

TODAY, TOMORROW & BEYOND



ANNUAL REPORT
2016

SUNWAY BERHAD
(921551-D)

TODAY, TOMORROW & BEYOND

A spark of ingenuity and unwavering ambition were the first steps in the creation of an iconic city. Fuelled by a vision to make a difference, a tin mining wasteland was transformed into a wonderland that we now identify as Sunway City. The theme for 2016's Annual Report reflects on the journey and achievements of Sunway Berhad, and its plans for future growth.



VISION

TO BE THE LEADING REGIONAL PROPERTY-CONSTRUCTION GROUP

Sunway Berhad ("Sunway") holds leadership positions in a multitude of industries, chiefly driven by its core businesses of property development and investment; and construction.

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

MISSION

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

Building synergistic and sustainable relationships 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 of quality and excellence remains a founding value that we uphold and are passionate about. We make individual and collective efforts in aiming higher to achieve strategic business goals with a commitment to the best quality and excellence.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Chairman, Non-Independent Executive Director

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO

Deputy Executive Chairman, Non-Independent Executive Director

Tan Sri Datuk Seri Razman M Hashim

President, Non-Independent Executive Director

Dato' Chew Chee Kin

Non-Independent Executive Director

Sarena Cheah Yean Tih, S.M.S.

Senior Independent Non-Executive Director

Wong Chin Mun

Independent Non-Executive Directors

Lim Swe Guan

Datuk Seri Yam Kong Choy

Tan Sri Dato' Dr. Lin See Yan

AUDIT COMMITTEE

Wong Chin Mun (Chairman)

Lim Swe Guan

Datuk Seri Yam Kong Choy

Tan Sri Dato' Dr. Lin See Yan

NOMINATION COMMITTEE

Lim Swe Guan (Chairman)

Wong Chin Mun

Datuk Seri Yam Kong Choy

Tan Sri Dato' Dr. Lin See Yan

(Appointed with effect from 27 February 2017)

REMUNERATION COMMITTEE

Datuk Seri Yam Kong Choy (Chairman)

Wong Chin Mun

Lim Swe Guan

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO

Tan Sri Dato' Dr. Lin See Yan

(Appointed with effect from 27 February 2017)

EMPLOYEES' SHARE OPTION SCHEME COMMITTEE

Wong Chin Mun (Chairman)

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO

Dato' Chew Chee Kin

Sarena Cheah Yean Tih, S.M.S.

Foo Shiang Wyne

COMPANY SECRETARIES

Tan Kim Aun (MAICSA 7002988)

Chin Lee Chin (MAICSA 7012347)

REGISTERED OFFICE

Level 16, Menara Sunway, Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

Tel No : (603) 5639 8889

Fax No : (603) 5639 9507

SHARE REGISTRAR

Sunway Management Sdn Bhd (50661-X)

Level 16, Menara Sunway, Jalan Lagoon Timur

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia

Tel No : (603) 5639 8889

Fax No : (603) 5639 9507

AUDITORS

BDO

Chartered Accountants

SOLICITORS

David Lingam & Co.

Mah-Kamariyah & Philip Koh

PRINCIPAL BANKERS

Bank of Tokyo-Mitsubishi UFJ (Malaysia) Berhad

DBS Bank Ltd

HSBC Bank Malaysia Berhad

Malayan Banking Berhad

OCBC Bank (Malaysia) Berhad

Public Bank Berhad

RHB Bank Berhad

Standard Chartered Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

WEBSITE ADDRESS

www.sunway.com.my

INVESTOR RELATIONS

E-mail : irsunwayberhad@sunway.com.my

Tel No : (603) 5639 8674

FINANCIAL CALENDAR

ANNOUNCEMENT OF QUARTERLY RESULTS

27 May 2016

Announcement of the unaudited consolidated results for the 1st quarter ended 31 March 2016

29 August 2016

Announcement of the unaudited consolidated results for the 2nd quarter ended 30 June 2016

25 November 2016

Announcement of the unaudited consolidated results for the 3rd quarter ended 30 September 2016

27 February 2017

Announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2016

28 February 2017

Amended announcement of the unaudited consolidated results for the 4th quarter ended 31 December 2016

DIVIDENDS

- First interim single tier dividend of 5% per ordinary share for the financial year ended 31 December 2016

Announcement of the notice
of entitlement and payment : 27 September 2016
Date of entitlement : 14 October 2016
Date of payment : 27 October 2016

- Second interim single tier dividend for the financial year ended 31 December 2016 comprising:

- a) A second interim single tier cash dividend of 4 sen per ordinary share.

Announcement of the notice
of entitlement and payment : 27 February 2017
Date of entitlement : 6 April 2017
Date of payment : 28 April 2017

- b) A share dividend distribution of approximately 20.3 million treasury shares on the basis of 1 treasury share for every 100 ordinary shares held.

Announcement of the notice
of entitlement and payment : 27 February 2017
Date of entitlement : 13 April 2017
Date of payment : 28 April 2017

ANNUAL REPORT & ANNUAL GENERAL MEETING

28 April 2017

Date of notice of 7th Annual General Meeting and date of issuance of Annual Report 2016

14 June 2017

Date of 7th Annual General Meeting

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BUILDING SUSTAINABLE COMMUNITIES

Sunway's Property Development division has vast experience in developing innovative and quality residential and commercial properties. As a Master Community Developer, the division has delivered more than 26,000 properties in key locations in Klang Valley, Ipoh, Penang, Johor, and notable locations overseas. Under its portfolio are the award-winning integrated cities of Sunway City, Sunway City Ipoh, Sunway Velocity and the upcoming 1,800-acre Sunway Iskandar, Sunway's largest integrated township development yet.

CORPORATE SUNWAY

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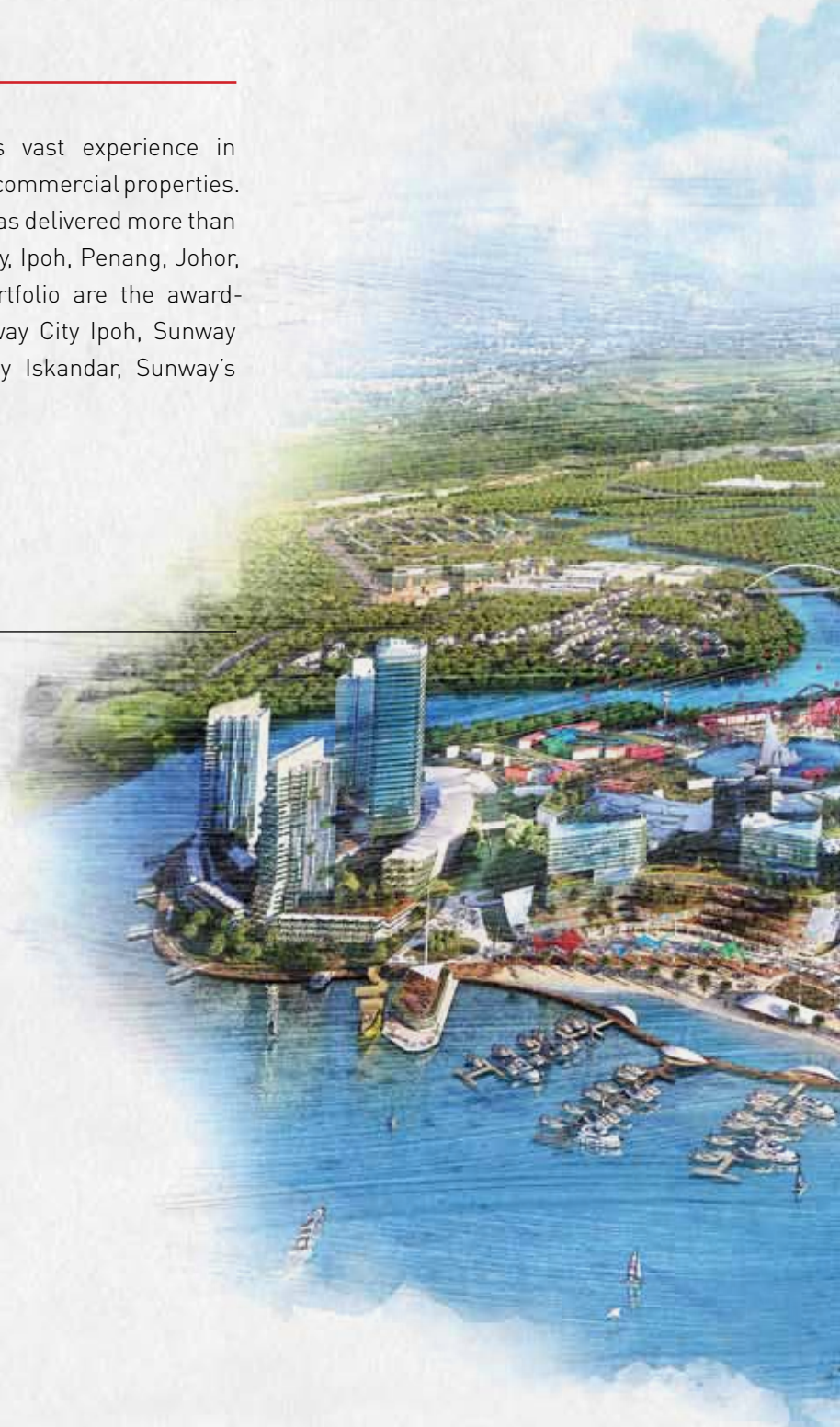
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CALENDAR OF SIGNIFICANT EVENTS

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AWARDS AND ACCOLADES





ARTIST'S IMPRESSION OF SUNWAY ISKANDAR

CORPORATE PROFILE



SUNWAY BERHAD ("SUNWAY" OR "GROUP")

NURTURING GROWTH

Sunway Berhad started off as a private limited establishment, Sungei Way Holdings Sdn Bhd, in the tin mining industry on 26 January 1978. Founder and Chairman, Tan Sri Dato' Seri Dr Jeffrey Cheah's vision propelled the company's ensuing venture into construction, trading and manufacturing, quarrying, property development and building materials. The business had its share of setbacks but prevailed and grew from strength to strength. Steady growth for the business subsequently led to the company's listing on the Main Board of Bursa Malaysia on 16 February 1984 as Sungei Way Holdings Berhad. The company changed its name to Sunway Holdings Incorporated Berhad on 13 December 1999 before finally assuming the name of Sunway Holdings Berhad in 2007.

The sister company of Sunway Holdings Berhad, Sunway City Berhad, was set up on 13 July 1982, to capitalise on the thriving property development scene in Malaysia. The company, originally incorporated as Sri Jasa Sdn Bhd, embraced its developmental and transformational phase and successfully emerged as a property behemoth. It pioneered the concept of the first integrated resort city through Sunway City, transforming what was once a derelict tin-mine into one of the region's top tourism spots today. Fuelled by its aspiration to become an integrated real estate conglomerate, the company continued to further include interests in property development, property investment, hospitality, healthcare and leisure. On 8 July 1996, Sunway City Berhad accomplished the milestone of being listed on the Main Board of Bursa Malaysia.

In 2010, the consolidation of both Sunway Holdings Berhad and Sunway City Berhad was initiated to establish a refreshed front as a property-construction colossus, positioning the group to take on more sizable landmark projects. This exercise was successfully completed with the listing of Sunway Berhad on the Main Market of Bursa Malaysia on 23 August 2011.

On 19 September 2014, Sunway Group announced intentions to re-list its construction division on the Main Market of Bursa Malaysia. Following the announcement, the Group underwent a restructuring exercise to dispose Sunway Construction Sdn Bhd held by Sunway Holdings Sdn Bhd to Sunway Construction Group Berhad ("SCG"). SCG was successfully listed on 28 July 2015, attracting a market capitalisation of RM1.6 billion, ranking it as the second largest Initial Public Offering on Bursa Malaysia in 2015. The outstanding debut of SCG has served as a testament of the steadfast confidence investors have in Sunway Group, in spite of the weak domestic market at the time. SCG as a standalone entity now has the flexibility to explore opportunities in the construction industry. With Sunway Berhad maintaining a controlling stake of 54.4% in SCG, Sunway Group will continue to reap the benefits of the synergies generated for long term growth.



HARVESTING SUCCESS

The present-day Sunway Group carries diversified businesses in related upstream and downstream fields, balanced with principal interests in property and construction. Complementing the core businesses are strategic business units spanning from leisure, hospitality, quarry, trading and manufacturing, building materials to healthcare. With every segment being leading businesses in their respective fields, the steady flow of earnings contributes to consistent annual fiscal performance, an advantage for the Group in weathering sector-specific down cycles. Furthermore, Sunway constantly strives to attain higher operational efficiency, procurement savings and treasury management to distribute greater returns to stakeholders.

Sunway is broadly known for its one-of-a-kind integrated business model, which covers the entire life cycle of property development from land banking and master-planning to design and construction, marketing and sales, property management and lastly to capital recycling via Sunway Real Estate Investment Trust ("REIT") upon maturity of the properties. This differentiation permits the Group to have control over the development value chain of its properties, incorporating design efficiencies and innovations directly into the end products to add value for property purchasers.

Sunway City is a key manifestation of Sunway's business appeal as a master community developer. Designed to consolidate eight main components of residential, commercial, education, hospitality, retail, leisure, healthcare and industrial, this 800-acre, Green Building Index ("GBI") certified sustainable township records more than 42 million visitors annually. More visitors are anticipated with the integration of the nation's first elevated Bus Rapid Transit ("BRT") with the completed Light Rail Transit ("LRT") Kelana Jaya Line Extension, facilitating seamless connectivity to Sunway City. Additionally, Sunway City is also the first township in Malaysia to win the Low Carbon City Award at the ninth Malaysian Institute of Planners (MIP) Awards for Planning Excellence in 2016.

Upholding its identity as a community builder, the largest asset owner and co-investor in its townships, Sunway continues to expand its portfolio by mirroring identical business models in Sunway City Ipoh, Sunway Velocity in Kuala Lumpur and the upcoming Sunway Iskandar. These landmark developments will continue to deliver sustainable advancement to the Group and its communities into the future.

SOWING SEEDS FOR THE FUTURE

Reinforced by an experienced management team, Sunway will continue to push boundaries in the nine sectors it operates in, all while shouldering corporate social responsibilities alongside the Group's core values of Integrity, Humility and Excellence.

In this aspect, Sunway Berhad has matured into an esteemed organisation and stands among the top five largest property stocks and top 100 largest stocks in Malaysia with a market capitalisation of RM6.3 billion (circa USD1.4 billion) as at 31 December 2016. Sunway Construction Group Berhad, being the newly listed subsidiary, is the largest listed pure play construction company in Malaysia by revenue; while Sunway REIT, a 37.3%-owned associate, is the second largest REIT by property value with a sterling portfolio of growing assets. The combined market capitalisation for all three companies totaled up to RM13.1 billion (circa USD2.9 billion) as at 31 December 2016.

Supported by a solid track record for the past four decades, a proven business model, capable management and a workforce of 15,000, Sunway Group is in a position of strength to take on the challenges in the marketplace, in alignment with its vision of becoming the leading regional conglomerate.

GROUP CORPORATE STRUCTURE



PROPERTY DEVELOPMENT

- Sunway Integrated Properties Sdn Bhd
- Sunway South Quay Sdn Bhd
- Sunway PKNS Sdn Bhd
- Sunway City (Penang) Sdn Bhd
- Sunway Bintang Sdn Bhd
- Sunway City Properties Sdn Bhd
- Sunway City (Ipoh) Sdn Bhd
- Sunway Tunas Sdn Bhd
- Sunway Semenyih Sdn Bhd
- Sunway City (JB) Sdn Bhd
- Sunway Iskandar Sdn Bhd *
- Sunway Iskandar Development Sdn Bhd *
- Sunway Monterez Sdn Bhd
- Sunway Grand Sdn Bhd
- Sunway Melawati Sdn Bhd
- SunwayMas Sdn Bhd
- Sunway Termuning Sdn Bhd
- Sunway Rawang Heights Sdn Bhd
- Sunway Kanching Heights Sdn Bhd
- Sunway Bangi Sdn Bhd
- Sunway Eastwood Sdn Bhd
- Sunway Kiara Sdn Bhd
- Hoi Hup Sunway Development Pte Ltd **
- Sunway Subang Sdn Bhd
(formerly known as Ekuiti Meranti (M) Sdn Bhd)
- Sunway Marketplace Sdn Bhd *
(formerly known as Arena Suriamas Sdn Bhd)
- Sunway Parkview Sdn Bhd *
(formerly known as Fajar Megasuria Sdn Bhd)
- Sunway Seafront Sdn Bhd *
(formerly known as Sempurna Binamas Sdn Bhd)
- Hoi Hup Sunway J.V. Pte Ltd **
- Hoi Hup Sunway Property Pte Ltd **
- Hoi Hup Sunway Miltonia Pte Ltd **
- Hoi Hup Sunway Tampines Pte Ltd **
- Hoi Hup Sunway Yuan Ching Pte Ltd **
- Hoi Hup Sunway Pasir Ris Pte Ltd **
- Hoi Hup Sunway Novena Pte Ltd **
- Hoi Hup Sunway Mount Sophia Pte Ltd **
- Hoi Hup Sunway Sengkang Pte Ltd **
- Sunway Land Pte Ltd #
- Sunway Australia Unit Trust #
- Sunway Opus International Private Limited **
- Sunway MAK International Private Limited **
- Sunway Guanghao Real Estate (Jiangyin) Co. Ltd #
- Tianjin Eco-City Sunway Property Development Co. Ltd **
- Alliance Parade Sdn Bhd
- Associated Circle Sdn Bhd
- Commercial Parade Sdn Bhd
- Bisikan Seni Sdn Bhd
- Imbasan Intisari Sdn Bhd
- Tidal Elegance Sdn Bhd
- Emerald Freight Sdn Bhd
- Park Symphony Sdn Bhd
- Winning Excellence Sdn Bhd
- Contemporary Factor Sdn Bhd
- Prosper Revenue Sdn Bhd
- Sunway Serene Sdn Bhd
(formerly known as Sunway Dimension Stones Sdn Bhd)
- Sunway Innopark Sdn Bhd
(formerly known as Sun-Block (Batang Kali) Sdn Bhd)



PROPERTY INVESTMENT

- Sunway Pinnacle Sdn Bhd
- Sunway Giza Mall Sdn Bhd
- Sunway Giza Parking Sdn Bhd
- Sunway Destiny Sdn Bhd
- Sunway MUSC Sdn Bhd
- Sunway Monash-U Residence Sdn Bhd
- Sunway Residence Sdn Bhd
- Sunway Pyramid Development Sdn Bhd
- Sunway Velocity Mall Sdn Bhd
- Sunway REIT Management Sdn Bhd *
- Sunway Real Estate Investment Trust **^
- Sunway PFM Sdn Bhd
- Sunway IFM Sdn Bhd
- Sunway Parking Services Sdn Bhd
- Sunway Mall Parking Sdn Bhd
- Sunway Ambience Sdn Bhd
- Sunway Facility Management Sdn Bhd
- Sunway Forum Hotel Sdn Bhd
- Sunway Symphony Sdn Bhd
- Sunway Century Sdn Bhd
- Area Star Sdn Bhd
- Rich Worldclass Sdn Bhd
- Sunway Tower 1 Sdn Bhd
- Sunway Townhouse Sdn Bhd
- Frontier Acres Sdn Bhd
- Shahawan (M) Sdn Bhd
- Sunway Orient Sdn Bhd
- Sumber Dorongan Sdn Bhd
- Sunway Nexis Parking Sdn Bhd
- Sunway Transit System Sdn Bhd
- Sunway Permai Sdn Bhd



LEISURE

- Sunway Lagoon Sdn Bhd
- Sunway Lost World Water Park Sdn Bhd
- Sunway Lagoon Club Berhad
- Sunway Leisure Sdn Bhd
- Sunway Travel Sdn Bhd
- Sunway International Vacation Club Berhad
- Sunway Healthy Lifestyle Sdn Bhd
- Sunway Leisure Services Sdn Bhd
- Pyramid Bowl Sdn Bhd *



HOSPITALITY

- Sunway Resort Hotel Sdn Bhd
- Sunway Putra Hotel Sdn Bhd
- Sunway Biz Hotel Sdn Bhd
- Sunway Hotel (Seberang Jaya) Sdn Bhd
- Sunway Lost World Hotel Sdn Bhd
- Sunway International Hotels & Resorts Sdn Bhd
- Kinta Sunway Resort Sdn Bhd
- Sunway Hotel Phnom Penh Ltd #
- Sunway Hotel Hanoi Liability Limited Company with one member #
- Allson International Management Limited #
- Allson International Hotels & Resorts (BVI) Limited #

GROUP CORPORATE STRUCTURE



CONSTRUCTION

- Sunway Construction Sdn Bhd
- Sunway Engineering Sdn Bhd
- Sunway Concrete Products (S) Pte Ltd #
- Sunway Geotechnics (M) Sdn Bhd
- Sunway Precast Industries Sdn Bhd
- Sunway Machinery Sdn Bhd



TRADING AND MANUFACTURING

- Sunway Marketing Sdn Bhd
- Sunway Enterprise (1988) Sdn Bhd
- Sunway Hydraulic Industries Sdn Bhd
- Sunway Marketing (East Malaysia) Sdn Bhd
- Sunway Hose Centre Sdn Bhd
- Sunway Marketing (S) Pte Ltd #
- Sunway Marketing (Thailand) Ltd #
- PT Sunway Flowtech #
- PT Sunway Trek Masindo #
- PT Sunway Pacific Flow #
- Sunway Totalrubber Ltd #
- Pacific Flow Technology Pty Ltd #
- Sunway Totalrubber Services Franchising Pty Ltd #
- Sunway Hydraulic Industries (Wuhu) Co Ltd #
- Sunway Trading (Shanghai) Pte Ltd #
- Sunway Daechang Forging (Anhui) Co Ltd #
- Sunway Winstar Sdn Bhd
(formerly known as Winstar Trading Sdn Bhd)
- Winstar Enterprise Sdn Bhd
- Saf-T-Quip Sdn Bhd
- United Star Engineering & Hardware Sdn Bhd
- Hsing Yeat Sdn Bhd
- Multi Star Marketing Sdn Bhd
- Power Star Hardware Sdn Bhd
- Aimstar Marketing Sdn Bhd
- PND Hardware & Trading Pte Ltd #



QUARRY

- Sunway Quarry Industries Sdn Bhd
- Sunway Quarry (Kuala Kangsar) Sdn Bhd
- Sunway Quarry Industries (Melaka) Sdn Bhd
- Twinners (Malaysia) Sdn Bhd



BUILDING MATERIALS

- Sunway Paving Solutions Sdn Bhd
- Sunway VCP Sdn Bhd
- Sunway Spun Pile (M) Sdn Bhd
- Sunway Spun Pile (Zhuhai) Co Ltd #



HEALTHCARE

- Sunway Medical Centre Sdn Bhd
- SunMed@Home Sdn Bhd
- SunMed Clinics Sdn Bhd



INVESTMENT HOLDINGS AND OTHERS

- Sunway City Sdn Bhd
- Sunway Holdings Sdn Bhd
- Sunway Holdings (Vietnam) Sdn Bhd
- Sunway Global Limited #
- Sunway Management Sdn Bhd
- Sunway Shared Services Sdn Bhd
- Sunway HR Shared Services Sdn Bhd
- Sunway Leasing Sdn Bhd
- SWL Nominees (Tempatan) Sdn Bhd
- Sunway Elite Sdn Bhd
- Sunway Credit Sdn Bhd
- Sunway Risk Management Sdn Bhd
- Sunway Captive Insurance Ltd
- Gopeng Berhad *^
- SunCity Vietnam Sdn Bhd
- Hochimex Nominee Company Limited #
- Sunway City (S'pore) Pte Ltd #
- Sunway Real Estate (China) Limited #
- Eastern Glory Enterprises Limited #
- Konsep Objektif (M) Sdn Bhd
- Sunway REIT Holdings Sdn Bhd
- Sunway Treasury Sdn Bhd
- Sunway Treasury Sukuk Sdn Bhd
- Sunway Investment Management Consultancy (Shanghai) Co. Ltd #
- Sunway Hospitality Holdings Limited #
- International Theme Park Pty Ltd #
- Sunway Developments Pte Ltd #
- Fortuna Gembira Enterpris Sdn Bhd
- Hartford Lane Pty Ltd #
- Reptolink Sdn Bhd
- Sunway FSSC Sdn Bhd
- Sunway Labuan Investment Ltd
- Sunway Pals Loyalty Sdn Bhd
- Deco Style Sdn Bhd
- Sunway Design Sdn Bhd
- Sunway Construction Group Berhad ^
- Sunway Pendas Management Sdn Bhd
- Sunway Southern Management Sdn Bhd
- Sunway Ordera Sdn Bhd
- Sunway Pharma Sdn Bhd
- Pasir Mas Holdings Sdn Bhd
- Sunway Leadership Centre Sdn Bhd
- Sunway Popbox Sdn Bhd

Notes:

This Group Corporate Structure excludes dormant companies.

