not arising from company's operation

WATER MONITORING – SILT TRAP

Project	Permissible Limit (mg/L)	2021	
		Min (mg/L)	Max (mg/L)
		LRT3 GS7&8	50
SMC 4	100	No discharge	122.0*
TNB 2C	100	24.7	95.0
RC1	100	7.0	109.0*
SMCSJ	100	No discharge	No discharge
SCME	100	23.0	600.0*
KJ P1	100	5.0	231.0*
3C4	100	2.0	30.0
Velocity 2 Plot A	100	8.0	120.0*
Velocity 2 Plot B	100	No discharge	105.0**
PNLC	100	No discharge	36.0
CP2	100	No discharge	26.0
SIS	100	No discharge	52.0
Belfield	100	No discharge	87.0

* Due to lack of maintenance on erosion and sediment controls. Correction and corrective actions were immediately put in place to prevent recurrence

** Due to externalities not arising from company's operation

KEY PERFORMANCE DATA

NOISE MONITORING

Project	Day General Limit: 65 dB		Night General Limit: 55 dB	
	Baseline	Average	Baseline	Average
LRT3 GS7&8	68.4	65.2	64.1	60.3
SMCSJ	62.2	63.6	65.5	58.4
SCME	65.9	58.3	60.9	54.1
3C4	71.6	61.9	63.3	54.8
Velocity 2 Plot A	60.5	61.2	55.2	50.1
RC1	66.4	59.7	62.8	50.5
SMC 4	64.1	68.4	59.1	60.1
KJ P1	61.2	60.0	-	-
Belfield	66.6	62.9	61.5	55.7
SMCD	69.3	67.4	63.5	62.7
TNB 2C	50.3	53.7	48.2	51.1
PNLC	60.8	62.9	54.6	55.7
CP2	66.1	65.1	61.9	53.4
SIS	64.3	62.9	56.3	52.9
Velocity 2 Plot B	68.0	65.3	58.3	57.8

KEY PERFORMANCE DATA

	2021	2020	2019
ENVIRONMENT			
Total Water Use (m ³)	326,728	392,726	373,046
Electricity Consumption (MWh)	6,603	4,775	1,209
Diesel Consumption (mil' litres)	2.20	2.20	4.62
Scope 1:			
GHG Emissions from Company-Owned Vehicles and Machinery (CO ₂ e in tonnes)	6,104	9,713	12,624
Scope 2:			
(CO ₂ e in tonnes)	3,863	2,793	708
Indirect emissions from purchased electricity			
Scope 3:			
Indirect Emissions from (CO₂e in tonnes):			
• Business Travel (Land)			
tonnes CO ₂ e	67	103	206
tonnes CO ₂	53	81	163
tonnes CH ₄	0	0	1
tonnes N ₂ O	1	1	2
• Business Travel (Air)			
tonnes CO ₂ e	33	38	88
tonnes CO ₂	27	31	72
tonnes CH ₄	0	0	0
tonnes N ₂ O	0	0	1
• Waste Generation (tonnes CO₂e)			
	723	165	43
• Purchased Goods (tonnes CO₂e)			
	143,578	138,984	278,365
Total Scope 3			
tonnes CO ₂ e	144,401	139,290	278,702
tonnes CO ₂	80	112	235
tonnes CH ₄	0	0	1
tonnes N ₂ O	1	1	3
CONSTRUCTION WASTE DISPOSAL (MT)			
Concrete	32,748*	126,271	35,495
Steel	2,383*	6,093	1,685
MATERIAL PURCHASED (MT)			
Steel Bar	33,790	32,039	62,364
Cement	26,989	30,243	41,142
Sand	44,372	68,809	94,579
Ready Mixed Concrete	45,940	72,853	39,503
Quarry	125,284	170,098	219,388
Premix	620	907	3,971
WORKPLACE			
EMPLOYEES			
Total Number of Employees	1,466	1,781	2,152
Executives	48%	41%	36%
Non-Executives	26%	25%	24%
Foreign Skilled Labour	26%	34%	40%
Permanent Staff	65%	58%	51%
Non-Permanent Staff	35%	42%	49%
Number of Physically Challenged Employees	2	3	3
Percentage of Women in Management	26%	26%	24%