Overseas company

^ Public listed company

* Associated company / Jointly-controlled entity

SUNWAY IN THE NEWS

Sunway clinches 6th BCI award

By Roznah Abdul Jabbar

Sunway's property development division deputy managing director (Malaysia and Singapore) Tan Wei Bee said the award serves to further solidify the company's status as a leading and experienced property developer in the region.

Sunway's Property division has been awarded the 2015 Best International Property Developer award by the British Council International (BCI) awards.

Tan Wei Bee said the award serves to further solidify the company's status as a leading and experienced property developer in the region.

Sunway named 'Property Company of the Year 2015'

RETAILING JAYA, Sunway's retail property arm, has been named 'Property Company of the Year 2015' by the 2015 World Finance Asia Awards.

Sunway said the award is a testament to the company's commitment to providing high-quality retail, commercial and residential properties.

Leaders of the World Finance Asia Awards said the award is a testament to the company's commitment to providing high-quality retail, commercial and residential properties.

Sunway's retail property arm, RETAILING JAYA, has been named 'Property Company of the Year 2015' by the 2015 World Finance Asia Awards.

Sunway anjur program bertemakan alam sekitar

MEHMETULU purnama hari ini, Sunway bersempadan dengan hutan berhampiran dengan Sunway.

Sunway anjur program bertemakan alam sekitar.

雙威依斯干達聯辦 500人「與大自然共融」

《星洲日報》報導，雙威依斯干達聯辦 500人「與大自然共融」活動，旨在提高大眾對環境保護的意識。

活動吸引了超過 500 名參加者，包括員工、家屬及社區人士。

200長者 開心吃團圓飯

雙威集團 星洲慈善會聯辦 200長者 開心吃團圓飯。

活動旨在為長者提供一個歡聚的機會，並加強社區聯繫。

200長者 開心吃團圓飯

雙威集團 星洲慈善會聯辦 200長者 開心吃團圓飯。

活動旨在為長者提供一個歡聚的機會，並加強社區聯繫。

Sunway Property offers financing options to help buyers

SUNWAY PROPERTY, a division of Sunway Group, has introduced a new financing option to help buyers purchase properties.

The new option allows buyers to spread payments over a longer period, making it easier to manage their finances.

PROPERTY TIMES Rail links enhance project appeal

RAIL LINKS enhance project appeal, according to PROPERTY TIMES.

The article highlights how the proximity to rail stations adds value to the properties.

மலேசிய மருத்துவச் சுற்றுலா கழகம் 2-ஆவது முறையாக விருது வழங்குது

மலேசிய மருத்துவச் சுற்றுலா கழகம் 2-ஆவது முறையாக விருது வழங்குது.

கழகம் சிறந்த மருத்துவச் சுற்றுலா நிறுவனங்களுக்கு விருது வழங்கியது.

双威产业当选 亚洲最佳发展商

双威 (SUNWAY, 5211) 荣获 2015 年亚洲最佳发展商称号。

该奖项由《世界金融》杂志颁发，表彰双威在亚洲房地产市场的卓越表现。

Sunway unit named best property firm in Asia

SUNWAY unit named best property firm in Asia.

The award recognizes Sunway's commitment to providing high-quality property services across the region.

6854 万雪州购 4 地 双威进军工业产业

6854 万雪州购 4 地 双威进军工业产业。

双威集团计划在雪兰莪州购买 4 块土地，用于发展工业项目。

SunCon seen winning RM5.6bil in contracts

SunCon seen winning RM5.6bil in contracts.

The company has secured several large-scale infrastructure projects, boosting its revenue.

Developing communities, not just property

Developing communities, not just property.

Sunway is committed to creating vibrant communities, not just providing housing.

Sunway to jointly develop land in S'pore

Sunway to jointly develop land in S'pore.

The company has entered into a joint venture to develop a new residential project in Singapore.

SunCon to focus on infrastructure projects

SunCon to focus on infrastructure projects.

The company will continue to invest in large-scale infrastructure development.

眼光獨到 化廢為樂土

眼光獨到 化廢為樂土。

文章讚揚 Sunway 在土地開發方面的獨特眼光，將廢棄地轉化為宜居社區。

New hotel to further strengthen Sunway Group's footprint

New hotel to further strengthen Sunway Group's footprint.

The group is planning to build a new hotel to expand its presence in the hospitality sector.

星洲日報 育才樹人 辦教育 回饋社會 的企業巨人

星洲日報 育才樹人 辦教育 回饋社會 的企業巨人。

文章介紹了 Sunway 集團在教育領域的投入，以及其對社會的貢獻。

12 brands to be highlight of new mall

Key retail partners to open up 40% of space in Chinese shopping complex

SunCon upbeat on profit growth

RM5B ORDER BOOK: Firm bidding for jobs worth RM24b

SunCon bags RM1.2 MRT viaduct project

Contract for 1.2km viaduct section of MRT Line 10

A splashing fun lagoon to be lost in

Real's first Malacca Riverfront park with 85.34 acres expected to further boost Sunway Lagoon's appeal

Third precast plant boost for Sunway Construction

Company to build 100,000 sqm precast plant

Sunway Velocity Mall 迎多个大型合作伙伴

Key partners to open up 40% of space in Chinese shopping complex

Satu lagi taman tema

Company to build 100,000 sqm precast plant

SunCon gets RM268m contract to build international school

Contract for 100,000 sqm precast plant

Tycoon with a heart

Sunway Group's heart for social and community development

Kerjasama institusi terkemuka

Universiti Sunway sedia untuk lebih ramai penyumbang antarabangsa

Five tycoons and their good deeds

Sunway Velocity expects 2m visitors monthly by IH17

雙威產業 穩中求勝

雙威產業 穩中求勝

營運記錄佳

雙威建築潛在合約 56 億

Sunway to double portfolio of malls

Group plans to increase its retail portfolio by 50% by 2020

The new Sunway Pyramid Hotel West

4-star Sunway Pyramid Hotel West is conveniently located and offers the best Sunway Pyramid

CHAIRMAN'S STATEMENT

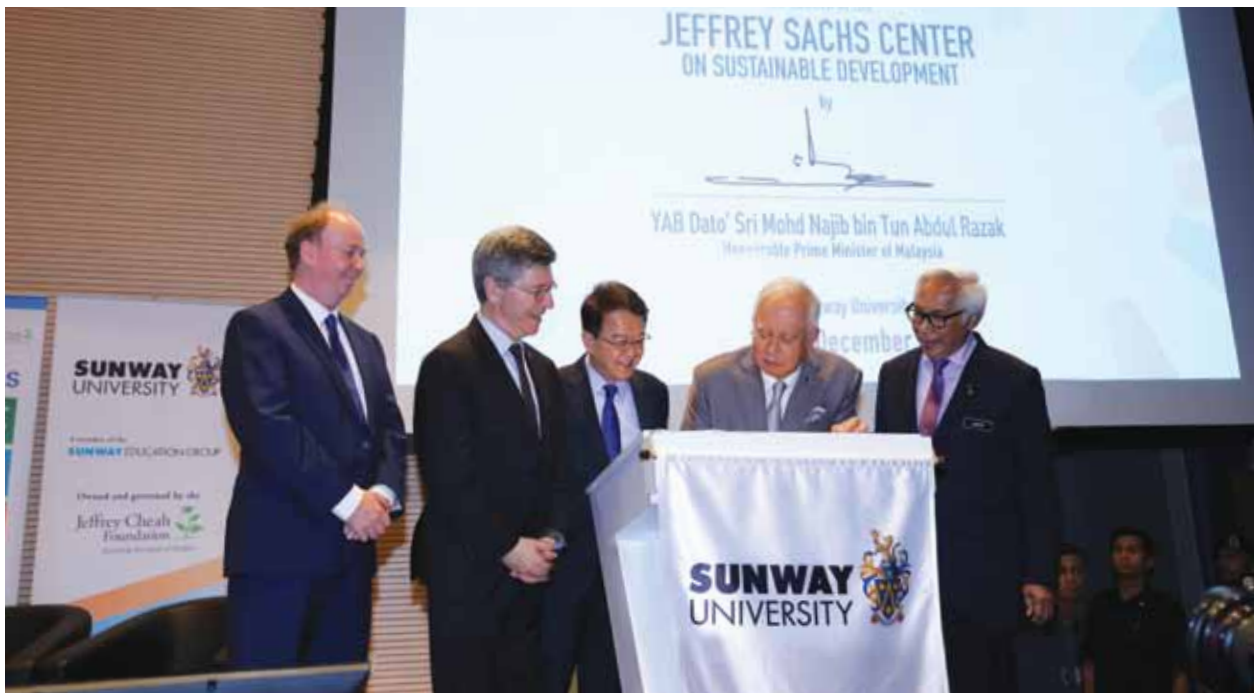
DEAR SHAREHOLDERS,

On behalf of the Board of Directors, I am honoured to present Sunway Berhad's Annual Report for the financial year ended 31 December 2016 ("FY 2016"). Although the domestic economic growth moderated to 4.2% in 2016 compared with the 5% expansion recorded in 2015, Sunway still managed to record commendable financial results while delivering organic growth across the Group.

TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO

EXECUTIVE CHAIRMAN





OFFICIAL LAUNCH OF JEFFREY SACHS CENTER

PERFORMANCE REVIEW

For FY 2016, our revenue and profit before tax stood at RM4.7 billion and RM859.0 million respectively. The year saw improved operating performance across various business units, contributing positively to the Group's earnings. Our core businesses of Property Development and Construction remained key contributors to the Group's bottom line, contributing 54% of the profit before tax, while the other businesses, which include Property Investment, REIT, Leisure, Hospitality, Trading and Manufacturing, Quarry, Building Materials and Healthcare, contributed the balance of 46%. Geographically, 89% of Sunway's profit before tax was generated through operations in Malaysia, followed by Singapore as the second largest contributor.

REWARDING SHAREHOLDERS

On the back of our commendable financial performance, Sunway declared an annual dividend payout of 12.14 sen for FY 2016. The first interim dividend of 5 sen was paid in October 2016. The second interim dividend, in the form of a cash dividend of 4 sen and a share dividend distribution of one treasury share for every 100 existing ordinary shares held, which is equivalent to 3.14 sen, will be paid in April 2017. The total dividend of 12.14 sen for the year was higher than the regular dividends paid per share of 11 sen for FY 2015.

SUSTAINABILITY – A CORE BELIEF

While the financial performance of the Group is important, we also place strong emphasis on the need for the environment, society and business to coexist. The Group's flagship integrated development, Sunway City, demonstrates our commitment to building sustainable ecosystems. The township is built on what was once a barren mining land, but is now home to a vibrant community of 200,000 people. It is also interspersed with 25,000 trees and 150 species of flora and fauna. It was certified as Malaysia's First Sustainable Township in 2012 by the Green Building Index. The successful rejuvenation of Sunway City does not stop here, as we continue to look into new ways to enhance the ecosystems. We have plans to build an advanced water filtration plant to enable the recycling of water within Sunway City as well as the potential use of natural gas to generate power for this township. Such initiatives are not only environmentally sustainable but also commercially viable.

On the education front, the independent not-for-profit Jeffrey Cheah Foundation contributed US\$10 million to set up Jeffrey Sachs Center on Sustainable Development at Sunway University (a member of the United Nations Sustainable Development Network). The Center was officially launched in December and is a first of its kind in Asia. It will act as a platform to catalyse collaborations amongst Southeast Asian nations to achieve the 17 United Nations Sustainable Development Goals (UN SDGs). The hub will establish linkages with domestic and international leading universities and think tanks in sustainable development initiatives. It will also focus on curating world-class academic and executive curriculum to educate and train a new generation of students, practitioners and policy leaders.

CHAIRMAN'S STATEMENT



CONFERRED HONORARY DOCTORATE OF EDUCATION BY UNIVERSITI MALAYA

ACHIEVING GLOBAL STANDARDS

Globally, investors are now taking Environmental, Social and Governance ("ESG") performance into consideration while making investment decisions. Sunway Berhad is a constituent of the FTSE4Good Bursa Malaysia Index series, our third consecutive year since December 2014. Sunway REIT and Sunway Construction Group too continue to meet the globally recognised standards, with Sunway REIT being the first pure REIT in Malaysia to be included. 2016 marked the first year in which all three Sunway entities were certified FTSE4Good compliant. This achievement is a strong testament of our commitment in balancing profitability and ESG initiatives.

ENHANCING GENDER EQUALITY

Being one of the founding chairs of 30% Club Malaysia, I hosted the third Business Leaders roundtable meeting for 2016 at Sunway University. The 30% Club is an international initiative striving to achieve gender balance at all levels of an organisation and increase women representation in leadership positions. There has been commendable progress achieved during the year where we now have 16.1% (2015: 14.0%) of women on boards in Bursa's Top 100 Public Listed Companies. At the Women in Leadership Summit and Exhibition 2016, Sunway was presented the Workplace Gender Equality Award for the Workplace Flexibility and Support category, recognising the Group's commitment to diversity and inclusion by creating a balanced and equal working environment.

PASSION FOR KNOWLEDGE

I am highly passionate about every aspect of education, and it is this passion that drives the Jeffrey Cheah Foundation. I believe that education is an extremely powerful tool, and we should never stop pursuing knowledge at all ages. In Sunway, we always invest in human capital development. We introduced a new learning academy, the Sunway Leadership Centre, on 30 May 2016 to foster an organisational culture that enhances individual competencies and leadership skills, and elevates the standard and quality of the Sunway workforce. Spanning 3,800 square feet and equipped with the latest technology, the Centre can support an extensive range of internal and external programmes, professional courses and specialised trainings. Also housed within the Centre is our in-house library, The Resource Centre. The library carries over 400 books, on topics ranging from technical to management, made available for the benefit of all our employees.

I am also humbled and grateful to be conferred an Honorary Doctorate of Education by Universiti Malaya, in recognition of my dedication in advancing the education landscape in Malaysia. This award is very meaningful to me as it is from our nation's oldest and best-known university. It motivates me to do more to benefit our young people through education and I hope it will inspire others to give back to the communities.



HARVARD MEDICAL SCHOOL SOUTHEAST ASIA LEADERSHIP PROGRAMME (HMS SEAL)

COLLABORATION WITH HARVARD MEDICAL SCHOOL

We have also made momentous progress on healthcare leadership training. Sunway University, Sunway Medical Centre and Harvard Medical School have signed a tripartite agreement to provide a unique world-class training programme, the Harvard Medical School Southeast Asia Leadership Programme (HMS SEAL) for healthcare leaders and working professionals across the Asia Pacific region. It is scheduled to commence in early 2017.

Designed to be undertaken part-time, the 12-month programme is constructed to help frontline clinicians sharpen their skills to deliver the highest quality and standard of care in an increasingly complex healthcare ecosystem. The full programme will comprise three classroom workshops, online learning and collaborative group work. The first two workshops will be held in Sunway University, while the final workshop and the graduation ceremony will take place in Harvard Medical School in Boston, USA. The courses will be conducted by leading academics from Harvard Medical School and supported by experts from Sunway. Sunway University and Sunway Medical Centre have collectively contributed RM1 million in scholarships to qualified applicants.

LANDBANKING FOR SUSTAINABILITY

We successfully acquired three parcels in Malaysia and Singapore in 2016, with two of the acquisitions diversifying our current product mix into industrial development.

The Property Development division acquired 4.84 acres of freehold industrial land in the Sungei Way Free Industrial Zone in Kelana Jaya for RM35.8 million. Located in the matured Kelana Jaya neighbourhood, the site presents a multitude of development opportunities. Another 4.25 acres of leasehold industrial land in Kampung Baru Subang, adjacent to Sunway's existing parcel, was acquired for RM20.2 million. This parcel is close to the Sultan Abdul Aziz Shah airport in Subang, with easy access to Port Klang and Kuala Lumpur International Airport, making it particularly suitable for industrial development.

Sunway also managed to expand its land bank in Singapore after winning a land tender for 5.19 acres at Anchorvale Lane, Sengkang for SGD241.0 million through a joint venture. This leasehold site is surrounded by various amenities such as the Tongkang LRT station, primary and secondary schools, two upcoming shopping malls and Sengkang Hospital. The proposed development will comprise Executive Condominiums.

With the recent land acquisitions, the Group records a remaining land bank of 3,292 acres as at 31 December 2016, with a total Gross Development Value (GDV) of RM48.5 billion.

CHAIRMAN'S STATEMENT



SUNWAY CLINCHES THREE AWARDS AT THE STARPROPERTY.MY AWARDS 2016

AWARDING EXCELLENCE

Sunway garnered major national and international awards in 2016 in recognition of the Group's strengths across multiple disciplines.

Sunway won the Best in Qualitative Attributes Award at The Edge Property Excellence Awards 2016 for the third year running, along with the Top 10 Property Developers Awards. These awards attest to the Group's consistent effort in delivering innovative and high quality property products.

Further, at the StarProperty.my Awards 2016, Sunway clinched 'The All-Star Award Top Ranked Developer of the Year'. This accolade validates our commitment towards our best-in-class customer service from pre- to post sales. In the same event, Sunway City was declared the best township with 'The Five Elements Development Award', recognising its seamless integration of Security, Amenities, Connectivity, Ambience and Community. Sunway GEO was awarded 'The Just-Walk Development Award' for its holistic embodiment of the 'Work, Play, Live and Learn' concept. These awards reinforce Sunway's credential as both a developer and a community builder with distinctive product offerings and value creation.

At the Putra Brand Awards 2016, Sunway's Property Development division and Sunway Lagoon garnered a Silver Award under the Property Development Category and a Bronze Award in the Entertainment Category respectively. Sunway University too won its first Silver Award in the Education & Learning Category. The Sunway brand is now respected and recognised and we are privileged to have the trust of our stakeholders over the years.

In terms of corporate reporting, Sunway has garnered consecutive wins at the National Annual Corporate Report Awards. Sunway Berhad and Sunway REIT retained the Industry Excellence Award for their respective categories, while Sunway Construction, which was listed on the Main Market of Bursa Malaysia in July 2015, clinched a Certificate of Merit for its first annual report. These recognitions demonstrate the Group's dedication to effective communication with stakeholders through the publication of timely and informative annual reports.



TRIPLE WINS AT THE PUTRA BRAND AWARDS 2016

RESILIENT CONGLOMERATE

As one of the leading conglomerates in Malaysia, Sunway continued to achieve steady progress in 2016, leveraging on its portfolio of synergistic businesses while being prudent in its expansion given the uncertain global and domestic economic condition.

The Group continues to focus on strengthening its corporate synergy by encouraging and incentivising its various business units to develop more synergistic collaborations. We believe this is one of the key strengths, which is unique to Sunway. In addition, the Group remains committed to achieve its corporate vision and mission by adopting innovations and sustainable business practices as the core enablers. They are further complemented by our core values of Integrity, Humility and Excellence.

OUTLOOK AND PROSPECTS

Looking ahead, the domestic economy is expected to grow at a moderate pace of between 4% to 5% for 2017, compared to 4.2% recorded in 2016. In view of the aforesaid, the Group will continue to adopt a cautious business strategy. While the Group is not immune to the consequences of a moderating economic environment, it is, however, well positioned to face the challenges ahead, given our proven track record. Barring any unforeseen circumstances, the Group is expected to deliver satisfactory performance for 2017.

ACKNOWLEDGEMENT

The Group's accomplishments in the past year were the result of the dedication and support from various stakeholders. On behalf of the Board, I would like to extend our gratitude and appreciation to the management and staff for their continuous commitment and valuable contributions to the Group. We would also like to thank all our valued customers, suppliers, business partners, bankers and the respective government authorities for their support and confidence in Sunway.

On that note, I conclude this year's review and we look forward to 2017, to drive the Group to greater heights.

TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO
EXECUTIVE CHAIRMAN

CALENDAR OF SIGNIFICANT EVENTS

27th

JANUARY 2016

LIGHT OF HOPE: CREATING REUNION MOMENTS



Sunway Group and Yayasan Sin Chew joined forces to deliver festive joy to more than 200 senior citizens and single mothers from Klang Valley. The annual initiative is in its fifth year and is part of Sunway Group's "Light of Hope" programme. Themed "Creating Reunion Moments", the event served to foster the spirit of togetherness by spending meaningful time with the underserved community during the festive season.

The fête that took place at Sunway Resort Hotel & Spa kicked off with a "God of Prosperity" gracing the event and entertaining guests. Senior citizens from six homes, re-created "reunion moments" along with the management teams and some 120 volunteers from Sunway Group and Yayasan Sin Chew. Guests were also presented with goodie bags, ang pows, toiletries and groceries courtesy of Yayasan Sin Chew and Sunway employees.

2nd

FEBRUARY 2016

NICKELODEON FINDS HOME IN SUNWAY LAGOON



Sunway Group and Viacom International Media Networks (VIMN) announced the opening of the first Nickelodeon themed attraction in Asia, Nickelodeon Lost Lagoon in Sunway Lagoon, adding yet another top-notch family attraction to Sunway Lagoon.

The launch was attended by guest of honour, Selangor Chief Minister, Yang Amat Berhormat Datuk Seri Mohamed Azmin Bin Ali; Sunway Group Founder and Chairman Tan Sri Dr Jeffrey Cheah; Sunway Group Deputy Chairman Tan Sri Datuk Seri Razman M. Hashim, and Mark Whitehead, Executive Vice President and Managing Director, VIMN Asia. Attendees at the launch event were privy to a showcase of fireworks and the iconic Nickelodeon green slime that marked the opening of the park to the public.

The Nickelodeon Lost Lagoon boasts 14 immersive attractions, interactive play areas which adopt the latest reactive technology, a daily signature slime event, a variety of waterslide rides, retail shops, games and a myriad of food service establishments and more.

19th

FEBRUARY 2016

SUNWAY OPENS NEW 4-STAR HOTEL



Sunway Clio Hotel (formerly known as Sunway Pyramid Hotel West) opened its doors on 19 February 2016. The 27-storey building which comprises the 4-star hotel and a 3-storey retail space is located in the integrated development of Sunway City, adjacent to the existing Sunway Pyramid Shopping Mall.

Sunway Clio Hotel features 401 superior rooms with a choice of two room types - Superior and Superior Executive Rooms; with options of unobstructed views of Sunway Lagoon theme park or the city's skyline. An infinity-edge swimming pool located on the upper floor of the hotel offers arguably the most panoramic views of the Sunway City skyline. Guests will have convenient access to the retail mall extension located below the hotel which features a mixture of international and national chain retailers such as Impresseoul, Menya Miyabi Hokkaido Ramen, Sanook, The Parenthood and Starbucks.

19th

FEBRUARY 2016

SUNWAY ACQUIRES INDUSTRIAL LAND IN KELANA JAYA AND KAMPUNG BARU SUBANG



Sunway Berhad, via its wholly owned subsidiary, Sunway Dimension Stones Sdn Bhd, entered into a Sale and Purchase Agreement with Tamura Electronics (M) Sdn Bhd to acquire 4.84 acres of freehold, industrial land in the Sungei Way Free Industrial Zone, Kelana Jaya for approximately RM35.8 million.

Given its strategic location within the matured neighbourhood of Kelana Jaya and its close proximity to the Group's previously acquired 17-acre Kelana Jaya land, flexibility in land planning and synergies between the developments are anticipated in the future.

Two further parcels of land measuring 4.25 acres were acquired in Kampung Baru Subang, adjacent to Sunway's existing parcel, for a consideration of RM20.2 million. The land with easy access to Subang airport, Port Klang and KLIA, is well-suited for industrial development.

29th

MARCH 2016

SUNWAY LAUNCHES SUNWAY PROPERTY CERTAINTY CAMPAIGN



In line with the commitment to invest in communities, Sunway's Property Development division launched the Sunway Property Certainty Campaign, a campaign designed to provide financial flexibility and help purchasers own a property in times of uncertainty. The campaign features three packages, which include the Guaranteed Loan, Deferred Payment and Voluntary Exit Plan.

For homebuyers who met the basic criteria, the Sunway Property Certainty Campaign provided a certainty package with guaranteed loan, and an option for Deferred Payment following an initial down payment of as low as 3%. In addition to that, there was an option for purchasers to terminate their Sale & Purchase Agreement (SPA) in the event they lose their employment.

1st

APRIL 2016

SUNWAY CONSTRUCTION AWARDED RM1.2 BILLION MRT LINE 2 PROJECT



Sunway Construction Sdn Bhd, a wholly-owned subsidiary of Sunway Construction Group Berhad, accepted the Letter of Award issued by Mass Rapid Transit Corporation Sdn Bhd, in respect of Package V201. The project entails the construction and completion of the viaduct guideway and other associated works from Sungai Buloh to Persiaran Dagang for a sum of RM1.2 billion. The contract period is for a duration of 60 months and is estimated to complete in May 2021.

This award is a testament to Sunway Construction Group's strength as a preferred infrastructure contractor after its success in completing the Klang Valley Mass Rapid Transit Package V4 (Section 17 to Semantan Portal), Light Rail Transit Kelana Jaya Line Extension (Package B) and Malaysia's first elevated Bus Rapid Transit – Sunway Line.

CALENDAR OF SIGNIFICANT EVENTS

28th

APRIL 2016

SUNWAY INTERNATIONAL PHOTOGRAPHY COMPETITION



Close to 2,000 photographers of different nationalities heeded Sunway's invitation to capture unique stories of everyday living within selected Sunway developments through its "Sunway International Photography Competition" ("SIPC"), which focused on four categories, namely Architecture, Communities, Landscape and Culture & Festival. 34 winners walked away with more than RM100,000 worth of prizes at the prize giving ceremony.

Sunway Group and Society of Photographers Malaysia were the main organiser and co-organiser respectively, in collaboration with Sunway Pyramid Shopping Mall, Sunway Putra Mall and Sunway Pals. The SIPC has successfully provided aspiring photographers an avenue to express their creativity through the viewfinder.

All winning photos were exhibited at Sunway Pyramid Shopping Mall from 29 April to 8 May and Sunway Putra Mall from 10 to 22 May.

30th

MAY 2016

SUNWAY LEADERSHIP CENTRE ESTABLISHED AS LEARNING ACADEMY



Fostering a learning culture in Sunway, a new academy was established to narrow the gap in technical competency and leadership skills in Sunway's workforce. The Sunway Leadership Centre was launched and officiated by Tan Sri Dr Jeffrey Cheah on 30 May 2016.

The Leadership Centre, located at Menara Sunway, spans 3,800 square feet and supports a wide range of internal and external programmes, professional courses and specialised trainings to aid learning among all Sunway employees. The Resource Centre, an in-house library, features over 400 books, with topics ranging from technical to management. Sunway staff, through the Internal Speaker Series, were also able to gain insights into the personal success stories of Sunway's senior management.

4th

JUNE 2016

SUNWAY CELEBRATES WORLD ENVIRONMENT DAY



For the third consecutive year, Sunway's Property Development division, in partnership with EcoKnights and Malaysian Environmental NGOs (MENGO) hosted its annual World Environment Day ("WED") celebration across the nation with the theme 'Race for A Better Planet 2016'. Over 500 participants set off on a 5km route and engaged in a variety of challenges aimed at educating communities about the environment.

Other green community engagement events were also held with communities across other regions such as the 'Discovery Race' at Sunway City Ipoh, Perak; 'Hike with Nature' at Sunway Valley City, Penang; and 'Ride with Nature' at Sunway Iskandar, Johor. A total of RM80,000 was also pledged to both NGOs to continue the good efforts in driving more environmental initiatives for the public at large.

15th

JUNE 2016

SUNWAY APPOINTED AS FULL-LINE CASE DEALER



Sunway Enterprise (1988) Sdn Bhd, a subsidiary of Sunway Group's Trading and Manufacturing division, was appointed as an authorised full-line dealer of CASE Construction Equipment ("CASE") in Malaysia. The brand is part of CNH Industrial, one of the largest capital goods industrial companies in the world.

More than 200 participants attended the official launch ceremony, held at Sunway Enterprise's new warehouse in Subang Jaya. With the new appointment, CASE will expand its offering to a full line of 39 products in the Malaysian market. This includes an extensive range of hydraulic crawler excavators as well as telescopic handlers, motor graders, vibratory compactors, wheel loaders and dozers.

27th

JUNE 2016

200 JOIN FORCES TO COMBAT HUNGER



Some 200 Sunway employees gathered at Sunway City Ipoh to pack 40,000 meals for villagers through the Sahabat Orang Asli Project – a project to reach out to the Orang Asli community.

Volunteers, who are also members of Sunway's staff club – Kelab Social Sunway, formed assembly lines to pack nutritious, high-protein meals comprising rice, soy, vegetables and flavouring. At RM1.00 per meal, each package provides a reasonable serving for six to feed Orang Asli communities in Kampung Sekam in Tapah, Kampung Sinju in Simpang Pulai, Kampung Air Bah Lawin, Kampung Sungai Karah, Pos Kemar in Gerik, Pos Kuala and Pos Yum.

Sunway City Ipoh's achievements have grown from 20,000 meals packed in 2014, and 25,000 meals in 2015 to a respectable 40,000 meals in 2016. The strong volunteerism spirit amongst Sunway employees across the northern, central and southern regions, was exhibited in solidarity, with the Stop Hunger Now programme raising staff contributions of RM 10,000 in 2016, which is equivalent to 10,000 meals.

29th

JUNE 2016

LIGHT OF HOPE: RAYA CHEER WITH FABRIK KASIH



iM4Ufm Fabrik Kasih bersama Kumpulan Sunway' was introduced as a meaningful collaboration between iM4U, Sunway Group, and four selected vocational colleges, to give back and extend festive joy to the less privileged.

The initiative showcased the Raya outfits prepared by students from the vocational colleges, who spent a total of six weeks to sew Raya outfits for the 275 underprivileged orphans, elderly, special needs individuals and single mothers, under the supervision of local fashion designer, Sazzy Falak.

Sunway Group has undertaken the project as a part of its "Light of Hope" Raya Cheer programme, with assistance from 150 volunteers from the Sunway Group. Food and beverages, prayer mats, prayer beads, duit raya and raya cookies were given away to the guests from the homes.

CALENDAR OF SIGNIFICANT EVENTS

22nd

AUGUST 2016

SUNWAY CONSTRUCTION TO BUILD NEW ISKL CAMPUS



Sunway Construction Sdn Bhd, a subsidiary of Sunway Construction Group Berhad, has secured a RM268.0 mil contract for the main building works of the International School of Kuala Lumpur's (ISKL) new campus. The development will be Green Building Index (GBI) Platinum rated with environmental sustainability concepts, and is expected to be completed within 22 months.

The scope of work includes the proposed construction of five teaching facilities for Early Years, Elementary, Middle and High school students, a main building equipped with a theatre, libraries, gym, kitchen and dining, a performance art centre and an extensive range of sport facilities to create the most advanced learning environment accommodating a maximum capacity of 2,500 students.

25th

AUGUST 2016

SUNWAY MEDICAL CENTRE SIGNS MoU WITH UTAR



Sunway Medical Centre and Universiti Tunku Abdul Rahman (UTAR) signed a Memorandum of Understanding (MoU) for a partnership focusing on nursing.

Initiated by Sunway Medical Centre's Nursing Education Department, the two parties will work in tandem to nurture professional healthcare providers in nursing.

Some of the key focus areas include providing education opportunities for nursing students of UTAR, participating in the production of healthcare-related content, embarking on joint efforts such as career fairs, conferences, symposiums, student recruitment drives, talks and exhibitions, as well as developing nursing talents between UTAR and Sunway Medical Centre.

27th

AUGUST 2016

MERDEKA PARTY FOR UNDERPRIVILEGED KIDS



Sunway's Property Development division and Care United Johor Bahru, had a meaningful celebration of Hari Kebangsaan with over 400 underprivileged children from 13 different homes and schools in Johor Bahru. 120 Sunway volunteers, consisting of employees from Sunway Group's Johor subsidiaries were present for the celebrations.

The party kicked off with a flash mob by the Tanjung Puteri Golf Resort team, followed by a hilarious comedy magic show, which became a favourite amongst the children. The performances were followed by a parade of flags from different Malaysian states and Federal Territories, an initiative by the children in demonstrating patriotism. The children, aged 7 to 12 years old, were also provided lunch, snacks, drinks and special drawstring goody bags filled with treats such as stationery, food and drink packs, a t-shirt, caps and a water bottle sponsored by Sunway Iskandar.

6th
SEPTEMBER 2016

**SUNWAY WINS
ANCHORVALE LANE LAND
TENDER IN SINGAPORE**



Sunway Developments Pte Ltd, together with joint venture partners, Hoi Hup Realty Pte Ltd, Oriental Worldwide Investments Inc and Azuki Investments Pte Ltd edged other bidders to acquire prime land at Anchorvale Lane, Sengkang, Singapore from the Housing and Development Board of Singapore. The 5.19-acre, 99-year leasehold land was acquired for a total purchase consideration of SGD241.0 million.

The land is strategically located 400 metres away from the Tongkang LRT station, with several primary and secondary schools located within a 1km radius and boasts scenic views of the Sengkang Riverside Park, Floating Wetland and Riverfront. The site is earmarked for the development of Executive Condominiums.

26th
SEPTEMBER 2016

**SUNWAY CONSTRUCTION
RECEIVES FURTHER
WORK INSTRUCTION FOR
MRT LINE 2**



Sunway Construction Sdn Bhd received further work instruction for the advance works construction of viaduct guideway and other associated works between Kampung Muhibbah to Serdang Raya in relation to the Mass Rapid Transit ("MRT") Package V201, with a contract sum of RM52.5 million.

Location of the stretch is between the Sungei Besi Expressway, the KTM Komuter Double Track and the Kuala Lumpur-Seremban Highway. The project was awarded by MMC-Gamuda KVMRT (PDP SSP) Sdn Bhd, the Project Delivery Partner for the MRT Line 2 project. The MRT advance works is expected to be completed by September 2017.

15th
OCTOBER 2016

**LIGHT OF HOPE:
DEEPAVALI CHEER**



In the spirit of Deepavali, the Sunway Group, together with YB Professor Dr Ramasamy Palanisamy, Deputy Chief Minister II, State Government of Penang, reached out to some 120 underprivileged children from four different homes in Penang for a heartwarming celebration.

Children and caretakers from Shan Homes, Children's Protection Society, St Joseph's Home and Pusat Jagaan The Ramakrishna revelled in a festive evening that kicked-off with the lighting-up of a Deepavali kolam by YB Professor Dr Palanisamy in Sunway Hotel Georgetown, followed by a sumptuous feast and entertainment by clowns and talented dancers from Naveena Arts.

About 40 Sunway staff from Penang volunteered their time for the children during the evening. Prior to the celebration, Sunway employees across Malaysia participated in a donation drive to raise funds for the purchase of essential items such as school bags, stationery sets, groceries, and festive necessities for the children.

CALENDAR OF SIGNIFICANT EVENTS

10th

NOVEMBER 2016

10th ANNIVERSARY OF SUNWAY JOB TRAINING PROGRAMME



2016 marked the 10th anniversary of Sunway Job Training Programme, a six-month job skill training programme organised by Sunway Group in collaboration with SMK Bandar Sunway and Generating Opportunities for the Learning Disabled ("GOLD"). The job training programme is specially designed to help the learning disabled to learn pre-vocational and life skills. 17 students with learning disabilities were presented their Certificates of Achievement by Deputy Minister of Education I, YB Dato' P. Kamalanathan. Under the programme, students underwent apprenticeship in areas such as baking and pastry, office and general housekeeping, food and beverage, and ticketing in Sunway's business units including Sunway Medical Centre, Sunway Pyramid Shopping Mall, Sunway University, Sunway Lagoon and Sunway Resort Hotel & Spa.

In conjunction with the 10th anniversary, a special exhibition to showcase the arts and crafts of the students was held in Sunway Putra Mall from 10 to 13 November 2016. Proceeds from all items sold went towards advancing the work of GOLD. Since it was established in 2006, the programme has graduated 120 students from all walks of life.

13th

NOVEMBER 2016

SUNWAY FAMILY DAY



Sunway Group's Family Day was celebrated at Sunway Lagoon, regaling more than 10,000 Sunway employees and their families with the opportunity to enjoy over 90 attractions across Sunway Lagoon's six signature parks, as well as goodies bags and meal vouchers upon entry.

The morning started with a welcome speech by Sunway Group's President, Dato' Chew Chee Kin and the Kelab Sukan Sunway President, followed by the officiating ceremony by Sunway Group's Founder and Chairman, Tan Sri Dr Jeffrey Cheah. Participants enjoyed entertaining performances by Sunway Lagoon's own tribal dancers and a host of exciting games and tele-matches. Held annually, the Family Day event serves to nurture closer ties among Sunway staff and their families.

15th

NOVEMBER 2016

SUNWAY GEO RESIDENCES ROOF TOPPING-OUT CEREMONY



Sunway's Property Development division introduced the first of its Sunway GEO Series at Sunway South Quay, with the completion of Sunway GEO Residences. Sunway GEO Residences is part of the Sunway GEO integrated development in Sunway City which comprises residences, retail shops and offices.

Sunway's representatives and Mitsui Fudosan's Managing Officer, Mr. Osamu Obayashi, were given the honour of officiating Sunway GEO Residences. The successful completion of this project also marks the three-year relationship between Sunway and Japan's renowned developer, Mitsui Fudosan.

The joint venture leverages on Mitsui Fudosan's strength in technology and quality and will boost Sunway's brand in the Japanese market, as well as create opportunities for future potential collaborations.

16th

NOVEMBER 2016

SUNWAY MEDICAL CENTRE HOSTS WORLD DIABETES DAY



2016 marked the fifth and final year of the 'Let's Take 5' campaign. The innovative movement, with the objective of increasing awareness on diabetes-induced complications, came to a close in 2016.

The last installment of the series, themed 'Walk the Talk', consisted of Fit2Run, a 3-month programme for diabetic patients between the age of 20 to 60 or those with a body mass index (BMI) of more than 28kg/m², and a series of activities. Staff nurses, diabetes nurse educators and dieticians participated in community health screenings and counselling at selected shopping malls in the Klang Valley and Penang.

The drive ended on a high note with an exciting carnival-like event at the Sunway Pyramid Shopping Mall, in conjunction with World Diabetes Day. The campaign is part of the Sunway Group's Corporate Social Responsibility programme on creating health awareness and it resonates with Sunway Medical Centre's commitment to the health and wellness of its community.

3rd

DECEMBER 2016

CIRQUE PANDA STUNS WITH STUNTS



Sunway Lagoon wrapped up the year with a theatrical acrobatic spectacle – Cirque Panda. Audiences were treated to a visually stunning performance, produced by globally famed theatrical impresarios, Dion and Randall International, and presented by the China National Acrobatic Troupe (CNAT). The troupe made its Malaysian debut at Sunway Lagoon's newly refurbished Amphitheatre and performed from December 3 to 11.

The show combined breathtaking acrobatics, Panda characters, award-winning acts, Chinese inspired music, dance choreography and exquisite costumes set against a sensational LED and multimedia backdrop.

8th

DECEMBER 2016

SOFT OPENING OF SUNWAY VELOCITY MALL



Sunway Velocity Mall, the retail hub of Sunway Velocity's 23-acre integrated development, opened its doors on 8 December 2016, in time for Christmas cheer. In conjunction with the opening, the mall hosted its first "Santa City" Christmas campaign, and the much anticipated "Spend & Win" campaign.

The new mall boasts many notable openings including TGV Cinemas' fifth IMAX hall in Malaysia with the largest IMAX screen in the nation, and the first AEON MaxValu Prime supermarket concept from Japan.

Sunway Group's sixth shopping mall features a striking sphere-shaped architecture with a LED-illuminated glass dome façade, which is set to be the latest prominent fixture in the Kuala Lumpur South skyline. The mall comprises seven floors of retail space with a total net lettable area of approximately 900,000 square feet, offering shoppers over 500 stores of retail, F&B and entertainment.

AWARDS AND ACCOLADES

TRIPLE WINS AT THE STARPROPERTY.MY AWARDS



DATE

15 March 2016

EVENT

StarProperty.my Awards 2016

AWARDS RECEIVED

- The All-Star Award – Top Ranked Developer of the Year
- The Five Elements Award – Best Township
- The Just-Walk Award – Best Integrated Development

Sunway celebrated big wins at the StarProperty.my Awards 2016 for two of its prominent developments – Sunway City and Sunway GEO.

Sunway City was recognised as best township with 'The Five Elements Award' for its integration of Security, Amenities, Connectivity, Ambience and Community in its planning and management which cohesively provides a seamless living experience for the community. Sunway GEO, the integrated development at Sunway South Quay, was awarded 'The Just-Walk Development Award' for its holistic embodiment of the 'Work, Play, Live and Learn' concept.

Sunway also clinched a special award by The Star Media Group – 'The All-Star Award Top Ranked Developer of the Year'. The accolade acknowledges developers who consistently demonstrate corporate social responsibility efforts in engaging, supporting and serving various communities within their developments as well as ensuring quality customer service from pre- to post sales.

SUNWAY VOTED BEST MID-CAP COMPANY



DATE

23 March 2016

EVENT

FinanceAsia's Best Managed Company Poll 2016

AWARD RECEIVED

Best Mid-Cap Company in Malaysia

Sunway Berhad was voted by global investors as the Best Mid-Cap Company in Malaysia through FinanceAsia's annual list of Asia's Best Companies 2016.

FinanceAsia's Best Managed Company Poll has been running annually for 16 years to gather opinions from investment communities around the world on which listed organisations in Asia they regarded to be the best managed, have the best senior executives and the best policies on corporate governance. A total of 129 portfolio managers and buy-side analysts with mandates on listed companies in the region casted their votes.

TAN SRI DR JEFFREY CHEAH AWARDED LIFETIME ACHIEVEMENT LUMINARY AWARD



DATE

30 March 2016

EVENT

Channel NewsAsia Luminary Awards 2016

AWARD RECEIVED

Lifetime Achievement Luminary Award

Channel NewsAsia honoured Sunway Group Founder and Chairman Tan Sri Dr Jeffrey Cheah with the Lifetime Achievement Luminary Award, the highest tribute by the Singapore-based news organisation in recognition of his inspiring achievements and contributions to the industry and the education sector.

The Channel NewsAsia Luminary Awards is an annual event that celebrates the region's brightest minds in business. The gala event is the culmination of a rigorous eight-month process comprising selection, nomination and evaluation by a panel of renowned management strategists, academics and corporate personalities who handpick the winners.

SUNWAY GROUP CLINCHES TWO FROST & SULLIVAN EXCELLENCE AWARDS



DATE

14 April 2016

EVENT

2016 Frost & Sullivan Malaysia Excellence Awards

AWARDS RECEIVED

- Growth Excellence Leadership in Hospital Services Award
- Property Development Company of the Year Award

Sunway Group was recognised for its exemplary achievements in healthcare and property development at the 2016 Frost & Sullivan Malaysia Excellence Awards Gala.

Sunway Medical Centre took home the 2016 Frost & Sullivan Malaysia Growth Excellence Leadership in Hospital Services award while Sunway's Property Development division received the 2016 Frost & Sullivan Malaysia Property Development Company of the Year award. Sunway Berhad was previously honoured with the Malaysia's Builder of the Year 2014 award by Frost & Sullivan in the Best of the Best category.