* Data only covers labour-sub projects

KEY
PERFORMANCE DATA

	2021	2020	2019
GENDER – OVERALL			
Female	19%	16%	14%
Male	81%	84%	86%
Gender (Executive Level Employees EG1-9)			
Female	33%	32%	32%
Male	67%	68%	68%
Gender (Non-Executive Level Employees)			
Female	7%	5%	5%
Male	93%	95%	95%
AGE GROUP – OVERALL			
< 30	24%	33%	40%
30 - 50	62%	56%	51%
>50	14%	11%	9%
Age Group (Executive Level Employees EG1-9)			
< 30	19%	24%	28%
30 - 50	65%	61%	58%
>50	16%	15%	14%
Age Group (Non-Executive Level Employees)			
< 30	30%	39%	47%
30 - 50	60%	54%	48%
>50	10%	7%	5%
YEARS IN SERVICE			
Less than 1 year	4%	4%	14%
1 - 3 years	13%	32%	33%
3 - 6 years	32%	22%	21%
6 - 10 years	23%	31%	23%
10 - 15 years	12%	6%	5%
15 years and above	16%	5%	4%
WORKPLACE			
DIVERSITY			
Malay	48%	49%	49%
Chinese	36%	35%	35%
Indian	14%	14%	14%
Others	2%	2%	2%
Diversity (Executive Level Employees EG1-9)			
Malay	39%	40%	39%
Chinese	48%	48%	48%
Indian	11%	11%	11%
Others	2%	1%	2%
Diversity (Non-Executive Level Employees)			
Malay	65%	65%*	65%
Chinese	15%	14%	14%
Indian	18%	18%	18%
Others	2%	3%*	3%

* Restated

KEY
PERFORMANCE DATA

	2021	2020	2019
BOARD OF DIRECTORS			
BY GENDER			
Female	25%	14%	14%
Male	75%	86%	86%
BY AGE			
30 - 50	13%	14%	14%
> 50	87%	86%	86%
BY ETHNICITY			
Malay	10%	14%	14%
Chinese	80%	72%	72%
Indian	10%	14%	14%
Others	0%	0%	0%
SENIOR MANAGEMENT (EG10 & ABOVE)			
BY GENDER			
Female	9%	9%	10%
Male	91%	91%	90%
BY AGE			
< 30	0%	0%	0%
30 - 50	23%	23%	29%
>50	77%	77%	71%
BY ETHNICITY			
Malay	4%	4%*	5%
Chinese	82%	82%	86%
Indian	14%	14%	9%
Others	0%	0%	0%
EMPLOYEE TURNOVER RATES			
Industry Average	25.6%	31%	14%
Attrition Rates	14.5%	13.1%	14.7%*
BY GENDER			
Female	3%	2%	3%*
Male	12%	11%	12%*
BY AGE GROUP			
< 30	4%	5%	3%*
30 - 50	8%	6%	9%*
>50	3%	2%	2%*

* Restated

KEY PERFORMANCE DATA

	2021	2020	2019
TOTAL NEW HIRES			
BY GENDER			
Female	29%	7%	9%
Male	71%	93%	91%
BY AGE GROUP			
< 30	76%	71%	72%
30 - 50	17%	26%	24%
> 50	7%	3%	4%
BY NATIONALITY			
Malaysia	97%	50%	50%*
Singapore	3%	0%	0%
Myanmar	0%	50%	0%
Indonesia	0%	0%	47%*
Others	0%	0%	3%*
COMPARISON OF PAY			
Total Men Basic Salary (RM)	61,017,834	63,946,889	68,428,992
Average Annual Men Basic Salary (RM)	76,368	70,582	68,021
Average Number of Men Paid	799	906	1,006
Total Women Basic Salary (RM)	19,265,874	20,605,901	19,870,680
Average Annual Women Basic Salary (RM)	69,302	71,055	63,282
Average Number of Women Paid	278	290	314
Ratio of Men to Women Pay Equity	1.00 : 0.91	0.99:1.00	1.00:0.93
REMUNERATION DATA DISCLOSURE (ANNUAL PAY)			
Group MD Annual Total Remuneration to Median Annual Total Remuneration	37.3 : 1.0	16.5 : 1.0	34.1 : 1.0
Mean pay (RM)	92,432	95,145	109,558
Median pay (RM)	68,072	71,577	82,449
Lowest total pay (RM)	18,519	19,293	18,659
Highest total pay** (RM)	1,798,720	1,037,643	1,648,640
TRAINING			
Employee Participation in Training	1,028	1,326*	902*
Average Attendance Per Training Programme	11	15	8*
Average Training Budget Per Employee (RM)	815	427*	760*
Average Man Days of Training Per Employee	2.18	2.90*	1.99*
Percentage of Employees with a Minimum of 3 Man Days of Training	23%	30%	25%
OCCUPATIONAL HEALTH AND SAFETY			
Worked Man-Hours	17,869,038	14,723,472	16,611,284
Fatal Accidents	0	2	1
Lost Time Injury Accidents	1	2	0
Total No. of Reportable Accidents	1	4	1
Lost Time Incident Rate (LTIR)	0.16	0.54	0.15
Accident Frequency Rate (AFR)	0.06	0.27	0.06