AWARDS AND ACCOLADES

TAN SRI DR JEFFREY CHEAH CONFERRED MALAYSIAN LEADERSHIP EXCELLENCE AWARD



DATE

20 April 2016

EVENT

Malaysian Institute of Management (MIM) 50th Anniversary Gala Dinner

AWARD RECEIVED

Malaysian Leadership Excellence Award

Tan Sri Dr Jeffrey Cheah was honoured with the Malaysian Institute of Management ("MIM") Malaysian Leadership Excellence Award, by the DYMM Paduka Seri Sultan Perak Darul Ridzuan, Sultan Nazrin Muizzuddin Shah, at the MIM's 50th Anniversary Gala Dinner.

The Malaysian Leadership Excellence Award was designed exclusively to commemorate the organisation's 50th anniversary, and celebrates individuals who have successfully and consistently applied knowledge and management strategies into real practices that benefit the country.

Tan Sri Dr Jeffrey Cheah was appreciated for his outstanding contributions in the fields of philanthropy and promotion of arts and culture, an exemplary precedent as a corporate leader.

SUNWAY MEDICAL CENTRE WINS TWO CUSTOMER CHOICE ACCOLADES



DATE

18 May 2016

EVENT

2016 Asia Pacific Healthcare & Medical Tourism Awards Gala

AWARDS RECEIVED

- 2016 GHT Consumer Choice – Hospital of The Year in Malaysia
- 2016 GHT Consumer Choice – Cosmetic Surgery & Aesthetics Service Provider of The Year

Sunway Medical Centre took home two awards at the 2016 Global Health & Travel Consumer Choice Awards. The event, a joint collaboration between Frost & Sullivan and the Global Health and Travel (GHT) publication, saw Sunway Medical Centre scooping the Hospital of The Year in Malaysia and Cosmetic Surgery & Aesthetics Service Provider of The Year awards.

The awards recognise companies that push boundaries in promoting excellence to their customers. Sunway Medical Centre was acknowledged for providing professional, innovative quality services that exceed customers' expectations.

SUNWAY MEDICAL CENTRE NAMED INTERNATIONAL HOSPITAL OF THE YEAR



DATE

24 May 2016

EVENT

International Medical Travel Journal ("IMTJ") Medical Travel Awards 2016

AWARD RECEIVED

International Hospital of the Year

Sunway Medical Centre was named International Hospital of the Year at the IMTJ Medical Travel awards ceremony held in Madrid, Spain. The award was accorded to the hospital that has demonstrated the greatest success in the ability to attract and serve international patients while providing in-patient and diagnostics facilities of the highest quality.

Initiated by the International Medical Travel Journal in 2014, the IMTJ Medical Travel Awards celebrates outstanding achievements in the medical travel, medical tourism and health tourism industry worldwide. The awards are the first of its kind aspiring to promote excellence and recognise top-notch healthcare providers from around the world.

SIXTH CONSECUTIVE WIN IN BCI ASIA AWARDS



DATE

27 May 2016

EVENT

BCI Asia Awards 2016

AWARD RECEIVED

Malaysia's Top 10 Property Developer

Sunway Berhad clinched the esteemed title of Malaysia's Top 10 Property Developer in the BCI Asia Awards for the sixth consecutive year.

Established in 2005, the BCI Asia Awards is seen as one of the most coveted awards for the Asian building and design industry. Winners of the award are selected based on the extent of their sustainability both socially and environmentally, as established by BCI Asia's comprehensive project leads research, and confirmed green building ratings awarded through World Green Building Council (WGBC) accredited certifications. This award solidifies Sunway's status as a leading and sustainable Master Community Developer in Malaysia and serves as a strong testimony of Sunway's long standing practice in sustainable developments.

AWARDS AND ACCOLADES

SUNWAY SCOOPS THREE PUTRA BRAND AWARDS



DATE

12 August 2016

EVENT

Putra Brand Awards 2016

AWARDS RECEIVED

- Silver Award – Education & Learning Category
- Silver Award – Property Development Category
- Bronze Award – Entertainment Category

Sunway's Property Development division and Sunway Lagoon achieved consecutive wins at the Putra Brand Awards 2016 with a Silver Award under the Property Development Category and a Bronze Award in the Entertainment Category respectively. Sunway University won its first Silver Award in the Education & Learning Category.

The Putra Brand Awards is the most esteemed brand recognition event in Malaysia and is regarded as the closest reflection of consumer affinity as the winners are selected via consumer polls. Organised by the Association of Accredited Advertising Agents Malaysia (4As), it is the only award in Malaysia to be endorsed by the Malaysian External Trade Development Corporation (MATRADE) and supported by the Branding Association of Malaysia (BAM), the Malaysian Advertising Association (MAA) and the Media Specialists Association (MSA).

SUNWAY BERHAD HONoured WITH WORKPLACE GENDER EQUALITY AWARD



DATE

22 August 2016

EVENT

Women in Leadership Summit and Exhibition 2016

AWARD RECEIVED

Workplace Gender Equality Award – Workplace Flexibility & Support Category

Sunway Berhad was presented the Workplace Gender Equality Award for the Workplace Flexibility and Support Category at the Women in Leadership Summit and Exhibition 2016.

Sunway was commended for devising a balanced and egalitarian working environment and commitment to diversity and inclusion. The organising committee for the award consists of representatives from the Asian Strategy and Leadership Institute (ASLI), the Malaysian Ministry of Women, Family and Community Development, and the National Council of Women's Organisations (NCWO), as well as United Nations Development Programme (UNDP).

SUNWAY'S BUILDING MATERIALS DIVISION NAMED BEST EMPLOYER BY AON HEWITT



DATE

25 August 2016

EVENT

Aon Best Employers – Malaysia 2016

AWARD RECEIVED

Best Employer – Malaysia

Sunway's Building Materials division was one of the ten recipients of the prestigious Aon Best Employers – Malaysia 2016 awards. The awards, hosted by Aon Hewitt, in partnership with Talent Corp Malaysia Bhd, is a fitting illustration of Sunway's focus on empowering results through meaningful people practices and sustainable business management.

First conducted in 2001, Aon Hewitt's Best Employers program is the most comprehensive study of its kind in Asia Pacific. Its research is conducted over a nine-month period, with the intent of attaining insights into organisations that demonstrate substantial employee engagement, effective leadership, compelling employer brand and high performance culture.

SUNWAY LAGOON BAGS PRESTIGIOUS HR AWARD



DATE

28 October 2016

EVENT

HR Asia Best Companies To Work For In Asia 2016

AWARD RECEIVED

HR Asia Best Companies To Work For In Asia 2016 Award

Sunway Lagoon, a unit of Sunway's Leisure division, was recognised for its exemplary Human Resource (HR) practices with the HR Asia Best Companies To Work For In Asia 2016 Award.

Presented by HR Asia, the most authoritative publication on HR practices in the region, the award honours organisations that have earned comparative advantage through their people and identify them as Asia's "Employer of Choice". Judges employ a specialised system designed by HR Asia to examine the best practices and inner workings of companies, with a strong emphasis on employee engagement and growth, among other factors.

AWARDS AND ACCOLADES

SUNWAY WINS BEST IN QUALITATIVE ATTRIBUTES AND TOP 10 PROPERTY DEVELOPERS AWARDS



DATE

31 October 2016

EVENT

The Edge Malaysia Property Excellence Awards 2016

AWARDS RECEIVED

- Best in Qualitative Attributes Award
- Top 10 Property Developers Award

Sunway Berhad has yet again clinched the Best in Qualitative Attributes Award for the third year running at The Edge Property Excellence Awards 2016 along with the Top 10 Property Developers Award (TPDA).

The Edge Malaysia Property Excellence Awards, one of the country's most definitive real estate awards, recognises Malaysia's top property players based on their quantitative and qualitative attributes. Sunway's continued success in the event attests to its consistency in delivering value and quality.

SUNWAY'S MALLS WIN DOUBLE GOLD FOR BEST EXPERIENTIAL MARKETING



DATE

25 November 2016

EVENT

Malaysia Shopping Malls Association (PPK) Best Experiential Marketing Awards 2016

AWARDS RECEIVED

- Gold in Category B – Sunway Putra Mall
- Gold in Category C – Sunway Pyramid Shopping Mall

Sunway's malls won two Gold awards at the inaugural Malaysia Shopping Malls Association's (PPK) Best Experiential Marketing Awards 2016. Sunway Pyramid took the Gold in Category C for malls above 1 million sq ft nett lettable area ("NLA") with its marketing campaign themed "Captain America: Civil War", while Sunway Putra Mall received the Gold in Category B for malls with an NLA of 500,001 sq ft to 999,999 sq ft, with its "Kung Fu Panda Pawsome March" event during the March school holidays. The double wins are a strong testament of Sunway's innovative marketing practices.

The malls gained recognition for their grand decorations and creative marketing campaigns to resonate and connect with shoppers at an emotive and experiential level.

TRIPLE RECOGNITIONS FOR SUNWAY AT NACRA



DATE

1 December 2016

EVENT

National Annual Corporate Report Awards ("NACRA") 2016

AWARDS RECEIVED

- Industry Excellence Award – Properties & Hotels Category
- Industry Excellence Award – Real Estate Investment Trusts (REITs) & Investment Funds Category
- Certificate of Merit

Sunway Group bagged two Industry Excellence Awards at NACRA 2016 in the Properties and Hotels category (Sunway Berhad), and the Real Estate Investment Trusts (REITs) & Investment Funds category (Sunway REIT). This is Sunway Berhad's tenth consecutive win, and Sunway REIT's fifth consecutive win in their respective categories.

Sunway Construction Group Berhad, listed on the Main Market of Bursa Malaysia in July 2015, clinched a Certificate of Merit for its first annual report for the year.

NACRA aims to encourage greater and more effective communication by organisations through the publication of timely, informative, factual, and reader-friendly annual reports, as well as promote higher standards of corporate governance.

SUNWAY ISKANDAR SCORES HAT-TRICK AS BEST TOWNSHIP OF THE YEAR



DATE

15 December 2016

EVENT

iProperty.com People's Choice Awards 2016

AWARD RECEIVED

Best Township of the Year Award

Sunway Iskandar once again bagged the Best Township of the Year Award at the iProperty.com People's Choice Awards. This is the third consecutive win for the integrated township. Sunway Velocity, another Sunway development, won Best Integrated Development in 2014.

The award aims to acknowledge the best of Malaysia's property industry from the consumers' perspective. 40 finalists were shortlisted from over 100 nominations by judges comprising industry leaders, executives and professionals in the sector. The public was invited to vote for their preferred developer and development across 13 categories.

THE LIFESTYLE EXPERIENCE

Sunway's Property Investment and Real Estate Investment Trust division holds one of the largest asset portfolios in Malaysia, with a total value of more than RM8.8 billion and a total net lettable area exceeding 9.3 million square feet. Sunway now owns and manages a diverse string of properties comprising retail malls, office towers, university campuses, student accommodations and a medical centre. The division will continue to grow its asset portfolio with a vision of creating more life-enriching experiences for its communities.

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SHARE PERFORMANCE





SUNWAY VELOCITY MALL IN KUALA LUMPUR

PRESIDENT'S REVIEW

Our Group remained resilient amidst the challenging environment in 2016, underpinned by strong fundamentals, sound strategy, versatile execution, and a disciplined approach to cost management. During the year, we strengthened the quality of our teams, increased collaboration among business units, and utilised technology to increase efficiency.

Revenue for the year was RM4.7 billion, a 5% increase from 2015, driven by growth in most of our segments. Profit after tax and minority interests ("PATMI") was RM585.9 million, down from RM732.4 million in the prior year. However, PATMI of the underlying business, after adjusting for one-off items and our reduced direct shareholding in Sunway Construction following its listing on Bursa Malaysia, was actually higher by 7% in 2016.

DATO' CHEW CHEE KIN

PRESIDENT



INTEGRATED PROPERTIES

Property Development

Our Property Development division achieved sales of RM1.2 billion in 2016, in line with 2015. The operating environment remained challenging during the year as key macroeconomic drivers remained weak. As a result, we fine-tuned our new launches strategy accordingly to meet market expectations, while at the same time placing more emphasis on design efficiency and constructability of our properties to enhance our cost competitiveness.

The Group launched RM650 million of properties in 2016, compared with RM1.4 billion in 2015, as we adopted a more cautious approach in light of the softer market conditions. In the first quarter of the year, we launched Sunway Gandaria in Bangi. This is a 2.04-acre integrated development with Gross Development Value (GDV) of RM200 million, comprising 34 retail shops and 259 serviced apartments. We achieved a take up rate of 95% for the shops and 50% for the serviced apartments by the end of 2016. In May 2016, we launched Sunway Mont Residences in Mont Kiara, featuring 288 units of luxury condominiums, with a total GDV of RM300 million. Sunway Mont was 90% sold by the end of the year. In Tianjin, China, we launched two blocks of the Sunway Gardens development, with a GDV of RM150 million. The market response has been very strong, and we achieved a take up rate of 99% by the end of 2016. Across our portfolio of developments, total unbilled sales remained strong at RM1.5 billion as of 31 December 2016, providing earnings visibility for the next 1 to 2 years.



ARTIST'S IMPRESSION OF SUNWAY GANDARIA

The Group continued to make strategic acquisitions to increase our land bank. In Selangor, Malaysia, we acquired a 4.8-acre freehold industrial plot in the Sungei Way Free Industrial Zone at a price of RM35.8 million, and a 4.3-acre leasehold industrial site in Kampung Baru Subang, adjacent to the Group's existing parcel, for RM20.2 million. In Singapore, the Group and its joint-venture partners acquired a 5.2-acre parcel of leasehold land in Sengkang, for SGD241.0 million. With these acquisitions, we closed the year with a land bank of 3,292 acres.

Property Investment and REIT

In 2016, our Property Investment division and REIT made further progress in expanding their portfolio of assets. We launched Sunway Velocity Mall in December, located within the Sunway Velocity integrated development. Sunway Velocity Mall offers approximately 900,000 square feet of net lettable area ("NLA"), and has achieved an occupancy rate of 95% as at 31 December 2016. In addition, we completed Sunway Pyramid's Phase 3 expansion, unveiling the new Sunway Clio Hotel and an integrated retail mall, which contributes 90,000 square feet of NLA.

Sunway REIT, the Group's 37.3%-owned associate, remains a leading player among retail-focused REITs in the country. The REIT distributed a total of 9.33 sen per unit in 2016, contributing RM102.4 million of income to the Group.

In 2017, we will continue to focus on asset expansion and driving sustainable growth. Key projects to be completed during the year include the Sunway GEO Tower and Sunway GEO Avenue Phase 1, both located in Sunway City.



SUNWAY CLIO HOTEL

PRESIDENT'S REVIEW

Leisure and Hospitality

Our two leisure attractions, Sunway Lagoon and Lost World Of Tambun, entertained 2.2 million visitors in 2016, up from 1.8 million visitors in 2015. In Sunway Lagoon, we launched the Nickelodeon Lost Lagoon in early 2016, which was a key contributor to the growth in visitor numbers during the year.

In the Hospitality division, we launched Sunway Clio Hotel in the first quarter of the year. This is a 401-room, 4-star property in Sunway City. In addition, we continued to upgrade and expand properties in our portfolio, including Sunway Putra Hotel in Kuala Lumpur, The Banjaran Hotsprings Retreat in Ipoh, and Sunway Hotel Hanoi in Vietnam.

In 2017, we plan to reopen the 4.5-star Sunway Pyramid Hotel when its refurbishment is completed, introduce the new 351-room Sunway Velocity Hotel, and launch 20 new lake villas at The Banjaran Hotsprings Retreat.



SUNWAY LAGOON

CONSTRUCTION

Sunway Construction, our Bursa Malaysia-listed subsidiary, achieved revenue of RM1.1 billion and profit before tax of RM134.1 million in 2016. During the year, we delivered a record 7 projects, with a total contract sum of RM2.8 billion, comprising infrastructure, commercial and residential projects.

We recorded RM2.7 billion of new orders in 2016, consisting of national infrastructure packages and in-house building projects. Key contracts include the MRT Line 2 V201 viaduct package from Sungai Buloh to Persiaran Dagang (contract value: RM1.2 billion) and the main building work for the International School of Kuala Lumpur (contract value: RM268 million).

In addition, Sunway Construction won contracts for Sunway Medical Centre Phase 4 (contract value: RM428 million), Sunway Velocity Medical Centre (contract value: RM185 million) and Sunway Iskandar Retail Complex (contract value: RM100 million). Our outstanding order book was at a record high of RM4.8 billion, of which 68% was from external projects.

We will continue to hone our competitive advantage in innovation and cost management, for example with the implementation of Building Information and Modelling (BIM) technology across our projects, which enables faster delivery and improved quality at reduced costs.



LRT KELANA JAYA LINE EXTENSION (PACKAGE B) - PUTRA HEIGHTS STATION



SUNWAY ASPHALT PLANT IN CHERAS

STRATEGIC INVESTMENTS

Trading and Manufacturing

Our Trading and Manufacturing division's performance improved in 2016, despite a challenging operating environment that persisted from the prior year. Revenue and profit growth were driven by the consolidation of the Winstar Group, a leading hardware distributor in Malaysia, which was acquired in 2015.

We continued our global sourcing initiatives during the year, and increased our number of agency lines to 154. A highlight this year was Sunway Enterprise's appointment as the authorised full-line dealer for CASE construction equipment in Malaysia. With the CASE franchise and its full range of products, Sunway Enterprise will be transformed into a full-fledged heavy equipment distributor in Malaysia and in the region.

Quarry and Building Materials

The Quarry division experienced a slowdown in demand for aggregates and premix in 2016 compared to 2015. However, in line with our long term strategic plan, we continued to expand along key development corridors, installing three new asphalt manufacturing plants in Bukit Perak, Cheras and Masai, a new quarry in Semenyih, and an additional crushing line in our existing Rawang plant to support growing demand in the central region. We now operate a total of 8 quarries and 12 asphalt plants across Peninsular Malaysia.

The Building Materials division performed well in 2016, driven by the rollout of major infrastructure and development projects. In the Interlocking Concrete Pavers segment, we maintained our leadership position with over 70% market share in the country. In the Vitrified Clay Pipes sub-sector, we expanded our production capacity by installing a new shuttle kiln. In the Spun Piles segment, our flagship plant in Zhuhai, China, achieved 60% market share in Guangdong's pre-stressed high strength concrete (PHC) spun pile market. In addition, we launched our first plant in Malaysia in Batang Kali, Selangor, to serve the domestic spun pile market.

Healthcare

The Group continued to invest in Sunway Medical Centre's expansion initiatives. In 2017, we will launch a new 10-storey building adjacent to Sunway Medical Centre's existing site. The new building will significantly increase the operating capacity of the hospital from 373 beds to 618 beds, and from 130 consultation suites to 200. In addition, we continued to invest in capability development, with new Centres of Excellence introduced in 2016, bringing the total number of Centres of Excellence to 23.

To better serve the growing local and international markets, we are constructing a new 240-bed tertiary hospital, Sunway Velocity Medical Centre in Kuala Lumpur. The new hospital is expected to be completed in end 2018.



CANCER & RADIOSURGERY CENTRE

OUTLOOK AND PROSPECTS

Global economic growth is expected to remain subdued in 2017. However, in Asia, growth is expected to remain resilient, with China expected to continue its gradual transition to slower but more sustainable growth, and most of the larger ASEAN countries are expected to see a slight increase in growth. In Malaysia, 2017 economic growth is projected to be largely similar to 2016's 4.2%, with private consumption and infrastructure projects remaining the key driver of growth. The domestic property market is expected to continue to consolidate at current levels until consumer sentiment and business confidence increase.

We will leverage the Group's diversified portfolio to weather the uncertain economic conditions and continue to drive profitable growth. In 2017, our Building Materials, Trading and Manufacturing, Quarry and Healthcare businesses are likely to be the key growth drivers, as will our regional operations, particularly in China and key ASEAN countries.

Thank you for your continued support.

DATO' CHEW CHEE KIN
PRESIDENT

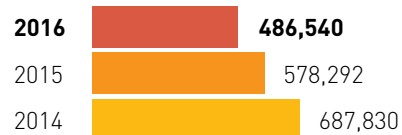
SEGMENTAL PERFORMANCE

INTEGRATED PROPERTIES

REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)

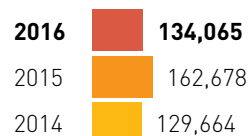


CONSTRUCTION

REVENUE (RM'000)



PROFIT BEFORE TAX (RM'000)

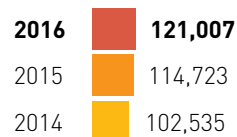


STRATEGIC INVESTMENTS

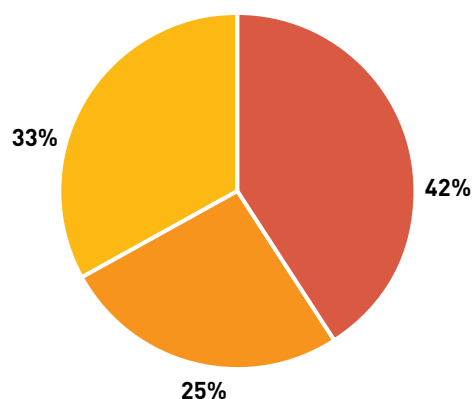
REVENUE (RM'000)



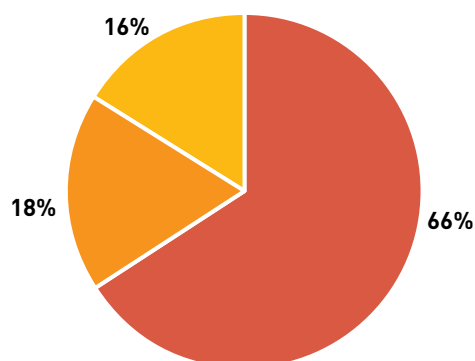
PROFIT BEFORE TAX (RM'000)



REVENUE 2016



PROFIT BEFORE TAX 2016



■ INTEGRATED PROPERTIES

■ CONSTRUCTION

■ STRATEGIC INVESTMENTS

FINANCIAL HIGHLIGHTS

	FINANCIAL YEAR ENDED				
	2016 RM'000	2015 RM'000	2014 RM'000	2013 RM'000	2012 RM'000
OPERATING RESULTS					
Revenue	4,655,592	4,448,390	4,558,141	4,721,429	4,128,839
Profit before tax	858,992	930,362	960,242	1,900,373	839,646
Income tax expense	(140,394)	(130,939)	(148,593)	(137,038)	(115,382)
Profit net of tax	718,598	799,423	811,649	1,763,335	724,264
Non-controlling interests	132,715	66,974	77,638	272,964	285,454
Profit attributable to owners of the parent	585,883	732,449	734,011	1,490,371	438,810
KEY BALANCE SHEET DATA					
Property, plant and equipment	1,879,929	1,333,563	977,084	827,552	1,523,586
Investment properties	2,798,405	2,722,348	2,370,420	1,833,386	4,809,517
Rock reserves	6,394	6,657	6,920	7,183	7,444
Land held for property development	1,191,512	1,194,112	535,462	886,805	598,912
Investments in associates and joint ventures	3,229,934	3,181,173	2,521,413	2,304,895	571,086
Goodwill	311,840	320,060	319,444	319,444	318,077
Deferred tax assets	70,758	83,714	42,670	37,741	33,718
Trade receivables	30,380	10,521	6,723	2,305	3,899
Derivatives	164,711	351,271	66,329	22,955	2,058
Other non current assets	53,492	57,878	28,389	11,042	11,184
Current assets	9,014,598	6,739,560	5,884,262	4,839,567	4,484,215
Assets of disposal group classified as held for sale	-	-	98,029	8,686	-
Total assets	18,751,953	16,000,857	12,857,145	11,101,561	12,363,696
Long term borrowings	2,553,122	2,818,189	1,651,539	794,716	1,688,404
Deferred tax liabilities	94,561	90,886	82,860	73,994	53,246
Derivatives	3,644	7,709	3,682	66	1,700
Other long term liabilities	340,183	306,648	519,406	448,717	448,032
Current liabilities	7,527,213	5,564,151	4,275,817	4,074,034	4,821,002
Liabilities of disposal group classified as held for sale	-	-	-	64,835	-
Total liabilities	10,518,723	8,787,583	6,533,304	5,456,362	7,012,384
Total equity	8,233,230	7,213,274	6,323,841	5,645,199	5,351,312
Non-controlling interests	763,508	650,558	387,473	316,900	2,136,497
Shareholders' equity	7,469,722	6,562,716	5,936,368	5,328,299	3,214,815
FINANCIAL RATIOS					
Profit before tax margin (%)	18.45%	20.91%	21.07%	40.25%	20.34%
Basic earnings per share (sen)	29.98	41.77	42.55	94.51	29.88
Diluted earnings per share (sen)	29.41	39.16	40.72	93.83	29.88
Closing share price as at end of period (RM)	3.03	3.08	3.29	2.72	2.38
Price-earning ratio (times)	10.67	7.57	7.76	3.15	7.01
Return on capital employed (ROCE) (%)	6.09%	7.69%	10.19%	24.63%	12.57%
Return on equity (ROE) (%)	7.84%	11.16%	12.36%	27.97%	13.65%
Net gearing ratio (times)	0.40	0.45	0.29	0.23	0.64
Net tangible assets per share (sen)	346.64	346.49	324.17	290.20	223.54
Net assets per share (sen)	362.07	364.64	343.03	309.15	248.73
Share capital ('000)	2,063,067	1,799,755	1,730,579	1,723,524	1,292,505

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF SUNWAY BERHAD

Sunway Berhad is one of the leading conglomerates in Malaysia. The Group's two core businesses of Property Development and Investment, and Construction are complemented by synergistic businesses of Leisure, Hospitality, Trading and Manufacturing, Quarry, Building Materials and Healthcare. These businesses are market leaders in their respective industries, which help to strengthen the competitiveness of the unique business model of the Group. The performance of the various business units is reviewed below.

FINANCIAL REVIEW

The Group recorded revenue of RM4,655.6 million and profit before tax of RM859.0 million in FY 2016 compared to revenue of RM4,448.4 million and profit before tax of RM930.4 million in FY 2015.

The increase in revenue was contributed by better performance in the Property Development, Property Investment, Trading and Manufacturing, Building Materials and Healthcare divisions. However, profit before tax was lower mainly due to lower fair value gains from the revaluation of investment properties and Sunway REIT properties.

The combined fair value gains was approximately RM91.3 million lower in the current year compared to the previous year. The performance in FY 2015 was also boosted by realised capital gains of RM22.9 million from the sale of Wisma Sunway and Sunway Biz Hotel to Sunway REIT in FY 2015. After taking into account of the aforesaid adjustments, the operational performance in 2016 was better.

SEGMENTAL REVIEW

Property Development

The Property Development division achieved a revenue of RM1.2 billion and profit before tax of RM328.2 million for FY 2016 (FY 2015: RM1.2 billion and RM262.6 million).

Although the revenue was similar to last year, the division's profit before tax was higher due to higher profit recognition from local projects and handover of several local development projects. Profit before tax was also boosted by gains from the disposal of a piece of land in Penang to Sunway REIT of RM6.7 million.

During the year, we launched two new projects in the Klang Valley, namely Sunway Gandaria and Sunway Mont Residences. Sunway Gandaria comprises 34 units of retail shops and 259 units of serviced apartments, and has achieved a take up rate of 95% and 50% respectively as at 31 December 2016. Sunway Mont Residences, the Group's latest development in Mont Kiara, features 288 units of luxury condominiums. Since its launch in May 2016, 90% of the units have been sold as at the end of the year.

In Tianjin, China, we also launched two blocks of the Sunway Gardens development, comprising 150 condominium units, which has achieved an outstanding take up rate of 99% by year end.

Property Investment

The Property Investment division registered revenue of RM692.1 million and profit before tax of RM158.4 million in FY 2016 (FY 2015: RM638.9 million and RM315.6 million).

Revenue growth was boosted by higher rental contribution and better occupancy at the Group's portfolio of investment properties, and an increase in the number of visitors to Sunway Lagoon following the opening of Nickelodeon Lost Lagoon in 2016. The lower profit in FY 2016 was mainly due to lower fair value gains from the revaluation of investment properties and a share of lower fair value gains recorded by Sunway REIT. The combined fair value gains was approximately RM91.3 million lower at RM84.5 million in FY 2016 compared to RM175.8 million in FY 2015.

The performance in FY 2015 was also boosted by realised capital gains of RM22.9 million from the sale of two properties to Sunway REIT in the first quarter of the year. After taking into account of the fair value gain differential and the capital gains from the sale of investment properties to Sunway REIT in FY 2015, the operating performance of the division in FY 2016 was comparable to the previous year.

Construction

The Construction division remained a key contributor to the Group's revenue, underpinned by a strong order book. The division registered revenue of RM1.1 billion and profit before tax of RM134.1 million in FY 2016 (FY 2015: RM1.2 billion and RM162.7 million).

The marginally lower revenue in FY 2016 was mainly attributable to lower revenue recognition from local construction projects and higher intragroup revenue eliminations resulting from the higher proportion of in-house jobs during the year. Profit before tax in FY 2016 was lower compared to FY 2015 which benefitted from better profit margins achieved on some of the construction projects.

In FY 2016, the division completed seven projects with a total contract sum of RM2.8 billion. This includes two major infrastructure projects – the Light Rail Transit Kelana Jaya Line Extension (Package B) and the Klang Valley Mass Rapid Transit Package V4. Other projects completed during the year include Sunway Velocity Mall, Sunway Pyramid Phase 3, Sunway GEO Retail Shops & Flexi Suites Phase 1, Afiniti Medini and Sunway Lenang Heights Phase 1A.

The division closed the year with an order book replenishment of RM2.7 billion and an outstanding order book of RM4.8 billion.

Trading and Manufacturing

The Trading and Manufacturing division registered revenue of RM833.3 million and profit before tax of RM35.6 million in FY 2016 (FY 2015: RM650.0 million and RM24.1 million).

The stronger performance in FY 2016 was mainly due to full year contributions from the Winstar group of companies, which was acquired in September 2015. It also contributed towards the bottom line which helped to mitigate the adverse impacts from the implementation of the Goods and Services Tax (GST), the weaker Ringgit and difficult overseas environment.

Quarry

In FY 2016, the Quarry division realised a revenue of RM207.4 million and profit before tax of RM25.0 million (FY 2015: RM242.1 million and RM39.2 million).

The lower performance was due to a drop in the selling price for aggregates and premix as well as lower sales volume for aggregates. The FY 2016 profit before tax was also lower compared to the previous year which benefited from provision write-back from the Caribbean operations.

Building Materials

The Building Materials division registered a revenue of RM166.3 million and profit before tax of RM22.7 million (FY 2015: RM138.1 million and RM15.4 million).

The improvement in performance was a result of higher sales of vitrified clay pipes following the closure of a competitor's plant in December 2015, and better margins due to higher productivity.

Healthcare

The Healthcare division continued to perform well in FY 2016, contributing RM299.2 million and RM37.7 million to the Group's revenue and profit before tax respectively (FY 2015: RM252.1 million and RM36.0 million).

The improved performance was driven by higher patient volume and improved operational efficiency. Sunway Medical Centre has embarked on the third phase expansion, which will feature the Centre for Advanced Medicine, catering to the growing demand for quality healthcare services. Upon the completion of the expansion in 2017, the hospital's total capacity will increase from 373 beds to 618 beds.

	REVENUE (RM'000)			PROFIT BEFORE TAX (RM'000)		
	2016	2015	2014	2016	2015	2014
Property Development	1,203,024	1,195,682	1,198,345	328,150	262,647	360,731
Property Investment (comprises Property Investment, REIT, Leisure and Hospitality)	692,131	638,932	594,433	158,390	315,645	327,099
Construction	1,137,413	1,222,119	1,481,472	134,065	162,678	129,664
Trading & Manufacturing	833,349	650,002	639,393	35,631	24,134	35,415
Quarry	207,379	242,147	236,697	24,996	39,243	37,019
Building Materials	166,295	138,095	142,174	22,727	15,393	6,842
Healthcare	299,168	252,136	234,637	37,653	35,953	23,259

MANAGEMENT DISCUSSION AND ANALYSIS

STATEMENT OF FINANCIAL POSITION

The Group's total borrowings increased from RM5.9 billion in FY 2015 to RM7.4 billion in FY 2016.

However, this increase was offset by an increase in cash and bank balances and placement in funds from RM2.6 billion in FY 2015 to RM4.1 billion in FY 2016. As a result, net borrowings in FY 2016 was RM3.3 billion which is comparable to the net borrowings in FY 2015.

The additional borrowings during the year was mainly to fund capital expenditure related to the construction of the Group's investment properties and land acquisitions.

Total assets increased from RM16.0 billion in FY 2015 to RM18.8 billion in FY 2016.

Share capital increased from RM1.8 billion in FY 2015 to RM2.1 billion in FY 2016, largely due to issuances of new shares pursuant to the exercise of warrants and employees' share options during the year.

STATEMENT OF CASH FLOW

Operating Activities

Net cash generated from operating activities was RM668.1 million in FY 2016 compared to RM939.6 million generated in FY 2015.

The lower amount generated from operating activities in FY 2016 was mainly due to an increase in cash utilised for working capital purposes, mainly related to an increase in property development costs incurred on projects in Sunway Velocity and Sunway South Quay, which saw an increase in construction activities during the year.

Investing Activities

The Group utilised RM1.6 billion for investing activities in FY 2016 compared to RM2.1 billion in the preceding year.

The lower amount spent on investing activities in the current year was mainly due to lower expenditure incurred for the acquisition of land and construction of investment properties compared to the preceding year. In FY 2015, a significant amount was spent on the acquisition of a parcel of land in Kelana Jaya and construction of Sunway Velocity Mall.

Financing Activities

Net cash generated from financing activities increased from RM1.1 billion in FY 2015 to RM1.5 billion in FY 2016. The increase was mainly attributed to the proceeds raised from the issuance of shares pursuant to the exercise of warrants during the year amounting to RM568.5 million.

Dividends paid in FY 2016 was significantly lower at RM219.5 million compared to RM656.7 million in the previous year, which was mainly due to the special dividends paid to the shareholders of Sunway in FY 2015 following the listing of Sunway Construction Group Berhad in July 2015.

As a result of the abovementioned, the overall additional net borrowings and funding from financial institutions and the local bond market in FY 2016 was lower at RM1.4 billion compared to RM1.8 billion in FY 2015.

Hence, as at 31 December 2016, cash and bank balances and short term investments of Sunway stood at RM4.1 billion, an increase of RM1.4 billion from the preceding year.

DIVIDENDS

For FY 2016, the annual dividend payout to the Group's shareholders amounted to 12.14 sen, which is a sum of the first interim cash dividend of 5 sen, second interim cash dividend of 4 sen and a share dividend distribution of one treasury share for every 100 existing ordinary shares held equivalent to 3.14 sen. This is higher than the regular dividends paid per share of 11 sen for FY 2015.

Sunway is committed to delivering satisfactory results in 2017, and maintaining its minimum dividend payout policy of 20% of core net profit, which will be paid semi-annually to shareholders.

OPERATIONS REVIEW

The key indicators for each division, tracked over the last five years, are illustrated in the table below:

	2016	2015	2014	2013	2012
PROPERTY DEVELOPMENT					
Launches	RM650 mil	RM1.4 bil	RM1.7 bil	RM1.8 bil	RM1.3 bil
Sales	RM1.2 bil	RM1.2 bil	RM1.7 bil	RM1.8 bil	RM1.8 bil
Unbilled Sales	RM1.5 bil	RM2.1 bil	RM2.5 bil	RM2.4 bil	RM2.5 bil
Landbank	3,292 acres	3,295 acres	3,363 acres	3,388 acres	3,861 acres
PROPERTY INVESTMENT & REIT					
Assets under Management	RM8.8 bil	RM7.9 bil	RM7.0 bil	RM6.5 bil	RM5.7 bil
Total Net Lettable Area	9.3 mil sqft	8.6 mil sqft	8.3 mil sqft	7.4 mil sqft	5.9 mil sqft
LEISURE					
Total Park Size	128 acres	100 acres	100 acres	100 acres	100 acres
Visitorship	2.2 mil	1.8 mil	1.8 mil	1.6 mil	1.7 mil
HOSPITALITY					
Number of Hotels and Resorts Managed	10	9	12	12	12
Number of Guestrooms	3,017	2,601	2,650	2,646	2,788
CONSTRUCTION					
New Contracts Secured	RM2.7 bil	RM2.6 bil	RM1.1 bil	RM2.6 bil	RM1.9 bil
Outstanding Order Book	RM4.8 bil	RM3.8 bil	RM3.0 bil	RM3.9 bil	RM3.2 bil
TRADING AND MANUFACTURING					
Regional Presence	6 countries	6 countries	6 countries	7 countries	7 countries
Distribution Points	41	41	41	45	45
Agency Lines	154	146	128	116	103
Customer Base	13,000	13,000	7,000	6,700	7,000
QUARRY					
Number of Quarries	8	7	6	6	8
Number of Asphalt Plants	12	9	9	8	8
BUILDING MATERIALS					
Number of Manufacturing Facilities	7	6	5	6	6
HEALTHCARE					
Number of Specialist Consultation Suites	130	130	130	119	100
Number of Operating Theatres	12	12	12	12	12
Number of Beds	373	365	359	358	342

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY DEVELOPMENT

KEY MILESTONES

LAUNCHES AND SALES FOR THE YEAR

The Malaysian property market remained challenging in 2016, attributed to the soft consumer sentiment resulting from global economic and political uncertainties.

In response to dampened demand, the division re-calibrated its launches strategy to align with the market interest. The Group launched RM650 million worth of properties in 2016 (2015: RM1.4 billion) despite the deferment of several projects. From new launches and ongoing projects, the Group recorded sales amounting to RM1.2 billion for the year (2015: RM1.2 billion), exceeding its revised sales target of RM1.1 billion.

Klang Valley - Sunway Gandaria Retail Shops and Serviced Residences

The first project to be rolled out in 2016 was Sunway Gandaria, a 2.04-acre integrated development comprising 34 units of retail shops and 259 units of serviced apartments in Bangi, and it will stand as the tallest landmark within the vicinity upon its completion by 2019. The retail shops with built-ups ranging from 984 to 6,231 square feet were launched in January and recorded a remarkable take up rate of 95% as at 31 December 2016; whereas the residences of between 949 to 1,405 square feet were launched in March and have since registered 50% sales.

The retail outlets are anticipated to benefit from residents within the development, as well as from the surrounding neighbourhoods. The residences, on the other hand, offers modern lifestyle living at the peak of Bangi, overlooking the rejuvenating scenery of Bangi Golf Course and Taman Tasik Cempaka. Buyers are also given the option of dual key serviced apartment units, which will be the first of its kind in Bangi. The residence tower also incorporates facilities such as an infinity pool, a gym overlooking the pool, a multi-purpose hall and round-the-clock three-tier security.

As for connectivity, the Sunway Gandaria development is easily accessible via major highways, such as the KL-Seremban Highway, the Silk Highway, the New Klang Valley Expressway (NKVE), the South Klang Valley Expressway (SKVE), and Cheras-Kajang Expressway. It is also expected to benefit from being in close proximity to the Mass Rapid Transit ("MRT") Line 1 Kajang station and the proposed MRT Line 2 Putrajaya station.

Klang Valley - Sunway Mont Residences

Sunway Mont Residences, Sunway's latest development in Mont Kiara, was launched in May 2016. The lavish 37-storey condominium features 288 units, with sizes ranging from 1,122 to 1,906 square feet, designed to cater to the needs of growing families. The division recorded an impressive 80% take up rate upon launch, a strong testament of the location strength and market's confidence in Sunway's properties. The take up rate has reached close to 90% as at 31 December 2016. The 2.88-acre development is slated for completion by 2020.

Integrated within a green environment, Sunway Mont Residences offers the luxury of large-spaced homes. Residents of the development will be treated to unobstructed urban views from all bedrooms along with other features such as an infinity pool, an Eco-Pond, relaxation lounge, landscape garden and more.

Centrally located within the Mont Kiara enclave, this development boasts the perfect amalgamation of prestige and convenience. Sunway Mont Residences is in close proximity to the Garden International School; medical institutions such as the Global Doctors Centre and Global Doctors Hospital; country clubs such as the Bukit Kiara Equestrian Club and KL Golf and Country Club; as well as retail amenities at Verve Shops, One Mont Kiara, Plaza Mont Kiara, Solaris Mont Kiara and Publika. Aside from the facilities and amenities for families seeking higher quality of life and conveniences, residents will also have easy access to key locations such as KLCC and Petaling Jaya via the SPRINT Highway and Penchala Link.



ARTIST'S IMPRESSION OF SUNWAY MONT RESIDENCES

China - Sunway Gardens Condominium

Following on from the positive momentum registered in 2015, the Group launched another 150 residential units of the Sunway Gardens condominium development in 2016 and successfully recorded a 99% take up rate as at 31 December 2016. This can be traced to easing measures by the Chinese government, including cuts in interest rates and minimum down payment requirement, endeavouring to render support for the slowing real estate sector in China.

COLLABORATION WITH INTERNATIONAL EXPERTS

Sunway GEO Residences Topping-Out Ceremony

Sunway's Property Development division presented the first installment of the Sunway GEO series in Sunway South Quay with the topping-out of Sunway GEO Residences. This accomplishment, which also marked the third year anniversary of the Sunway-Mitsui Fudosan relationship, is an appreciable milestone for Sunway's first venture with the well-established Japanese developer. The joint venture also serves to boost recognition of Sunway's brand in the Japanese market while simultaneously paving way for potential future collaborations with Mitsui Fudosan in Malaysia and regionally.

Sunway GEO Residences has received highly encouraging response from the public since its launch, with a 100% take up rate. It is a testimony of the strong confidence buyers have for this development. This is attributable to the excellent accessibility and connectivity to facilities and amenities within the multiple award-winning Sunway City.

Launch of First Prefabricated Homes by Daiwa-Sunway

The joint venture between Sunway and Daiwa House Malaysia Sdn Bhd, a subsidiary of Daiwa House Industry Co. Ltd, saw the introduction of the country's first luxurious prefabricated homes, aptly known as Sakura Residence in Sunway Iskandar. Guests were invited to an exclusive preview of the show unit located within the Parkview Precinct of Sunway Iskandar.

Sakura Residence will be developed as a private gated community with a total of 100 prefabricated double-storey bungalows and semi-detached homes. The prefabricated homes are designed with high living quality as the core consideration, and is constructed to be convenient and comfortable for people of all ages. The homes are equipped with user-friendly features such as non-slippery floors, waterproof socket points, two-way switches, insect screens and finger-safe doors.

The prefabricated technology also provides proven benefits including high precision structures, shorter delivery timeframe, well ventilated design, energy saving features and clean living environment.

Daiwa House Industry is Japan's largest prefabricated homebuilder. The company ventured into the Malaysian market in 2012 with a local representative office dedicated to researching and developing houses that are suitable for the Malaysian climate using industrialised methodologies.



SAKURA RESIDENCE

MANAGEMENT DISCUSSION AND ANALYSIS

DELIVERED 1,114 UNITS, RM1.5 BILLION UNBILLED SALES

The Property Development division delivered a total of 1,114 residential and commercial units in 2016. 964 units were delivered in Malaysia, which include 268 units of designer office and retail shops in Sunway Velocity, 259 units of shops and office suites in Sunway South Quay, 96 units of super link and semi-detached homes in Sunway Eastwood, 4 units of terrace houses in Sunway Cassia, 225 units of townhouses, semi-detached homes and offices in Sunway Wellesley and 112 units of semi-detached homes and bungalows in Sunway Lenang Heights. Another 150 units completed and delivered in 2016 were at the Group's Sunway Gardens development in Tianjin, China.

Notwithstanding the completions, the Group's unbilled sales stood at RM1.5 billion (2015: RM2.1 billion), which will provide earnings visibility and sustainability over the next 1 to 2 years.

STRATEGIC AND DIVERSIFIED LANDBANKING

Sunway's Property Development division continued its land banking effort in 2016 and accomplished a total of three strategic purchases in Malaysia and Singapore. The division acquired a freehold industrial land of 4.84 acres in Sungei Way Free Industrial Zone, Kelana Jaya for RM35.8 million. The parcel is located in the matured neighbourhood of Kelana Jaya and in close proximity to Sunway's previously acquired Kelana Jaya land that is earmarked for a residential project. The strategic location of the site allows for a multitude of development opportunities and potential synergies.

Concurrent to this purchase, the Group acquired 4.25 acres of leasehold industrial land in Kampung Baru Subang for RM20.2 million, and amalgamated the land with Sunway's existing parcel in the same location. The land is positioned close to Subang airport and it also boasts easy access to Port Klang and Kuala Lumpur International Airport. The purchase is strategic as the land is suitable for industrial development, which is a product that is not in Sunway's current product mix, representing an opportunity for product diversification. The proposal is to build 45 units of terrace industrial units with the target launch date set to be in the first half of 2017.

The division also successfully expanded its landbank in Singapore after winning a land tender for 5.19 acres at Anchorvale Lane, Sengkang for SGD241.0 million, in a joint venture with Hoi Hup Realty, Oriental Worldwide Investments and Azuki Investment. Situated beside the Punggol Reservoir, the leasehold site is encircled by numerous amenities such as Tongkang LRT station which is only 400 metres away, primary and secondary schools, as well as two upcoming shopping malls and Sengkang Hospital within a one kilometre radius. Plans are in place to construct Executive Condominiums.

With the newly acquired lands, the Group's remaining land bank stood at 3,292 acres as at 31 December 2016, with a GDV of RM48.5 billion.



ARTIST'S IMPRESSION OF SUNWAY SERENE IN KELANA JAYA

CHALLENGES

The global and regional economic outlook remained challenging and the slowdown in property market persisted in 2016. In response to the GST implementation, economic uncertainties and weaker currency, buyers exercised extra caution in planning high value transactions such as property purchases. Some banks also adopted stricter lending policies, making it more difficult for buyers to secure loans.