* Restated

** Highest total pay excludes remuneration of Group Managing Director

GRI CONTENT INDEX

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NOTICE OF 8TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 8th Annual General Meeting of SUNWAY CONSTRUCTION GROUP BERHAD [201401032422 (1108506-W)] (“Company”) will be conducted virtually through live streaming and using online remote polling platform from the Broadcast Venue at Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on **Wednesday, 22 June 2022 at 3.00 p.m. for the following purposes:**

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors’ and Auditors’ Reports thereon.
(Please refer to Explanatory Note No. 1)
2. To approve the payment of fees to Non-Executive Directors amounting to RM723,576.60 for the financial year ended 31 December 2021. (Ordinary Resolution 1)
3. To approve the payment of benefits payable to Non-Executive Directors of up to RM200,000 for the period from 23 June 2022 until the conclusion of the next Annual General Meeting of the Company to be held in 2023. (Ordinary Resolution 2)
4. To re-elect the following Directors:
 - 4.1 Dato’ Ir Goh Chye Koon who retires by rotation pursuant to Clause 106(1) of the Company’s Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 3)
 - 4.2 Dato’ Dr Johari Bin Basri who retires by rotation pursuant to Clause 106(1) of the Company’s Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 4)
 - 4.3 Ms Cindy Tan Ler Chin who retires pursuant to Clause 89 of the Company’s Constitution and being eligible, offers herself for re-election. (Ordinary Resolution 5)
 - 4.4 Mr Liew Kok Wing who retires pursuant to Clause 89 of the Company’s Constitution and being eligible, offers himself for re-election. (Ordinary Resolution 6)
5. To re-appoint Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Ordinary Resolution 7)

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Resolutions:-

6. ORDINARY RESOLUTION:

Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

“THAT subject always to the Companies Act 2016 (“Act”), the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), the Company’s Constitution and the approvals of the relevant government and/or regulatory authorities, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new shares in the Company at any time at such price, upon such terms and conditions, for such purposes and to such person(s) whomsoever as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares to be issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being AND THAT the Directors be and are also empowered to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

(Ordinary Resolution 8)

NOTICE OF 8TH ANNUAL GENERAL MEETING

7. ORDINARY RESOLUTION:

Proposed Renewal of Existing Shareholders’ Mandate and Proposed New Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

“THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of Part A of the Company’s Circular to Shareholders dated 29 April 2022 which are of a revenue or trading nature and carried out in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company, subject to the compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Companies Act 2016 (“Act”), the Company’s Constitution and all other applicable laws, guidelines, rules and regulations.

THAT such authority shall commence upon the passing of this resolution and shall continue to be in force until:

- (a) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the mandate will lapse, unless by a resolution passed at the next AGM, the mandate is renewed; or
- (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier.

THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution.”

(Ordinary Resolution 9)

8. ORDINARY RESOLUTION:

Proposed Renewal of Share Buy-Back Authority

“THAT subject to the Companies Act 2016 (“Act”), rules, regulations and orders made pursuant to the Act, provisions of the Company’s Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authorities, the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company PROVIDED THAT:-

- (a) the aggregate number of ordinary shares in the Company (“SunCon Shares”) which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares in the ordinary share capital of the Company at any point of time, subject to a restriction that the share capital of the Company does not fall below the applicable minimum share capital requirements of the Main Market Listing Requirements of Bursa Securities;
- (b) the maximum funds to be allocated by the Company for the purpose of purchasing the SunCon Shares shall not exceed the Company’s audited retained profits at any point of time;
- (c) the authority conferred by this resolution will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until-
 - (i) the conclusion of the next Annual General Meeting (“AGM”) at which time it shall lapse unless by Ordinary Resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
 - (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
 - (iii) revoked or varied by Ordinary Resolution passed by the shareholders of the Company in a general meeting,
 whichever occurs first; and
- (d) upon completion of the purchase(s) of the SunCon Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the SunCon Shares so purchased or to retain the SunCon Shares so purchased as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act), or to retain part of the SunCon Shares so purchased as treasury shares and cancel the remainder and in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act, the Main Market Listing Requirements of Bursa Securities and any other relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement, finalise or to effect the purchase(s) of the SunCon Shares with full powers to assent to any conditions, modifications, variations and/or amendments as may be required or imposed by the relevant authorities and to do all such acts and things (including executing all documents) as the Directors may deem fit and expedient in the best interest of the Company.”

(Ordinary Resolution 10)

NOTICE OF 8TH ANNUAL GENERAL MEETING

9. SPECIAL RESOLUTION:

Proposed Amendments to the Constitution of the Company ("Proposed Constitution Amendments")

"THAT approval be and is hereby given to the Company to implement and give effect to the Proposed Constitution Amendments as set out in Appendix II of the Company's Circular to the Shareholders dated 29 April 2022.

AND THAT the Directors and Company Secretary be and are hereby authorised to take all steps as are necessary and expedient in order to implement, finalise and give full effect to the Proposed Constitution Amendments."

[Special Resolution 1]

By Order of the Board

TAN KIM AUN (MAICSA 7002988) [SSM PC No. 202008001249]

CHANG MEI YEE (MAICSA 7064078) [SSM PC No. 201908000539]

Company Secretaries

Bandar Sunway
29 April 2022

NOTES:

1) The 8th Annual General Meeting ("8th AGM") of the Company will be conducted virtually through live streaming and online remote voting using Digital Ballot Form ("DBF") provided by the appointed Poll Administrator for the 8th AGM ("Poll Administrator"), Mega Corporate Services Sdn Bhd.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the 8th AGM to be at the main venue of the 8th AGM. **NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES/ATTORNEYS** from the public shall be physically present at the Broadcast Venue on the day of the 8th AGM.

Shareholders of the Company who wish to participate, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely via DBF at the 8th AGM will have to register via the link at <https://vps.megacorp.com.my/xzabRb>. Please refer to the Administrative Notes for the 8th AGM for further information.

Only shareholders whose name appear on the Record of Depositors of the Company as at 15 June 2022 shall be entitled to participate at the 8th AGM or appoint proxy(ies) or corporate representative(s) to participate on their behalf.

2) A shareholder of the Company who is entitled to participate at the 8th AGM, may appoint more than 1 proxy to participate on his/her behalf. A proxy may but need not be a shareholder.

3) Shareholders may use the Questions' Pane facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions in relation to the agenda items for the 8th AGM to the Board of Directors of the Company prior to the 8th AGM via email to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 21 June 2022 or via email to AGM-support.SunCon@megacorp.com.my no later than 2.30 p.m. on 22 June 2022.

4) Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

5) Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("Omnibus Account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

6) Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate at the 8th AGM shall have the same rights as the shareholder to participate at the 8th AGM.

7) If a shareholder has appointed a proxy to participate at the 8th AGM and subsequently, he/she decides to participate at the 8th AGM instead of the proxy, he/she has to revoke the appointment in writing/email which must reach us not later than 24 hours before the 8th AGM. The appointed proxy shall therefore be null and void.

8) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.

9) The instrument for the appointment of a proxy must be completed and deposited at the office of the Poll Administrator, **Mega Corporate Services Sdn Bhd**, at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia not less than 24 hours before the time appointed for holding the 8th AGM or any adjournment thereof, either by hand, post or electronic mail to AGM-support.SunCon@megacorp.com.my.

10) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 8th AGM will be put to vote on poll.

NOTICE OF 8TH ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

Ordinary Business

1. To Receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports thereon

The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Section 340(1) of the Companies Act 2016 ("Act"). As such, this agenda will not be put for voting.

2. Ordinary Resolutions 1 and 2

Section 230(1) of the Act provides amongst others, that fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval is sought for the payment of fees and benefits payable to the Non-Executive Directors ("NEDs"), in two (2) separate resolutions as follows:

(a) Ordinary Resolution 1 – Directors' fees to the NEDs amounting to RM723,576.60 for the financial year ended 31 December 2021

The fees structure for the NEDs:-

Board/Audit Committee	Chairman (RM/annum)	Member (RM/annum)
Board	180,000	100,000
Audit Committee	6,000	3,000

The payment of the NED's fees in respect of the preceding financial year ended 31 December 2021 will only be made if the proposed Ordinary Resolution 1 has been passed at the 8th AGM.

(b) Ordinary Resolution 2 – Benefits payable to the NEDs for the period from 23 June 2022 until the conclusion of the next AGM of the Company to be held in 2023 ("Current Period")

The benefits payable to the NEDs of the Company comprises the following:

- meeting allowance of RM500 per meeting for attending the Board or Board Committee Meetings; and
- other emolument, including but not limited to the meeting allowance or construction site visit allowance of RM1,000 per meeting/visit for discharging the duty as Chairman of the Board Sustainability Committee of the Company.