STRATEGIES

Mindful of the headwinds that surround the local property market scene, the division exercised greater prudence in its product planning and project launches to ensure market relevance and strong take ups. Nevertheless, the division closed the year with RM650 million in launches and RM1.2 billion in sales.

Sunway unveiled a first-of-its-kind campaign featuring Guaranteed Loan, Deferred Payment and Voluntary Exit Plan with the Sunway Property Certainty Campaign. This initiative was designed to provide financial flexibility and assurance to assist qualified purchasers to own a property during uncertain times, aligned with the Group's commitment to grow and invest in the communities.

Homebuyers who fulfilled certain criteria were entitled to a 12:88 Guaranteed Loan, granted by Sunway. Purchasers could also opt for the Deferred Payment option that offered zero payment for a period of 12 to 24 months following an initial down payment. The third special offering was the Voluntary Exit Plan, a package that allowed homebuyers to withdraw from their Sale & Purchase Agreement (SPA) in the unfortunate event of them losing employment.

PROSPECTS

In 2017, planned launches include residential, industrial and commercial developments in Klang Valley, Penang, Johor and China.

Among the major launches in 2017 will be a high-rise residential project, Sunway Serene, which is nestled within the well-developed neighbourhood of Kelana Jaya and situated in close proximity to the Group's flagship integrated township, Sunway City. This project boasts excellent connectivity with the Setia Jaya KTM station just a short distance away, and extensive accessibility via major highways, such as the Lebuhraya Damansara Puchong (LDP), Federal Highway, New Klang Valley Expressway (NKVE) and other local roads. The development will be designed to benefit from the invigorating view of the Kelab Golf Negara Subang and a beautified 13-acre lake.

Plans are also in place to develop the newly acquired industrial land in Kampung Baru Subang into an industrial park, offering 45 units of terrace industrial units in the first half of 2017. This venture will further broaden the division's current product mix to include industrial units.

Down south in Johor, one sizable, exciting launch to look out for is the GRID Collection in Sunway Iskandar. GRID will be an innovative mixed development comprising retail, office and residential components. It will be the first project in the Marketplace Precinct, which is strategically positioned next to a key catalyst, the Coastal Highway Southern Link ("CHSL"). With the completion of CHSL in the first half of 2017, Sunway Iskandar will be just five minutes from the Second Link connecting to Singapore. There will also be other enablers in the form of Causeway Link buses that will ply the route linking Sunway Iskandar and Singapore starting from the second quarter of 2017, and dedicated Sunway shuttle buses catering to residents working in or travelling to Singapore. For families with schooling children, Sunway International School that offers the Canadian curriculum from Pre School to Grade 12 will have its first intake in January. With an easily accessible location and a plethora of amenities, the GRID Collection will be suitable for young entrepreneurs and business start-ups that require smaller spaces for their commercial activities.

Notwithstanding the present uncertainties in the property market, the division will channel efforts into capitalising on the opportunities that may arise. Bolstered by the Group's sturdy financial position, the team will focus on expanding its land bank, targeting mainly land in the central region that enjoy great connectivity and accessibility, and which allows for more immediate launch and development.



ARTIST'S IMPRESSION OF THE GRID IN SUNWAY ISKANDAR

MANAGEMENT DISCUSSION AND ANALYSIS

PROPERTY INVESTMENT & REAL ESTATE INVESTMENT TRUST

KEY MILESTONES

OPENING OF SUNWAY VELOCITY MALL

Sunway Velocity Mall, the latest retail hub of the Group, opened its doors in December 2016. Leveraging on the Group's experience in mall planning and management, the newest addition has successfully integrated shopping, entertainment and dining under one roof, in the heart of the massive 23-acre integrated Sunway Velocity development. The mall, with seven floors and approximately 900,000 square feet of retail space, recorded a sign-up occupancy rate of 95% as at 31 December 2016, offering shoppers over 500 stores of retail, food and beverage ("F&B") and entertainment options. In the list of key partners are AEON MaxValu Prime, Parkson, TGV Cinemas, Harvey Norman, JD Sports, Uniqlo, Padini Concept Store, Toys "R" Us, POPULAR Bookstore, CHI-X Fitness and Grand Imperial. The new mall boasts many notable openings including TGV Cinemas with the largest IMAX screen installation in Malaysia, the first AEON MaxValu Prime supermarket concept in the country and the third after Japan and Hong Kong, as well as the latest fitness club concept by CHI-X.

The large indoor mall also boasts a major differentiator with its offering of four unique themed precincts. They are Food Street Food, Commune, Market Place and Vanity Hall, with the former two being brand new concepts introduced by the Group. At Food Street Food, patrons can indulge in a variety of local and regional food within a contemporary interpretation of hawker stalls and night markets from different countries. The Commune precinct, located on the fifth floor, features niche shops, a community space for interesting activities and workshops, and a naturally lit deck for public seating, complemented by the glass-encased roof architecture.

Augmented by its central location in Kuala Lumpur, Sunway Velocity is easily accessible via public transportation and major highways. It is located in close proximity to one LRT and two MRT stations, with the Cochrane MRT station just 200 metres away and the Maluri MRT and LRT interchange station only 260 metres away. Visitors can also access the integrated development via the major artery roads of Jalan Cheras, Jalan Loke Yew, Jalan Pudu and Jalan Tun Razak, and main highways such as SMART Highway, KL-Seremban Highway, New Pantai Expressway (NPE) and Maju Expressway.

With a diverse tenant mix, distinctive precincts and seamless connectivity, Sunway Velocity Mall aspires to be the top retail and lifestyle destination in Cheras, KL.

REJUVENATING THE RETAIL OFFERING

Sunway Pyramid Shopping Mall, the Group's flagship retail mall in Sunway City, continued to refresh its tenancy mix in 2016 with the entry of a number of reputable brands. In the F&B segment, the mall added Saint Marc Café, Kyochon 1991, Yoshinoya Hanamaru Udon, Go Noodle House, Hokkaido Baked Cheese Tart, Tokyo Secret, Nadaje and Llaolao, amongst others, to the mall's extensive list of restaurants and cafés. Sulwahsoo, Korea's holistic beauty brand, opened its first standalone store in Malaysia in Sunway Pyramid Shopping Mall. The boutique serves as a one-stop shop for all things from consultations to hand pampering services to its best-selling skincare and makeup products. Other beauty and skincare outlets opened in Sunway Pyramid Shopping Mall in 2016 include Jo Malone London, Sothys and Shizens. The fashion segment was enhanced with the opening of brands like Sacoor Brothers, Calvin Klein Jeans, Oakley, Twenty3 and many others.



SUNWAY VELOCITY MALL



THE PARENTHOOD IN SUNWAY PYRAMID SHOPPING MALL

Sunway Pyramid Shopping Mall completed its Phase 3 expansion plan during the year, revealing a new integrated retail mall. The new expansion is conveniently connected to the existing Sunway Pyramid Shopping Mall via a link bridge. The development also adds an additional 760 parking bays to the existing 10,000 interconnected parking bays in Sunway City. The retail extension renders approximately 90,000 square feet in NLA and has signed up prominent and debuting tenants such as Impresseoul, Menya Miyabi Hokkaido Ramen, Sanook, The Parenthood and Starbucks.

Up north, as part of the Group's strategy to revitalise Sunway Carnival Shopping Mall, approximately 16,000 square feet of NLA on the second floor of the mall was converted from an entertainment hub into an F&B area to increase F&B offerings at the mall.

CHALLENGES

Competition in the retail sector remained intense with the rising number of malls. Consumers continued to make expenditure adjustments, being stretched by the implementation of Goods and Services Tax (GST), high household debts and steeper living costs incited by the weaker Ringgit as well as global and domestic uncertainties. The acceleration of online commerce marketplace offered alternative retail channels to consumers, pressuring sales performance in bricks-and-mortar businesses.

The occupancy for the office portfolio continued to face challenges due to the oversupply of office space and weak economic growth. Also emerged was a new wave where tenants opted to relocate to new office buildings with Multimedia Super Corridor ("MSC") and Green Certification.

STRATEGIES

In response to the current tenant-favoured climate, the retail division endeavours to establish sustainable business relationships with tenants through regular engagement sessions. These meetings serve as a medium through which Sunway can keep abreast of the tenants' latest business performance while tenants can seek for management support or collaboration opportunities should the needs arise.

Sunway Pyramid Shopping Mall will continue to leverage on the strategic location of the integrated township of Sunway City along with its excellent connectivity and infrastructure to drive footfall to the mall. To further increase the footfall to the Group's portfolio of malls, and to remain relevant in the competitive environment, Sunway will continuously revamp the tenancy mix at its malls and bring in new established brands.

Also being explored across all Sunway malls is the creation of an immersive mall experience in the forms of relevant and interesting marketing and promotional activities to encourage visitorship and spending. Further, the division seeks to cultivate customer loyalty with Sunway's premier loyalty card – Sunway Pals where members can enjoy exclusive discounts, special privileges and earn points which can be converted into cash rebates at participating outlets.

The priority for the office segment is to improve the occupancy rate by offering incentives such as competitive rental rates, fit out period, and attractive rates for long term tenants, amongst many others. Other initiatives include upgrading the office buildings to MSC status. The Grade A Sunway Pinnacle office building in Sunway City is the first building in the township to be certified by MSC, and accredited with Green Building Index (GBI) and Singapore's Building & Construction Authority (BCA) Green Mark Gold certifications to meet the needs of multinational companies and large corporations. Sunway Pinnacle benefitted from this, increasing its occupancy rate to over 95% as of 31 December 2016.

PROSPECTS

The Group is actively engaged in an Asset Expansion Programme to underpin growth sustainability for the Property Investment and REIT division. Pipeline projects in the upcoming fiscal year include Sunway GEO Tower and Sunway GEO Avenue, both located within Sunway City.

Sunway GEO Tower will unveil an 18-storey office tower with approximately 185,000 square feet of NLA in the first half of 2017, while Sunway GEO Avenue, a 4-storey commercial centre, will provide a whole new retail experience to the vibrant township. It is directly connected to the residences, business suites and corporate offices in Sunway GEO at Sunway South Quay, and strategically located within walking distance to other popular destinations in Sunway City such as Sunway Pyramid Shopping Mall, Sunway Lagoon, Sunway University, Monash University Malaysia, Sunway Medical Centre and many others, where residents and visitors can experience premier entertainment, work, living and convenience.

Complementing Sunway's new developments and pipeline projects, Sunway REIT will remain proactive in looking out for yield accretive third party acquisition opportunities to ensure sustainable portfolio advancement.

MANAGEMENT DISCUSSION AND ANALYSIS

LEISURE

KEY MILESTONES

FUN-FILLED ACTIVITIES ALL YEAR ROUND

Sunway Lagoon kicked off 2016 on a cheerful note, as more than 1,000 guests joined in on the grand launch of Asia's first Nickelodeon-themed attraction, the Nickelodeon Lost Lagoon. 14 new immersive attractions were added to this rainforest fantasyland which include SpongeBob Splash Adventure, the Primeval, Jungle Fury and Monsoon 360. Interactive play areas using the latest technology, and the daily signature "Great Slime Deluge", provide endless fun and entertainment to visitors of all ages.

In the month of November and December, the park was transformed into SpongeBob's Christmas Lagoon to bring in the festive cheer. Guests were greeted by a 20-foot tall Coral Christmas Tree set at the lakeside, decked in an array of delicate corals, seashells and starfish. Christmas-themed activities were lined-up along with iconic characters such as SpongeBob SquarePants, Patrick Star, Dora the Explorer, Boots, Teenage Mutant Ninja Turtles and Santa Claus making special appearances in the holiday parade.

2016 also marked the first time Sunway Lagoon hosted the Asia Flow Tour Finals, spanning across eight categories that encompassed Pro Men and Women Flow Board, Pro Mixed Body Board, Open Men and Women Flow Board, Open Mixed Flow Board, Masters above 31 Flow Board and Juniors Under 15 Flow Board. The finals saw professional flow boarders from Indonesia, Thailand, Singapore, and Malaysia taking to the waves, vying for the opportunity to represent Asia against the world's best in the World Championships in Singapore.

Sunway Lagoon also hosted a spectacular year-end acrobatics show - Cirque Panda, produced by internationally renowned theatrical impresarios, Dion and Randall International and presented by the China National Acrobatic Troupe (CNAT). The show ran from December 3 to 11. The troupe's flagship stage extravaganza, adapted especially for Sunway Lagoon's newly refurbished Amphitheatre, combined breathtaking acrobatics, Panda characters, Chinese inspired music, dance choreography and beautiful costumes set against a stunning LED and multimedia backdrop. The story was brilliantly portrayed through a series of electrifying stunts and performances, several of which have received internationally acclaimed awards.

The year was concluded at the Lost World Of Tambun with a prehistoric Xmasaurus experience. Visitors were regaled with an opportunity to get up close with jolly Santasaur in Santasaur Comes to Town, feed baby dinosaurs in the Meet-and-Greet session and visit the Dino Cryo archaeology lab. Patrons were also enlightened by the Xmasaurus Dinosaurs Alive show that manifested dinosaurs' natural behaviours and their ancient living spheres.



NICKELODEON LOST LAGOON



CIRQUE PANDA



THE GHOSTBUSTERS ADVENTURE LIVE!

THE PRIDE OF SUNWAY LAGOON

Over at the 8-acre Wildlife Park, Sunway Lagoon welcomed two majestic white tigers, Samson and Asha, to the great big cats' family. These two furry felines join Zola and Zuri, Sunway Lagoon's resident white lions and a group of black panthers. The accretion was primed to add scholarly value to the prominent in-house Wildlife Education Programme, which was set up to provide an opportunity for guests to get up close with the great big cats' family. Programme highlights include a personal Wildlife Ranger guided tour, animal feeding sessions and a wildlife theatre show.

Sunway Lagoon's Wildlife Park was recognised as one of only a handful of accredited zoos in Malaysia in 2014. Sunway Lagoon continues to invest in the Wildlife Park to ensure it meets the stringent standards of the Wildlife Act. In the Lost World Of Tambun, a giraffe and zebra enclosure was newly added to the Lost World Petting Zoo. More than 95 species in the Petting Zoo offer visitors a close encounter with the animals in their natural environment.

ULTIMATE NIGHT PARKS

Malaysia's scariest festival of fear, Nights of Fright returned with its fourth consecutive year of fright. Held in the month of October, Nights of Fright 4 ("NOF4") featured eight haunted houses, six scare zones and 11 thrilling rides. NOF4 opened its gates for daredevils to experience the most intense spectacles of sheer terror, where visitors faced their school-time fears in Malaya High School, braved through Tanah Perkuburan Bukit Lang, dared into the realm of death at DIYU - Journey to the Underworld and fought off hordes of infected undead in the dystopian Kevill Hill Township or the deadly movie baddies at Horrorwood Studios.

Sunway Lagoon's Lynton V. Harris' Scream Park also unveiled its latest attraction - the Ghostbusters Adventure Live! With the entire top level of Scream Park being transformed into a spooky maze based on the latest re-launch of the Ghostbusters movie, visitors-turned paranormal enthusiasts can relish in a non-stop spooky journey in this new scary attraction. The Ghostbusters inclusion into the park marks the biggest annual investment to date since the launch of the Scream Park.

As nightfall beckons, the Night Zoo at Lost World Of Tambun springs to life. An extension of its day time programme, the Night Zoo provides guests with a thrilling tour as they tread the new unique rainforest trail, and watch and learn about the lifestyle of the exotic nocturnal animals. At the Ultimate Night Park, guests can jive to the rhythm of drums in the Tales of the Tribe show, and be dazzled by the magnificent display of music and fire in the Lost World Flaming Percussions performance. Guests can also opt for complete relaxation and unwind in the most exotic natural hot springs and spa in Malaysia. Expanded and renewed in 2016, the Lost World Hot Springs and Spa By Night now features a total of 12 pools including Saphira's Twisters, the first hot spring slides in Malaysia; Crystal Falls, a hot springs waterfall; and the Emerald Lagoon.

CHALLENGES

Sunway's outdoor theme parks are dependent on external factors such as good weather to register high visits. The annual haze coupled with the frequent rain during the year were major deterrents for the public to engage in outdoor activities, with the leisure business taking the direct impact. The team also needs to continuously roll out new products to meet the increasing expectations of customers. The competition within the local leisure industry intensified as more enterprises launched new theme parks and resort destinations, offering patrons with more options.

STRATEGIES

The Leisure division is able to capitalise on the recognised brand of Sunway and the integrated Sunway City to pull in visitors to its Sunway Lagoon theme park, while Lost World Of Tambun boasts its unique park setting within the natural surroundings of hot springs and limestone hills.

The park will continue to leverage on its loyalty scheme such as the newly rebranded annual pass - 'Passport to Your Best Day Ever' to attract repeat visits. Holders of the 'Passport' are entitled unlimited entries to the theme park for a year from the date of purchase with perks such as exclusivity for priority entry during peak periods amongst a host of other discounts and privileges. Complementing the 'Passport' are the very well-received promotions such as 'Quack-tastic Tuesday', 'Happy Birthday', and 'Seniors Play for Free'. In 2016, the park introduced the new 'Terrific Thursday' - a buy-one-free-one promotion on selected Thursdays as well as attractive school holiday packages such as 'FAMFun' and '4 To Go' to encourage families and friends to spend quality time together at Sunway Lagoon. The campaigns have proven successful as Sunway Lagoon charted an increase of 18% in visitorship from the previous year.

As competition stiffens, the division will pursue market penetration into overseas market via strategic digital marketing initiatives and collaborations with Tourism Malaysia and extensive publicity and promotion via airline companies to target both the local and international markets.

PROSPECTS

Come 2017, in celebration of Sunway Lagoon's 25th anniversary and Nickelodeon Lost Lagoon's 1st anniversary, the theme park will roll out a full array of zestful activities complemented with monthly festive campaigns, FUN in-park entertainment and edu-tainment as well as several happening events and concerts.

In the Lost World Of Tambun, Hippo Kingdom is in the works, a happy addition to our Lost World Petting Zoo family which will be home to hippos, hyenas and crocodiles. Next year will also be a significant year for the park with the Visit Perak Year 2017 campaign. In conjunction with the campaign, the Lost World Of Tambun will actively work with Tourism Perak to launch various initiatives including the Lost World Explorer Pass, which is a 6 months' pass to the Lost World Of Tambun theme park.

MANAGEMENT DISCUSSION AND ANALYSIS

HOSPITALITY

KEY MILESTONES

A NEW FACE-LIFT

In 2016, the Hospitality division embarked on a three-year redevelopment and expansion plan. Investments were earmarked for six of the division's existing assets, being the refurbishment of Sunway Pyramid Hotel, Sunway Resort Hotel & Spa, Sunway Pyramid Convention Centre, The Banjaran Hotsprings Retreat, Sunway Hotel Phnom Penh and Sunway Hotel Hanoi. The investment also includes the addition of two new assets to the Hospitality division – the Sunway Clio Hotel in Sunway City and the Sunway Velocity Hotel in Kuala Lumpur. This is the largest expansion plan for the Hospitality division in the recent years and will continue to support the region's tourism market.

Sunway Clio Hotel, a 27-storey, 4-star hotel was completed in 2016 and opened its doors on 19 February 2016. The hotel has 401 rooms with unimpeded views of the Sunway Lagoon theme park and the city's skyline. The hotel offers five fully-equipped function rooms with a seating capacity of 20 to 160 persons and a host of other facilities including the 174-seater Café West, an all-day dining restaurant, in-room dining services, a fitness centre and an outdoor swimming pool. Adjoining to the hotel is Sunway Pyramid Shopping Mall featuring compelling food and beverage offerings and retail outlets.



SUNWAY CLIO HOTEL

As one of the prominent convention and exhibition facilities in the Klang Valley, Sunway Pyramid Convention Centre completed a massive renovation in December 2016 that brought notable technology upgrades, enhanced sound-proofing and efficient space optimisation to accommodate even larger groups and events within its 60,000 square feet.

In Kuala Lumpur, Sunway Putra Hotel rolled out its new Club Lounge that is located on Level 34. It is purposefully-curated for guests seeking added comfort, privacy and exclusivity. Opened in January, guests can enjoy exceptional vistas of the city's skyline throughout the day. Also featured in the Club Lounge are dedicated lounge and dining areas, and a fully-equipped executive boardroom.

Over at Sunway City Ipoh, The Banjaran Hotsprings Retreat introduced a new purpose-built Yoga Pavilion situated next to the Fitness Centre. Completed in February 2016, the open-structure is nestled within the lush tropical foliage at the retreat, providing the ideal space for yoga enthusiasts. Other upgrades include replacement of walkways within the various facilities and between the villas.

To enhance its relevance in a highly competitive market place, Sunway Hotel Hanoi embarked on a progressive rooms upgrading exercise, which will see a collection of newly refurbished rooms introduced to the market in 2017. The new rooms reflect the brand's latest design elements and have been well received by the leisure and corporate guests.

GOLD STANDARD

Sunway Resort Hotel & Spa was once again ranked in the Top 10 Hotels for Families in Malaysia in TripAdvisor's Travellers' Choice Hotel Awards 2016. It is an esteemed recognition earned based on positive reviews, a direct reflection of the exceptional overall service and guest experience.

Meanwhile, Sunway Putra Hotel was honoured with the Certificate of Excellence 2016 by TripAdvisor based on consistent favourable traveller reviews. It also claimed Ctrip's Traveller's Top Spot Award 2016 and the title of "Best Food & Beverage Hotel" with a 98% recommendation by Ctrip, China's largest travel website. This win is a strong testament of the hotel's distinguished service and sterling selection in food and beverage that appeal to international guests.

Representing the Group's foray into eco-luxury, The Banjaran Hotsprings Retreat has steadily emerged triumphant, amassing the Certificate of Excellence 2016 Awards by TripAdvisor and a string of Travellers' Choice Awards 2016 for the Malaysia category, namely Top 25 Small Hotels, Top 25 Hotels for Romance, Top 25 Luxury Hotels and Top 25 Hotels for Service.



THE BANJARAN HOTSPRINGS RETREAT

In Penang, Sunway Hotel Georgetown bagged the Loved by Guests 2016 Awards by Hotel.com where it scored a high 4.1 out of 5 rating, appraising it to the Excellent category. It is also a favourite amongst the Chinese tourists having won the Chinese Preferred Hotel Award with a score of 4 out of 5 stars by Ctrip. Sunway Hotel Seberang Jaya attained the Excellence Guest Review Award by Booking.com. The award epitomises its excellence as a guest experience provider among some 800,000 properties on the site.