The total amount of benefits payable to the NEDs is estimated to be up to RM200,000 for the Current Period taking into account the number of scheduled and special meetings for the Board and Board Committees as well as the number of NEDs involved in these meetings. This amount is the same as the approved amount at the 7th AGM which was up to RM200,000. The payment of the NED's benefits payable for the Current Period will be paid as and when they are incurred.

The Board opined that the payments to the NEDs are just and equitable taking into account their roles and responsibilities towards the Group and the services that they have rendered to the Group.

NEDs who are shareholders of the Company will abstain from voting on the aforesaid resolutions concerning remuneration to the NEDs at the 8th AGM.

3. Ordinary Resolutions 3, 4, 5 and 6 – Re-election of Directors

Clause 106(1) of the Company's Constitution provides that one-third or the number nearest to one-third of the Directors of the Company (including Managing Director) for the time being shall retire by rotation at each AGM of the Company. Each Director shall retire from office once at least in each three years but shall be eligible for re-election.

Dato' Ir Goh Chye Koon and Dato' Dr Johari Bin Basri being eligible, have offered themselves for re-election at the 8th AGM.

Clause 89 of the Company's Constitution provides that any Director appointed shall hold office only until the next AGM and shall be eligible for re-election. Ms Cindy Tan Ler Chin and Mr Liew Kok Wing who were appointed on 15 September 2021 and 1 April 2022 respectively are standing for re-election as Directors and being eligible, have offered themselves for re-election at the 8th AGM.

The Nomination and Remuneration Committee ("NRC") has conducted an assessment on the Directors seeking re-election. The assessment criteria encompassed their time commitment, contribution to board discussions, character, integrity, competencies, experiences as well as their independence pursuant to the independence criteria as required under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad. Based on the aforesaid assessment, the NRC was satisfied that the Directors seeking re-election had performed their roles and functions effectively and continues to be an effective and valuable member of the Board. The Board therefore endorsed the NRC's recommendation that these Directors be re-elected subject to the shareholders' approval at the 8th AGM.

Their profiles are enclosed in the Company's Integrated Report 2021 and on Company's website. These include their age, gender, tenure of service, directorships in other public companies and listed issuers, working experience and any conflict of interest as well as their shareholdings in the Company, if any.

All Directors standing for re-election had abstained from all deliberations and decisions on their own eligibility to stand for re-election at the relevant NRC and Board meetings. They will continue to abstain from voting on their own eligibility at the 8th AGM.

4. Ordinary Resolution 7 – Re-appointment of Messrs BDO PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration

Based on the results of the External Auditors Evaluation for the financial year ended 31 December 2021, the Board had at its meeting on 29 March 2022 approved the re-appointment of Messrs BDO PLT ("BDO") as Auditors of the Company on the basis that BDO had satisfactorily performed their audit and that BDO had discharged their professional responsibilities in accordance to the rules on professional conduct and ethics of BDO and the By-Laws (on Professional Ethics, Conducts and Practice) issued by the Malaysia Institute of Accountants.

The Board was also satisfied that the provisions of non-audit services by BDO to the Company for the financial year ended 31 December 2021 did not in any way impair their objectivity and independence as External Auditors of the Company.

NOTICE OF 8TH ANNUAL GENERAL MEETING

Special Business

5. Ordinary Resolution 8 - Authority to Issue Shares

The Company is always on the lookout for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the total number of issued shares of the Company.

In order to avoid any delay and costs involved in convening a general meeting to approve such issue of shares, it is thus considered appropriate that the Directors be empowered to issue new shares in the Company, up to an amount not exceeding in total 10% of the total number of issued shares of the Company at any time, for such purpose. This authority, unless revoked or varied at a general meeting, will expire at the next AGM of the Company.

The renewal of this mandate will provide flexibility to the Company for any potential fund raising activities, including but not limited to placement of shares, for purpose of funding future investments, working capital and/or any acquisition.

At this juncture, there is no decision to issue new shares under this general mandate. Should there be a decision to issue new shares after the authorisation is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

The Company did not issue any new shares under the general mandate which was approved at its 7th AGM held on 25 August 2021.

6. Ordinary Resolution 9 - Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The details on the proposed renewal of existing shareholders' mandate and proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in Part A of the Company's Circular to Shareholders dated 29 April 2022.

7. Ordinary Resolution 10 - Proposed Renewal of Share Buy-Back Authority

The details on the Proposed Renewal of Share Buy-Back Authority by the Company are set out in the Share Buy-Back Statement in Part B of the Company's Circular to Shareholders dated 29 April 2022.

8. Special Resolution 1 - Proposed Amendments to the Constitution of the Company

The details on the Proposed Amendments to the Constitution of the Company are set out in Part C of the Company's Circular to Shareholders dated 29 April 2022.

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the 8th AGM and/or any adjournment thereof, a shareholder of the Company is hereby:-

- (i) consents to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 8th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 8th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where the shareholder discloses the personal data of the shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

For the purposes of this paragraph, "personal data" shall have the same meaning given in Section 4 of the Personal Data Protection Act 2010.

INDEPENDENT ASSURANCE STATEMENT



SIRIM QAS INTERNATIONAL SDN. BHD. 109601037981 (410334-X)
1, Persiaran Dato' Menteri, Section 2, P.O Box 7035
40700 Shah Alam, Selangor Darul Ehsan, MALAYSIA
Tel : 603-5544 6400 Fax : 603-5544 6810
www.sirim-qas.com.my

INDEPENDENT ASSURANCE STATEMENT

Scope and Objective

SIRIM QAS International Sdn. Bhd., a Conformity Assessment Body in Malaysia, with extensive expertise and experience in the provision of sustainability-related assurance services, was engaged by Sunway Construction Group Berhad (hereafter referred to as Sunway Construction) to perform an independent verification and provide assurance of the Sunway Construction Sustainability Statement 2021. The main objective of the verification process is to provide assurance to Sunway Construction and its stakeholders of the accuracy and reliability of the information presented in the statement. This was established through checking and verifying claims made in the report. The verification by SIRIM QAS International covered all sustainability-related activities which had been included in Sunway Construction Sustainability Statement 2021. Further details provided in Appendix 1 of this statement.

The management of Sunway Construction was responsible for the preparation of the Sustainability Statement. The objectivity and impartiality of this assurance statement is assured as no member of the verification team and no other employee of SIRIM QAS International was involved in the preparation of any part of the Sunway Construction Integrated Report 2021.

Verification team

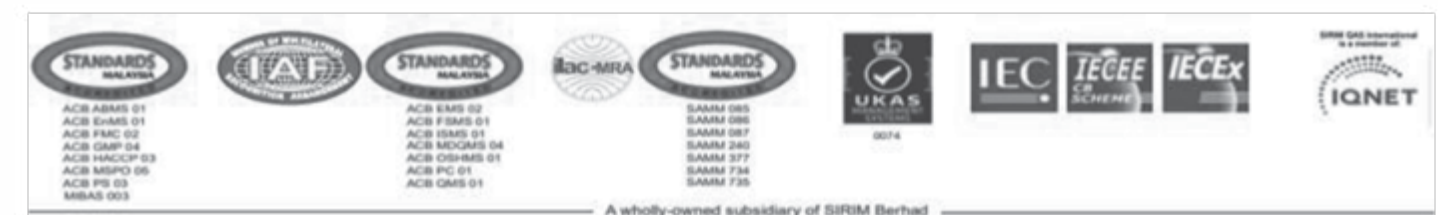
The verification team from SIRIM QAS International consists of:

- 1) Ms. Aernida Abdul Kadir : Team Leader
- 2) Ms. Kamini Sooriamoorthy : Team Member

Methodology

The verification process was carried out by SIRIM QAS International in April 2022. It involved the following activities:

- Reviewing and verifying the accuracy of data collected from various sources and that are presented in the statement;
- Reviewing of internal and external documentation and displays such as awards, press releases, media publications, internal newsletters, internal systems, etc.;
- Interviewing of key personnel responsible for collating information and writing various parts of the report in order to substantiate the veracity of the claims;
- Evaluating the adequacy of the Sustainability Statement of Sunway Construction and its overall presentation against the GRI Standards requirement.



INDEPENDENT ASSURANCE STATEMENT

During the verification process, issues were raised, and clarifications were sought from the management of Sunway Construction relating to the accuracy of some of the data and contents contained in the statement. The Sustainability Statement was subsequently reviewed and revised by Sunway Construction in response to the findings of the verification team. It can be confirmed that changes that have been incorporated into the final version of the statement, has satisfactorily addressed all issues that had been raised.

Highlights in 2021

This year, Sunway Construction has decided to embark on the external assurance process, where it covers content reported under Goal 1, Goal 2 and Goal 3 of its Sustainability Statement. Detailed topics were as provided in Appendix 1 of this assurance statement. It has been noted that Sunway Construction has identified and committed in addressing material issues related to Environment, Social and Governance, as presented in its Sustainability Statement.