CHALLENGES

The hotel industry was strained in the thick of growing supply, feeble corporate demand and rising costs. Sunway's Hospitality division naturally has to compete with the other regional tourist destinations and attractions. While our hotel businesses are strategically positioned in major cities saturated with tourists like Kuala Lumpur, Penang, Ipoh, Hanoi and Phnom Penh, the rise of new or recently refurbished or expanded hotels as well as serviced residences provide more options to guests. The Airbnb phenomenon is another rising force to be reckoned with, being particularly popular with travellers seeking a local community experience during their stay. The industry was also affected by the depreciating Ringgit, having to absorb the increase in price when procuring goods or services.

STRATEGIES

The depreciating Ringgit has caused an increase in prices which affects the operational costs of the hotels. However, the division is continuously addressing the need to improve efficiency through the management of operating expenses, such as through the use of LED lighting, menu re-engineering and others as part of its cost management.

The division has set up its first regional sales office in Dubai, United Arab Emirates in partnership with Dubai-based BizGate Marketing & Consultancies. The primary focus is to promote Sunway's hotels and resorts to the Middle East and Northern Africa markets, and to explore new opportunities within the region. The Middle East continues to be one of the fastest growing source market for the division's hotels and resorts.

In a move to capture the burgeoning market share of the affluent outbound Chinese travel market, the Hospitality division appointed a General Sales Agent (GSA) based in Shanghai. This venture is in partnership with Century Holiday International Travel Group which is responsible for developing and managing Sunway's key accounts in Greater China and to expand the market through the generation of sales leads and bookings in the leisure and corporate segments moving forward. Century Holiday has 18 offices in key cities in China. Further, Chinese visitors to Malaysia are expected to grow as the Ministry of Tourism and Culture has cited plans to increase the frequency of flights from major cities in China to Malaysia following the implementation of e-Visa and visa waiver programme for Chinese tourists.

As part of the division's initiative to drive more direct bookings online, the Book Direct & Save digital marketing campaign "Only One Tab Matters" was launched during the year. This initiative serves as a platform to provide the best room rates, special member's offers, exclusive discounts and attractive packages to guests who book directly on the division's website and aims to drive conversion through an enhanced user-journey and through ramped-up market reach via social platforms.

MANAGEMENT DISCUSSION AND ANALYSIS



ARTIST'S IMPRESSION OF SUNWAY VELOCITY HOTEL

PROSPECTS

Following the opening of Sunway Clio Hotel, Sunway Pyramid Hotel closed in April 2016 to commence its full makeover and upgrading plan into a 4.5-star deluxe hotel. The newly refurbished hotel will progressively open its guest-rooms and suites with a target to operate on its full inventory in 2017. The refurbishment increases the hotel's room count from 549 to 564, and incorporates 21 new family rooms and suites. Each guest-room and suite in the refreshed Sunway Pyramid Hotel embraces convenient touches and improvements, enhanced by facilities and technology upgrades. The new family suites will be amongst the hotel's largest, offering comfortable spaces, added extras such as two bathrooms and options of bedding types which can accommodate up to six persons.

2017 will also see the opening of a new hotel and the completion of several expansion projects. Sunway Velocity Hotel, a 351-room business class hotel is scheduled to open in the third quarter of 2017. The hotel is strategically positioned within the mixed-use development of Sunway Velocity in Kuala Lumpur and is complemented by a shopping mall, an upcoming medical centre and convenient access to two MRT stations. In Sunway City Ipoh, 20 new lake villas will be added to The Banjaran Hotsprings Retreat in the same quarter. Overseas, Sunway Hotel Hanoi is poised to introduce, in stages, newly revamped rooms to its saleable inventory.

Plans are also in place to redevelop and renovate the 5-star flagship Sunway Resort Hotel & Spa in 2018. Once the massive top-down makeover of its guest-rooms, public areas and function spaces are completed, the iconic hotel is set to offer guests an enhanced and refreshed experience. By the end of 2018, with the opening of new hotels, increased rooms and villas inventory available to the market, Sunway's Hospitality division will have a total of 11 hotels and resorts with a combined inventory of over 3,300 rooms.

CONSTRUCTION

KEY MILESTONES

COMMITMENT TO PROJECT DELIVERY

2016 marked the first full fiscal year for Sunway Construction Group Berhad ("SCG") since its successful relisting on Bursa Malaysia Securities Berhad on 28 July 2015. With the listing, SCG is now the largest listed pure play construction company in Malaysia by revenue.

During the year, SCG completed and successfully delivered a record of seven projects with contract sums totalling RM2.8 billion. This included notable civil and infrastructure projects such as the Light Rail Transit ("LRT") Kelana Jaya Line Extension (Package B) and the Klang Valley Mass Rapid Transit ("MRT") Package V4.

Under the buildings segment, the division successfully completed the construction of several projects in Sunway City, being Sunway Clio Hotel and Sunway GEO Retail Shops & Flexi Suites Phase 1. In the city centre, SCG completed Sunway Velocity Mall which was opened in December 2016. In Johor, deliverables include Afiniti Medini, a mixed development urban wellness centre, and 112 residential units of Sunway Lenang Heights Phase 1A.

OUTPERFORM TARGET ORDER BOOK REPLENISHMENT

SCG surpassed its replenishment target of RM2.5 billion and recorded sterling new orders of RM2.7 billion for the year of 2016. These newly secured projects constituted mainly external infrastructure packages and several in-house building projects. Computing the year's new wins into the equation saw the division's outstanding order book reaching RM4.8 billion, translating to an earnings visibility of more than 2 years.



SUNWAY GEO RETAIL SHOPS & FLEXI SUITES PHASE 1

Being the only construction specialist to be involved in all three sizable Rapid Line infrastructure projects namely the MRT, LRT and Bus Rapid Transit ("BRT"), SCG has repeatedly proven itself to be one of the strongest contenders in bagging mega infrastructure contracts. Adding to its order book in the first quarter of 2016 was the RM1.2 billion V201 viaduct package from MRT Corporation for the construction of a parcel of MRT Line 2, which stretches from Sungai Buloh to Serdang to Putrajaya. The viaduct guide way to be constructed by SCG is 4.9km in length, from Sungai Buloh to Persiaran Dagang.

SCG also won the main building works contract for the proposed development of the International School of Kuala Lumpur, which will be a Green Building Index Platinum Rated Building with environmental sustainability concepts. The total contract sum is RM268 million with a contract period of 22 months. Another major external project won during the year is in relation to mechanical, electrical and plumbing ("MEP") works for Hospital Pakar Kanak-Kanak, University Kebangsaan Malaysia for a total contract sum of RM66 million, planned for completion by the second quarter of 2018.

As for internal contracts, SCG was awarded construction jobs for Sunway Medical Centre Phase 4 (RM428 million), Sunway Velocity Medical Centre (RM185 million), Sunway Velocity Hotel & Office (RM101 million), Sunway Velocity Link Bridge (RM20 million), Sunway Iskandar Retail Complex (RM100 million), Sunway Iskandar Shop Lots (RM57 million) and several others, bringing the total contribution of in-house jobs to 32% of the overall outstanding order book. This also translates to a substantial 68% of SCG's strong order book being generated from external project in the private and public sectors, a testament of the confidence cast upon its core competitive expertise and capabilities.

In the precast segment, the division's third plant down south in Iskandar, Johor has commenced operations in the second quarter of 2016 with a maximum annual capacity of 52,000 m³. The division has accumulated a total of RM115 million worth of new contracts during the year for the manufacture and sale of precast products to various clients.

CHALLENGES

The construction industry faced issues of increasing raw material costs in view of the fluctuation in commodity prices and depreciating Ringgit during the year. Competition within the field was stiffer with the entry of Chinese and other up-and-rising local contractors, making it more challenging to secure high profile contracts. The company also had to be agile and stay ahead in fulfilling new customer expectations, which mainly focused on innovative and efficient construction practices, such as Building Information Modelling ("BIM"), Virtual Design and Construction ("VDC") and Prefabricated Prefinished Volumetric Construction ("PPVC").

As for human resources, the construction industry depends heavily on foreign workers. The recent, more stringent compliance rules and proposal of annual levy to be borne by employers would increase the overall operating costs. The imposition of the requirement for industry players to pay for the foreign workers in 2017 was subsequently deferred to 2018 due to the absence of a proper ecosystem under the newly introduced Employer Mandatory Commitment (EMC) to resolve issues with foreign workers.



PUTRAJAYA PARCEL F PROJECT

MANAGEMENT DISCUSSION AND ANALYSIS



INTERNATIONAL SCHOOL OF KUALA LUMPUR

STRATEGIES

To manage the volatility in prices, particularly on the fluctuation of steel bar prices, the division has hedged its position to preserve project margins more effectively. New policy implementation, particularly those affecting the labour supply will be considered in future contract tenders. Nevertheless, the division will commit to retaining its talent pool through commensurate remuneration and promotion opportunities.

The division intends to place more focus on the design-and-build variant over conventional methods, favouring mechanisation as the way forward in the construction industry to reduce dependency on foreign labour and to increase productivity and safety. Sunway Velocity Mall was successfully completed in December 2016 using the capability of VDC, whilst the largest ongoing project being undertaken using the VDC technology is the RM1.6 billion Putrajaya Parcel F project.

SCG will continue to adopt the use of Industrialised Building System ("IBS") and BIM. The precast unit, on the other hand, also seeks to optimise the costing and productivity of its Johor plant through automation and industrial technology. As a result of the precise quality rendered through the usage of IBS, the precast unit has achieved a high of 100% in CONQUAS (Construction Quality Assessment System), a measure for overall quality of workmanship.



SENAI PRECAST YARD

PROSPECTS

2017 is expected to register strong growth for the Construction division, premised on the existing outstanding order book as secured projects are expected to achieve good progress. The recently announced Budget 2017 continues to show pro-business strategies with the allocation of RM46 billion for development expenditure, which is 2.2% up from the recalibrated Budget 2016. The construction industry is anticipated to sustain its momentum and to remain as one of the fastest growing economic sectors in the country, driven by heightened rollout of domestic infrastructure projects.

SCG will continue to capitalise on opportunities presented by national development projects, while exercising prudence in its selection to target large scale, complex projects that generate higher profit margin, augmenting both technical portfolio and financial accomplishment. Recent moves on the government pump priming bodes well for the sector's growth trajectory and the division is confident of another strong order book replenishment in 2017, setting a target of RM2.0 billion.

For precast, the majority of the business lies in launches by Singapore's Housing Development Board ("HDB"), therefore closely linking performance of the division to the launches by HDB. As demand from Singapore's Build-To-Order (BTO) launches is expected to remain resilient in the coming year, the division plans to add another four lines to the current existing five lines in its precast manufacturing facility in Sunway Iskandar, Johor. With this addition, the capacity will be almost doubled in 2017. On a longer term, Sunway plans to participate on the Integrated Construction and Prefabrication Hub (ICPH) tenders to fully automate precast processes in Singapore to align with the Government of Singapore's intention to steer the industry towards raising productivity.

SCG prides itself as a total solutions provider, with key supporting units in foundation and geotechnical engineering services, MEP and the manufacture and sale of precast. Along with the building, civil and infrastructure construction services, the division will be able to create synergies across its entities, a notable competitive advantage when tendering for new projects. The division continues to reinforce the importance of delivering quality products and maintaining confidence in its branding.

TRADING AND MANUFACTURING

KEY MILESTONES

NEW AGENCY LINES

Adhering to the Group's commitment to excellence, the Trading and Manufacturing division focuses on global sourcing initiatives, with a nucleus goal in identifying then attaining the distribution rights for first-class products from the finest manufacturers worldwide. The division registered 154 (2015: 146) agency lines spanning across five major product categories in 2016.

A prominent addition to the division's list of agency lines is the Weichai Power mining truck series for the earthwork and quarry sector, which will complement the division's sale of hydraulic excavators. Sunway was also appointed as their authorised parts dealer in Malaysia in 2016, following its appointment as their authorised service dealer in Malaysia in 2011.

In the heavy equipment parts product line, the division added CGR Ghinassi replacement parts to their list of agency lines. CGR Ghinassi specialises in the supply of interchangeable parts for major industrial earthmoving machinery. Another notable agency line inclusion is the EXN lubricants. The EXN brand offers an innovative line of lubricants that are engineered to be high-calibre, energy efficient and environmentally friendly. Their products are specifically formulated to best fulfil the needs of varying applications, such as passenger cars, motorcycles, heavy duty, industry and marine.

With the added leverage from an expanded product family and relevant market definition, the division will continue to forge its standing as a one-stop centre to serve the needs of its growing customer base.

LAUNCH OF CASE AGENCY LINE

Sunway was appointed as the authorised full-line dealer for CASE construction equipment, a brand under capital goods conglomerate CNH Industrial. In 2016, this appointment was officiated with a launching ceremony involving representatives of both Sunway and CNH Industrial. The new partnership brings a full range of 39 CASE construction equipment to the domestic market for the first time. With the new appointment, CASE expands its footprint to Malaysia offering a comprehensive range of hydraulic crawler excavators as well as telescopic handlers, motor graders, vibratory compactors, wheel loaders and dozers. The partnership combines top-notch construction equipment by CASE with the outstanding after-sales and service support by Sunway, maximising machine uptime and optimising ownership and operations costs for customers.



WEICHAI POWER MINING TRUCK



EXN LUBRICANTS



OFFICIATION CEREMONY OF CASE CONSTRUCTION PARTNERSHIP

MANAGEMENT DISCUSSION AND ANALYSIS

ONBOARDING OF WINSTAR

The division is exploring methods to improve the operational efficiency of Winstar since its onboarding, with several strategic initiatives drawn out and implemented in 2016. The division has completed the merger of smaller companies, namely Rising Star, Star Bridge and Power Star Machinery into their scalable counterparts of Winstar Trading and Hsing Yeat, as a consolidation exercise for a more efficient corporate structure. Also, the division attained rental savings from moving the rented office and warehouse in Kepong to Hsing Yeat's warehouse in Rawang. Other streamlining activities involved the successful migration of their operations to the Group's Enterprise Resource Planning (ERP) system; and also the roll-in of these companies to Sunway's in-house support services centres.

CHALLENGES

The division faces an increase in inventory costs due to the weakening Ringgit and strengthening USD. The increased cost consequently may result in less competitive selling prices and lowered margins. In addition, potential trade protectionism in countries like the U.S. would have an adverse impact on trade sectors in Asia, particularly China, being the world's second largest economy by GDP. Any changes in the trade policy would affect trading activities in the Southeast Asian region, owing to the interdependency of the economies.

STRATEGIES

The division's vast distribution network is a key strength and will serve as a platform for growth, allowing Sunway to source for new "STAR" products. The division will focus on products with a high market share and offer high yield and growth potential, as well as environmentally friendly products which comply with the Green Building Index.

Sunway will also actively pursue manufacturing opportunities with its product principals. Developing in-house proprietary products and expanding the range of products through partnering with other branded products will enable the division to become a one-stop centre for high quality products to satisfy the customer's needs.

Post the acquisition of Winstar, the division will continue to explore opportunities for mergers, acquisitions and joint ventures to grow its portfolio. Through the acquisition of companies with related products, the division will be able to quickly grow its extensive regional network of branches and customer base, benefitting from the synergies extracted through the integration.

As the division grows with new acquisitions, the team seeks to deploy IT systems to streamline daily operations. The IT system will serve as an enabler to support and manage the division's diverse business units across 41 locations worldwide. The initiative will be a driving force in facilitating better work efficiencies and improve the level of satisfaction in delivery to its customers, suppliers and partners.

PROSPECTS

China's Belt and Road Initiative is a key policy to connect the nation and its trading partners. The prospect for countries in Asia playing a role in this initiative is encouraging, and China's anticipated investment in infrastructure will be a boost to economic growth. This could, in turn, present opportunities for the Group's Trading and Manufacturing division to supply resources for the construction of the new rails, roads, waterways, pipelines and highways. On commodities, the rebound in iron ore prices towards the end of 2016 could spur further activity in the mining, construction and automotive sectors in 2017, stimulating demand for the division's products.

The hoses and fittings segment will continue to leverage on the replicable nature of its business model to establish a strong geographic footprint. It will also focus on market expansion by introducing special material tubing required in the oil, gas and marine industry and new specialty hoses needed in the mining business. Another key initiative will be in the redesign of hydraulic fittings, both to meet the most stringent standards and improve total inventory management. The division will also target heavy equipment and construction machines OEM for hose assembly.

To be an integrated general hardware company and market leader in hardware distribution, retail and marketing, the industrial hardware segment will continue to channel efforts into a corporate consolidation exercise where it will merge High Traffic Outlet (HTO) businesses such as Winstar Enterprise, Multi Star Marketing and Power Star Hardware into Winstar Trading, for a more efficient corporate structure. It will also work closely with other segments to cross-sell Winstar products to underserved markets like East Malaysia to widen its customer base.

On an overall business unit level, the Trading and Manufacturing division will leverage on IT facilities to create a cohesive work environment and drive cost containment and better inventory management to improve the division's performance. Employee engagement and motivation will also be vital to keep employees focused and to improve productivity in a challenging environment.

QUARRY

KEY MILESTONES

THOROUGH COVERAGE OF THE PENINSULAR MARKET

Three new asphalt manufacturing plants were installed in Bukit Perak, Cheras and Masai during the year. The new asphalt plant in Bukit Perak and Cheras started operations in May and November 2016 respectively, while in Masai, operations commenced in December 2016. All three plants are currently running at a rated production capacity of 160 tonnes per hour each. These additions will ensure a continuity in supply, enhanced response time and lower transportation costs in catering to the local market. The expansion of the division's geographic footprint down south to Johor allows it to capitalise on the booming development and construction scene in Iskandar Malaysia, and also benefits the Group's developments in its third and largest integrated township, Sunway Iskandar that is located within the supply radius of the Masai plant.

Post expansion into Penang through the setting up of a quarry in Sungai Ara in 2015, the division continued to explore fresh opportunities within the peninsular. Quarry operations at the division's site in Semenyih began during the year. In tandem with the division's re-strategising initiative, a second crushing line was also installed at the existing Rawang site. Meanwhile, aged crushing plants will be progressively phased out through a staggered replacement programme. The additional crushing line is anticipated to support the uptake in demand for the Central region and has commenced production in September. The healthy number of quarries dotted strategically throughout each growth corridor will ensure good coverage of each local market. Currently the division has a growing number of quarries located in Sungai Ara, Kajang, Rawang, Paka, Cheras, Kuala Kangsar, Semenyih and Melaka.

IMPROVING PRODUCT MIX

The new asphalt batching plants were installed to offer better quality product mix, which include the Stone Mastic Asphalt (SMA) – for a dense and durable mix suitable for high-traffic roads, the Polymer Modified Asphalt (PMA) – for minimisation of moisture damage and thermal cracking and the Porous Mix Asphalt – for management of storm water through its porous features. The move towards batch plants, as opposed to drum mix, is timely in view of more stringent requirements by the authorities on better quality premix and to improve the flexibility in manufacturing. At present, five of the division's asphalt plants are batch plants, with plans to increase this further as the division gravitates towards more environmentally friendly production.

CHALLENGES

While the continued implementation of major construction and key infrastructure projects by local public corporations sustained the level of demand for aggregates and asphalt, it is critical for the quarry operators to capture the opportunities through timely quarries and plants installation close to development areas. Quarry operators face difficulty in the renewal of operation license due to tighter enforcement on quarries close to residential areas, particularly in urban cities in Selangor. Nevertheless, active expansion is imperative for the company to stay ahead of other industry players and to maintain and retain a larger market share in the competitive industry.

The division has, in the past, made strategic decisions to exit the quarrying operation in specific locations to minimise further losses. As prices of aggregates remain suppressed amidst a challenging market environment, the management will remain adaptable in ensuring efficient management of resources by redistributing them where needed to strengthen the profitability of the business.



SUNWAY'S NEW QUARRY IN SEMENYIH

MANAGEMENT DISCUSSION AND ANALYSIS



SUNWAY'S NEW ASPHALT PLANT IN CHERAS

STRATEGIES

To broaden its customer base, the division will continue to target various local councils' and government agency projects. These include road resurfacing works, maintenance and patchworks, as Sunway has the added ability to deliver an integrated range of asphalt and pavement overlay services. The division will also work in tandem with non-quarry based concrete operators to offer a consistent supply stream of ready mixed concrete for upcoming infrastructure and construction projects.

In line with Sunway's road map to be one of the top aggregates operator in the country, the division also plans to acquire further quarry sites. This involves the search and identification of quarry sites in strategic locations, which will reduce logistic costs and improve margins.

In terms of operations, the division strives for flexibility in manufacturing by pursuing various methods in product optimisation; varying production to cater to demand and to minimise production downtime and technical rectification.

PROSPECTS

Whilst prices for aggregates and asphalt remain suppressed, the prospect of an extensive roll-out of public infrastructure projects will support and fuel the sales performance of the division. The division will tap on these opportunities, presented by the string of major ongoing and upcoming infrastructure deals such as the East Klang Valley Expressway (EKVE), Sungai Besi – Ulu Kelang Expressway (Suke), Setiawangsa – Pantai Expressway (DUKE) Phase 3, Damansara – Shah Alam Elevated Expressway (DASH) and the Light Rail Transit (LRT) Bandar Utama – Klang Line.

Following the installation of three new asphalt plants in Johor, Selangor and Kedah, the division intends to scout for further locations along the North-South Highway to serve the development projects in the vicinity.

Come 2017, the division will fully exit its quarry operation in Paka following the expiry of the quarry lease contract. To ensure efficient redeployment of resources, the division will actively look into a new quarry proposition in the southern region as the population and development in Johor is expected to increase substantially within the next few years. The new site will also add a new supply source to Sunway's RM30.0 billion planned township development in Sunway Iskandar. The division also plans to collaborate with Sunway's in-house Property Development division to undertake quarry operations on development land. The collaboration between both divisions will allow synergistic value to be extracted while the division continues to source for new quarries.

BUILDING MATERIALS

KEY MILESTONES

DRIVING INNOVATION

To sustain a competitive advantage, Sunway's Interlocking Concrete Pavers ("ICP") business continued to innovate and develop new products through R&D initiatives. The division launched three new ranges of products, being the Wood Series Eurotiles, the Wood Series Pavers and the I Series Pavers. The new premium Wood Series Eurotiles mimic design aesthetics of real wood planks, and come with improved robustness without susceptibility to issues such as rotting, warping, splintering or peeling over time. These characteristics make it a suitable choice for landscape and architectural applications such as in pool decks, boulevards, garden landscapes and patios. Equally durable are the Wood Series Pavers. These new textured pavers resemble natural wood, and they offer an immediate use advantage as the paved area can be opened immediately to traffic upon the completion of laying.

The I Series Pavers, a larger dimension interlocking concrete paver, was also introduced in 2016. The 1000mm by 1000mm by 80mm dimension pavers is the largest dimension of interlocking pavers in the market and is suitable for walkways, jogging or bicycle tracks, public parks and pedestrian walkways in malls. The I Series Pavers come with higher compressive strength and durability, requiring minimal maintenance due to its hard wearing surface and is high skid resistant. Other proprietary products offered by the ICP business include Cobblepave, Geopave, Neupave, Prime Pavers, the R Series (Reflective Pavers), and the Z series (60mm pavers with 45MPa compressive strength).