Limitation

The verification process was subjected to the following limitations:

- The scope of work did not involve verification of information reported in Sunway Construction's Integrated Report 2021;
- The verification was designed to provide limited assurance in reference to International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, irrespective of the organization's ability to achieve its objectives, targets or expectations on sustainability-related issues;
- The corporate office of Sunway Construction, at Menara Sunway, Subang Jaya, was visited as part of this assurance engagement. The verification process did not include physical inspections of any of Sunway Construction's operation sites and assets; and,
- The verification team did not verify any contractor or third-party data.

Conclusion

Based on the scope of the assessment process and evidence obtained, the following represents SIRIM QAS International's opinion:

- The level of accuracy of data included in Sunway Construction Sustainability Statement 2021 is fairly stated;
- The level of sustainability performance information presented in the report was found to be properly prepared;
- The personnel responsible were able to demonstrate the origin(s) and interpretation of data contained in the report;
- The sustainability report provides a reasonable and balanced presentation of the sustainability performance Sunway Construction Group Berhad.

Statement Prepared by:



AERNIDA BINTI ABDUL KADIR

Team Leader

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 18 April 2022

Statement Approved by:



MOHD HAMIM BIN IMAM MUSTAIN

Senior General Manager

Management System Certification Department
SIRIM QAS International Sdn. Bhd.

Date: 22 April 2022

Note 1: This Independent Assurance Statement has been issued based on the content verified prior to the approval date. SIRIM QAS International Sdn Bhd shall not be responsible for any changes or additions made after the referred date (18 April 2022).

INDEPENDENT ASSURANCE STATEMENT

The topics and information covered in this assessment is tabulated below:		HIGH	MEDIUM	LOW	UN SUBSTANTIATED
Goal 1 – Enabling sustainable construction	01 Environmental Stewardship				
	Managing our pollutants				
	Chemical management				
	Waste management				
	Materials management				
	Water management				
	Energy management				
	GHG emissions disclosure				
	Protecting biodiversity				
	02 Supply Chain Management				
	Equal opportunities				
	03 Product Safety and Innovation				
	Quality Management				
	Green Construction				
Construction efficiency					
Our Competitive Edge					
Goal 2 – Investing in fair, safe and inclusive workplace	01 Human Capital Development				
	Talent retention				
	Capacity building				
	Diversity and inclusiveness				
	02 Safety and Health				
	Management commitment and policies				
	OHSMS				
	ESH organisation				
	Managing safety and health				
	Training and competencies				
	Public safety				
	Our response to COVID-19				
	03 Community Engagement				
	Active engagement				
Enriching lives					
Goal 3 – Ensuring compliance and embracing transparency	01 Sustainability governance				
	02 Customer privacy				
Key Performance Indicators					

Note 2: Definition of LOW, MEDIUM, HIGH and UNSUBSTANTIATED of Appendix 1
 UNSUBSTANTIATED – Data and information was not made available during the assessment review period due to reasons like confidentiality, unattainable data source and unavailable data owner. It has been identified as one of the limitations during the conduct of the assessment.
 LOW – Data and information reviewed has been based on information endorsed by the data owners. Verifiers did not have the access to the source of the data origin. It has been identified as one of the limitations during the conduct of the assessment.
 MEDIUM – Data and information has been confirmed with the direct owners. However, the source of the data origin has been based on secondary data which is not accessible by the verifiers during the conduct of the assessment.
 HIGH – Data and information reviewed has been confirmed with the direct owners. The source of the data origin was provided during the conduct of the assessment.

PROXY FORM
8th Annual General Meeting

Number of share(s) held	
CDS Account No.	

I/We (Full Name) _____, NRIC No./Passport No./Registration No. _____
of (Full Address) _____

having Tel./Mobile No. _____ and email address _____

being a shareholder of **SUNWAY CONSTRUCTION GROUP BERHAD** ("Company") and entitled to vote, hereby appoint:-

Full Name	NRIC No./Passport No.	Proportion of shareholdings represented	
		No. of Shares	%
Tel./Mobile No.	Email Address.		

and/or failing *him/her,

Full Name	NRIC No./Passport No.	Proportion of shareholdings represented	
		No. of Shares	%
Tel./Mobile No.	Email Address.		100%

or failing *him/her, the CHAIRMAN OF THE MEETING as *my/our proxy to participate and vote for *me/us on *my/our behalf at the 8th Annual General Meeting of the Company to be conducted virtually through live streaming and using online remote polling platform from the Broadcast Venue at Penthouse, Level 20, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia on **Wednesday, 22 June 2022 at 3.00 p.m.** and at any adjournment thereof. My/our proxy/proxies shall vote as follows:-

* Strike out whichever not applicable

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of fees to the Non-Executive Directors		
2.	To approve the payment of benefits payable to the Non-Executive Directors		
3.	To re-elect Dato' Ir Goh Chye Koon as Director		
4.	To re-elect Dato' Dr Johari Bin Basri as Director		
5.	To re-elect Cindy Tan Ler Chin as Director		
6.	To re-elect Liew Kok Wing as Director		
7.	To re-appoint Messrs BDO PLT as Auditors and to authorise the Directors to fix their remuneration		
8.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016		
9.	To approve the Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	To approve the Proposed Renewal of Share Buy-Back Authority		
NO.	SPECIAL RESOLUTION	FOR	AGAINST
1.	To approve the Proposed Amendments to the Constitution of the Company		

Please indicate with an "X" in the spaces provided above as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

Dated this _____ day of _____ 2022

Signature of Shareholder _____



NOTES:

1) The 8th Annual General Meeting (“**8th AGM**”) of the Company will be conducted virtually through livestreaming and online remote voting using Digital Ballot Form (“**DBF**”) provided by the appointed Poll Administrator for the 8th AGM (“**Poll Administrator**”), Mega Corporate Services Sdn Bhd.

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the 8th AGM to be at the main venue of the 8th AGM. **NO SHAREHOLDERS/PROXIES/CORPORATE REPRESENTATIVES/ ATTORNEYS** from the public shall be physically present at the Broadcast Venue on the day of the 8th AGM.

Shareholders of the Company who wish to participate, speak (*in the form of real time submission of typed texts*) and vote (collectively, “**participate**”) remotely via DBF at the 8th AGM will have to register via the link at <https://vps.megacorp.com.my/xzabRb>. Please refer to the Administrative Notes for the 8th AGM for further information.

Only shareholders whose name appear on the Record of Depositors of the Company as at 15 June 2022 shall be entitled to participate at the 8th AGM or appoint proxy(ies) or corporate representative(s) to participate on their behalf.

2) A shareholder of the Company who is entitled to participate at the 8th AGM, may appoint more than 1 proxy to participate on his/her behalf. A proxy may but need not be a shareholder.

3) Shareholders may use the Questions’ Pane facility (located at the top right corner of the screen) to submit questions in real time during the meeting via the Live-Streaming solution. Shareholders may also submit questions in relation to the agenda items for the 8th AGM to the Board of Directors of the Company prior to the 8th AGM via email to irsuncongroup@sunway.com.my no later than 3.00 p.m. on 21 June 2022 or via email to AGM-support.SunCon@megacorp.com.my no later than 2.30 p.m. on 22 June 2022.

4) Where a shareholder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

5) Where a shareholder is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account (“**Omnibus Account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each Omnibus Account it holds.

6) Where a shareholder appoints more than 1 proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy. A proxy appointed to participate at the 8th AGM shall have the same rights as the shareholder to participate at the 8th AGM.

7) If a shareholder has appointed a proxy to participate at the 8th AGM and subsequently, he/she decides to participate at the 8th AGM instead of the proxy, he/she has to revoke the appointment in writing/email which must reach us not later than 24 hours before the 8th AGM. The appointed proxy shall therefore be null and void.

PLEASE FOLD HERE



SUNWAY CONSTRUCTION GROUP BERHAD
c/o MEGA CORPORATE SERVICES SDN BHD
Level 15-2, Bangunan Faber Imperial Court
Jalan Sultan Ismail
50250 Kuala Lumpur, Wilayah Persekutuan
Malaysia

PLEASE FOLD HERE

8) The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.

9) The instrument for the appointment of a proxy must be completed and deposited at the office of the Poll Administrator, **Mega Corporate Services Sdn Bhd, at Level 15-2, Bangunan Faber Imperial Court, Jalan Sultan Ismail, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia** not less than 24 hours before the time appointed for holding the 8th AGM or any adjournment thereof, either by hand, post or electronic mail to AGM-support.SunCon@megacorp.com.my.

10) Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 8th AGM will be put to vote on poll.

PERSONAL DATA PRIVACY

By registering for the remote participation and electronic voting and/or submitting an instrument appointing a proxy(ies) and/or representative(s) to participate at the 8th AGM and/or any adjournment thereof, a shareholder of the Company is hereby:-

- (i) consents to the collection, use and disclosure of the shareholder’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 8th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 8th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the “**Purposes**”);
- (ii) warrants that where the shareholder discloses the personal data of the shareholder’s proxy(ies) and/or representative(s) to the Company (or its agents), the shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder’s breach of warranty.

For the purposes of this paragraph, “personal data” shall have the same meaning given in Section 4 of the Personal Data Protection Act 2010.

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