WOOD SERIES PAVERS

BUSINESS EXPANSION

The Vitrified Clay Pipes ("VCP") business successfully commissioned a new shuttle kiln which began operation in June 2016. The completion of the new shuttle kiln comes at an opportune time to serve a production vacuum left as a result of the closure of a major competitor's business in December 2015. With the new kiln, production capacity increased to 55,000 tonnes per year, allowing Sunway VCP to service close to 80% of the domestic market demand. Significant capital expenditure was also expended on the upgrade of a setting and inspection line and is amongst the many improvements and developments made to enhance drying and firing yields. Sunway's VCP is now able to produce a full product range from DN150 to DN600 for fully glazed VCP and DN225 to DN500 for jacking pipes.

Meanwhile, the division marked its first venture in the Malaysian spun pile market with the set-up of a plant in Batang Kali, Selangor. The new plant has a capacity of 200,000 tonnes per annum and has the capability to produce piles of up to 600 mm in diameter. The expansion signifies the division's entry into the local spun pile market, following its flagship plant in Zhuhai, China in the pre-stressed high strength concrete ("PHC") spun piles segment. This new plant is set to meet the demands from the piling construction segment. Along with the advantage of a mature network of contractors and competitive sourcing, the division is confident of securing new businesses that will contribute positively to its earnings within its first full year of operation.

The division's Spun Pile operation in Zhuhai, China continues to show positive progress during the year, both in cost containment and efficient resource management. The business successfully secured two major overseas projects, namely the Temburong Bridge Project (Package CC4) in Brunei and the Kendari Nickel Iron Industrial Park Wharf Project Phase I in Indonesia. Further accreditation of the business by Malaysia SIRIM and Singapore RMC will spur sales into the Southeast Asia market in the future. The business now commands a market share of over 60% in the Guangdong large PHC spun pile market.

CHALLENGES

Demand for the division's products are, to an extent, dependent on the performance of the property industry. Sales of ICP and VCP to local housing developers were affected by the lower number of property launches throughout 2016. Nevertheless, contribution of specification works from the government and local council projects remain on an uptrend, with higher conversions recorded from premix roads to interlocking pavers. The ICP division continues to retain a market share of more than 70%.

Operationally, the team was challenged by increases in costs. The price of raw materials increased due to the significant depreciation of the Ringgit against USD and the imposition of Goods and Services Tax (GST). Higher labour costs also posed a challenge following the minimum wage directive.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGIES

Although the slowdown in the property market has affected orders, the Building Materials division is committed to differentiating itself from its competitors through the innovation and introduction of improved products to satisfy market demand. In line with the Group's aspiration to place greater emphasis on sustainable business practices, all of its production facilities focus on eco-friendly manufacturing, as in the manufacturing of the Fibre Reinforced Eco-Friendly Interlocking Concrete Pavers, which are Green Label, Green Building Index (GBI) and ISO9001:2008 / ISO14001:2004 accredited. In a bid to exemplify the industry's best practices, Sunway's ICP and VCP businesses are certified ISO14001 Environmental Management Systems and ISO9001 Quality Management Systems while Sunway Spun Pile is ISO9001 certified.

Cost increase will be managed through resourceful procurement and optimisation of asset utilisation to improve productivity and production yields. Continuous R&D will be conducted on preventive maintenance programmes and production processes to reduce wastage and drive efficiency. The division will also look into pursuing vertical integration of its supply chain to overcome dependency on suppliers and price fluctuations of raw materials.

Key to the sustainability of the business is the retention of key staff and the recruitment of strong talents. In 2016, Sunway's Building Materials division was voted as one of the Best Employers in Malaysia by global talent consultancy firm Aon Hewitt in partnership with Talent Corp Malaysia Bhd, demonstrating high employee engagement, effective leadership, a compelling employer brand and high performance culture.



SUNWAY'S NEW SPUN PILE PLANT IN BATANG KALI

PROSPECTS

Sunway's Building Materials division remains confident with the prospects of the industry and will look to expanding its presence to East Malaysia. The new plant will be the division's first foray outside the peninsular and is scheduled to commence operations by the end of 2017. Plans are in place to cater to the local housing developments, ports and sections of the Pan Borneo highway. Strategies to widen distributorship channels to Australia and Singapore will be also be a key catalyst in driving further growth for the division. The division will also continue to roll out new, innovative and efficient products and re-engineer existing ones to set itself apart from the other industry players and retain its market leadership position.

The VCP business maps out several goals to increase sales in the local and overseas markets. For the local market, it will focus on marketing its extensive range of products to drive increased conversion rates from HDPE and concrete pipes. The division will also continue to improve production processes and innovate on the fabrication of an improved joint system and optimum pipe length to enhance production, yield and cost efficiency. Overseas, countries such as Sri Lanka, Singapore, Hong Kong and Brunei are on the radar as potential export markets.

Sunway's Spun Pile segment strives to further strengthen and grow its market position in both Southern China and Southeast Asian countries, aligning to the division's vision of becoming a well-known PHC spun pile supplier in the region. Specific to its operations in Malaysia, the Spun Pile team will channel significant R&D efforts into optimising the manufacturing process of its spun piles in its new plant. Development plans are in place to adopt an efficient pile joint mechanism to accelerate the piling process. The division is also looking into improving concrete pumping workability through better mixed design formulation and to reduce wastage through stricter in-process quality control and recycling.

HEALTHCARE

KEY MILESTONES

NEW CENTRES OF EXCELLENCE

Sunway Medical Centre ("Sunway Medical") embarked on an expansion plan with the construction of a new 10-storey Tower C adjacent to its existing building. With the completion of the first phase of the development in 2016, Sunway Medical increased its number of Centres of Excellence ("CoE") to 23 with the opening of the one-stop Cancer & Radiosurgery Centre and Nuclear Medicine Centre in October, providing a full range of cancer treatment services to our patients. The new CoE brings together a diverse team of medical specialists and healthcare professionals including medical oncologist, clinical oncologist, oncology surgeon, medical physicist, radiation therapist, haematologist, pathologist, palliative care physician, clinical psychologist, radiologist, patient care coordinator, pharmacist, dietitian, physiotherapist, oncology nurses and counsellors to provide quality cancer care and medical treatment.

In conjunction with the expansion, Sunway recruited over 20 new consultants from various disciplines, strengthening the scope of medical services offered at the hospital. The new consultants possess extensive experience locally and overseas, with sub-specialty in niche areas such as Advanced Cardiovascular Imaging, Breast and Endocrine Surgery, Paediatric Rheumatology, Nuclear Medicine, Colorectal Surgery and Clinical Oncology.

The hospital is also undergoing various upgrades to its facilities and has invested in various state-of-the-art medical equipment to offer diverse care options for patients. At the Cancer & Radiosurgery Centre, Sunway Medical became the first hospital in Malaysia to install the TrueBeam™ STx system, a revolutionary innovation in cancer treatment. It expands radiotherapy treatment options for even the most challenging cancer cases in the lung, breast, head and neck, abdomen, liver and other regions. The system uses sophisticated 4D imaging to target and treat tumours with pinpoint accuracy. This is made possible by the system's sophisticated architecture, which synchronises imaging, patient positioning, motion management, beam shaping and dose delivery. The new Cancer Centre has already seen growth in number of patients, both domestic and international, a promising start for the division's aspiration to be a regional hub for advanced cancer treatment.

LEADING MEDICAL BREAKTHROUGHS

As information technology is expected to lead more medical breakthroughs, Sunway Medical became the first hospital in Malaysia to own the latest model of the da Vinci Robotic Surgical System, offering the most up-to-date robotic technology in surgery. The new da Vinci System features a magnified 3D high-definition vision system and tiny wristed instruments that can bend and rotate to a far greater degree than the human hand, enabling surgeons to operate with enhanced vision, precision and control. Robotic surgery offers many advantages to patients compared to open surgery, encompassing shorter hospitalisation, reduced pain and discomfort, faster recovery time and return to normal activities, smaller incisions resulting in reduced risk of infection, reduced blood loss and transfusions, and minimal scarring. Starting with urological and gynaecological cases, the da Vinci Surgical System is also capable of performing colorectal, Ear, Nose & Throat (ENT) and cardiac surgeries, all of which will be made available at Sunway Medical in the near future.

Sunway Medical is the first hospital in the Klang Valley to install the latest model of PET/CT scanner, a powerful imaging technique that combines both PET/CT scan using radioactive sugar as the tracer. The PET scan provides comprehensive information on the abnormal activity and function of cells whereas the CT scan gives the precise location of these abnormalities in the body. This results in a more accurate assessment of the patient's medical condition especially cancer, brain disorder, heart disease and infective or inflammatory disease. The hospital was also the first private facility in Malaysia to introduce the treatment of breast cancer patients with the Intraoperative Radiation Therapy (IORT), which has been proven to be as effective as external radiotherapy for patients with low risk breast cancer.



DA VINCI ROBOTIC SURGICAL SYSTEM

MANAGEMENT DISCUSSION AND ANALYSIS

MEDICAL COLLABORATIONS

Echoing Sunway Group's focus on continuous learning and training, Sunway Medical and Sunway University will collaborate to offer scholarships for healthcare professionals in the 12-month Harvard Medical School Southeast Asia Leadership Programme (SEAL). This partnership with Harvard Medical School will position Sunway as a regional healthcare hub, benefitting medical care practitioners in this geographical domain. Plans are also in place to build a molecular lab, in a step towards a collaboration with world-class universities such as Cambridge and Oxford to pursue cutting-edge approaches in areas such as genomics and precision medicine. The hospital is an existing base for clinical attachment and training for undergraduate medical, pharmacy, nursing and allied health students.

Following the success of four General Practitioners (GP) Symposiums, Sunway Medical organised its fifth symposium titled 'Foresight in Ophthalmology'. Over 150 medical practitioners attended the forum where Sunway Medical's team of ophthalmologists shared a range of eye-related topics with the participants. Sunway Medical also hosted the 2nd Malaysian Telemedicine Conference, themed 'Shaping Tomorrow's Healthcare Today'. The conference provided a platform for key stakeholders such as policy makers, industry players, academia, medical practitioners and medical providers to deliberate, discuss and work together on main issues and challenges faced in the field of telemedicine in the country.

CHALLENGES

The healthcare industry continued to be competitive with the burgeoning of new hospitals and diagnostic centres, as well as the expansion of existing hospitals nationwide. General Practitioners (GP) clinics also contended for market share by broadening their scopes of services to further include health screenings and industrial nursing services.

Human capital retention is another key challenge to operations. Consultants and other medical professionals were presented with more career options with the increasing availability of medical institutions. There had also been a shift in career mindset where consultants ventured into establishing their own medical consultation firms, causing a shortage of options and coverage in particular disciplines. Challenges were also faced in recruiting experienced nurses due to deterioration of training quality in local nursing schools and talent drain to Middle Eastern countries, Australia and Singapore.

The volatility of the Ringgit subjected the industry to higher costs for international marketing initiatives and the purchases of imported medical equipment. It was also less of a pull factor to attract overseas-trained Malaysian consultants to return and practise locally.



NUCLEAR MEDICINE CENTRE, A NEW CENTRE OF EXCELLENCE

STRATEGIES

To address the competitive healthcare space, the Healthcare division has set up several strategic plans to strengthen the brand quality and image of the hospital and demonstrate strong clinical governance. In the second periodic review by the Australian Council on Healthcare Standards ("ACHS") in April 2016, Sunway Medical received a highly regarded rating of Extensive Achievement on Medication Management and Credentialing and Privileging system, demonstrating the hospital's credibility in providing safe and quality patient care of international standard. The hospital remains committed to maintaining its certification from the ACHS. Apart from international accreditation, Sunway Medical will continue to meet all the safety standards and safety requirements through supporting continuous quality improvements and safety in healthcare to maintain its fifth cycle of the Malaysian Society Quality in Health (MSQH) Accreditation come February 2017. The hospital stresses on the importance of quality, serving to elevate itself as a preferred provider of healthcare services amongst the public.

On tackling the issue of the volatile currency and the impact it has on the local market, Sunway Medical is diversifying by building up regional presence and expanding its international patient base to serve a wider market. Sunway Medical is seeking new market penetration, catering to the strong demand from overseas. At present, Sunway Medical serves patients from over 130 countries, recording growth in revenue from international patients. In Indonesia, a total of eight representative offices were set up and are now fully operational in the provinces of Jakarta, Surabaya, Bandung, Padang, Balikpapan, Semarang, Pekanbaru and Pontianak.

The hospital is also focused on the recruitment of disciplines in shortage, through various overseas and local channels such as the recruitment of experienced professional nurses. Various programmes and sponsorship of external training on latest practices through conferences, seminars and workshops are also conducted to upgrade the skills of these nurses. The hospital is also offering incentives to attract returning consultants from overseas. The expanded Sunway Medical will see a human capital expansion in terms of specialists from various disciplines to serve the needs of patients.



ARTIST'S IMPRESSION OF SUNWAY MEDICAL CENTRE, TOWER C

PROSPECTS

While the Cancer & Radiosurgery and Nuclear Medicine Centres have commenced operations on the Basement and Lower Ground floors of the 10-storey Tower C building, construction is still ongoing. The second phase is scheduled to begin operations in mid 2017. Upon completion, the addition of the new tower will set Sunway Medical Centre as one of the foremost private medical centres in Southeast Asia with a total of 618 beds, 200 consultation suites and 1,450 parking bays.

The Sunway Velocity Medical Centre will be a new comprehensive tertiary hospital incorporated within the Sunway Velocity integrated development. The new hospital is on track to open in end 2018 and will have a total of 240 beds.

The Healthcare division will also step up its pledge towards providing comfortable accommodation for in-house healthcare staff and professionals. Sunway Medical has commenced construction of three blocks of five-storey residential apartments, comprising 410 single rooms and suites with bathrooms, 190 twin sharing beds with shared bathrooms, and 189 parking bays, with expected completion in 2017. Each residential unit will be fully furnished and conveniently located near public transportation hubs.

MANAGEMENT DISCUSSION AND ANALYSIS

CAPITAL MANAGEMENT

Sunway's capital management strategy involves adopting and maintaining a prudent net gearing level, securing financing on favourable market terms, and adopting an active interest rate management strategy to manage the risks associated with interest rates. This includes managing the maturities of the borrowings to reduce refinancing risk and overall borrowing costs.

The Group operates a centralised treasury operation to primarily optimise the deployment of its financial resources and minimise the financing costs of its business operations. The centralised treasury operations also manages exposures to foreign currency risks through appropriate hedging strategies.

When the financing terms are favourable, the Group uses foreign currency denominated loans to take advantage of the lower effective interest rates, and mitigates the foreign currency exchange risk using cross-currency swaps.

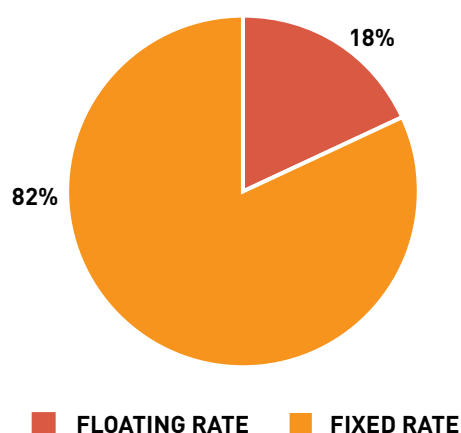
During the year, Malaysian Rating Corporation Berhad ("MARC") performed a review on the credit rating of the Group's private debt securities programmes. In recognition of the Group's financial strength, the credit rating assigned by MARC was maintained at MARC-1/AA-.

Although the Group continued to generate healthy cash flow from its business operations, its net borrowings increased marginally to RM3.3 billion in FY 2016. The borrowings was mainly used to finance the construction of investment property assets and new land acquisitions for property development during the year.

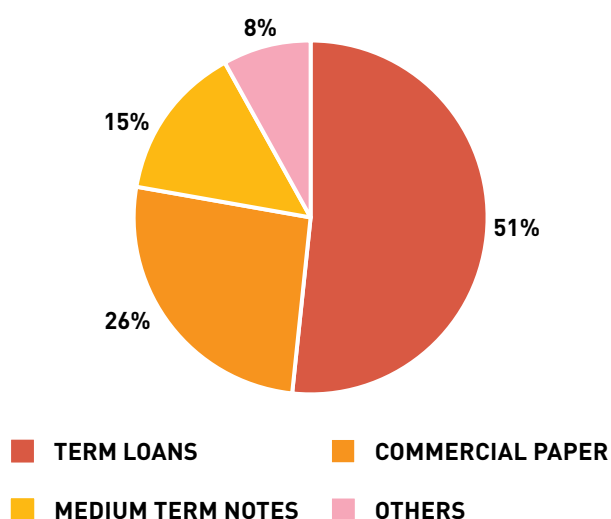
RM MILLION	FY2016	FY2015	FY2014
Gross borrowings	7,413.2	5,889.1	3,784.4
Cash and bank balances, and short-term investments	4,080.1	2,631.0	1,978.2
Net borrowings	3,333.1	3,258.1	1,806.2
Gross gearing ratio	0.90	0.82	0.60
Net gearing ratio	0.40*	0.45*	0.29
Shareholders' fund	7,469.7	6,562.7	5,936.4
Net assets per share (sen)	362.1	364.6	343.0

* The Group's borrowings in foreign currencies are always hedged using cross currency swaps. However, the translated borrowing amount in Ringgit is required to be marked-to-market at the prevailing exchange rate during the tenure of the loan. If based on the hedged borrowing amount, the net gearing ratio would be lower at 0.40 times as at 31 December 2015 and 0.34 times as at 31 December 2016.

FIXED VS FLOATING RATE BORROWINGS



SOURCES OF BORROWINGS



Others include bank overdrafts, revolving credits, bankers' acceptances, bills discounting and hire purchase.

RISK MANAGEMENT

Risk Management is an integral process in achieving the Group's business objectives. The Group continuously reviews the risk management framework and policies to ensure consistency and relevance with the businesses and market environments.

The Risk Management framework includes processes and policies aimed at addressing risks faced by the Group. This framework is consistent with ISO31000:2009 Risk Management – Principles and Guidelines, the Malaysian Code of Corporate Governance and Bursa Malaysia Securities Berhad's Listing Requirements.

Key risks for the Group and relevant mitigating action plans are disclosed below. For more details on the Group's Risk Management framework, kindly refer to the Statement of Risk Management and Internal Control on pages 142 to 145 of the Annual Report.

BUSINESS / MARKET RISK

Risks associated with an uncertain economy such as weaker trade and higher risk aversion sentiments resulting in reduction or moderation of investments and businesses.

Mitigation:

Direct mitigation for such macro risk is nigh impossible. The Group, however, holds leadership positions in a multitude of industries, chiefly driven by its core businesses of property and construction. Acquisition and investment proposals are therefore thoroughly examined and analysed prior to Board submission along with due diligence.

CURRENCY RISK

Risks arising from volatile foreign currency and exchange rates.

Mitigation:

To transfer foreign currency and exchange costs to customers could adversely impact present and potential customers. In mitigation, foreign currency hedging is performed to minimise the Group's exposure to this risk. A flexible pricing strategy is adopted to ensure and improve affordability and quality of the Group's products and services. The Group has also strategised its purchases to include foreign and local suppliers to ensure flexibility without sacrificing quality.

SUBDUED PROPERTY MARKET

This risk concerns the Group as decline in market conditions have a direct repercussion in revenue. Lacklustre economic growth has adversely affected demand for properties as well as oversupply of office space.

Mitigation:

In response to this, the Group has carved its mitigation plans to improve promotional and incentive efforts as well as value added services to enhance the competitive advantage of the Group's developments. Planning and phasing of new developments will continue to be demand-driven, value integrated with a balance of progress and sustainability to enable higher take up rates.

CYBER & IT RISK

This risk, if left unattended, could result in the unauthorised disclosure of sensitive business information, resulting in financial or reputational loss. It could also result in the disruption of critical business processes.

Mitigation:

To mitigate this risk, various policies, resources, processes and systems have been developed and deployed. The Group-wide Information Security policy, called the SISP (Sunway Information Security Policies), was developed in accordance with ISO/IEC 27002 (2005) standards. In addition, continuous initiatives are in place to enhance cyber defense capabilities and IT resiliency of the Group.

HUMAN CAPITAL

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

Mitigation:

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

REPUTATION

Risks where the Group's reputation could be potentially damaged by one or more events, resulting in negative publicity and impairing public confidence towards the Group such as litigation suits and adverse events, even if the Group is not found liable.

Mitigation:

The Group's operating subsidiaries continue to observe this risk which may rise from a myriad of events. Mitigating controls include documented escalation mechanism to respond effectively and efficiently to ensure minimal business disruption and reputational impact.

PROJECT COMPLETION

As the Group strives to maintain its position among the country's top property developers and Sunway Construction Group Berhad as Malaysia's largest listed pure play construction company by revenue, this risk is perennial and holds a significant weight in risk analysis.

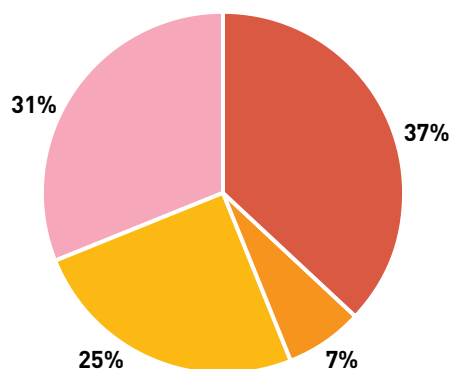
Mitigation:

However, the Group has successfully negated such risks for the financial period with effective and constant project monitoring and supervision, in addition to efficient procurement of necessary resources to mitigate potential delays and claims.

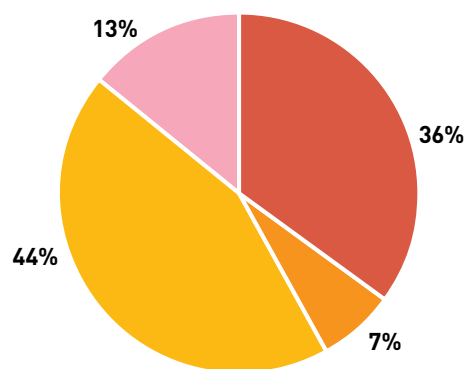
VALUE ADDED STATEMENT

FINANCIAL YEAR ENDED	2016 (RM'000)	2015 (RM'000)
VALUE ADDED		
Total Turnover	4,655,592	4,448,390
Purchases of goods and services	(2,870,232)	(2,945,933)
VALUE ADDED BY THE GROUP	1,785,360	1,502,457
Share of profits of associates	124,909	201,832
Share of profits of joint ventures	66,977	68,111
Net gain on revaluation of investment properties	84,484	175,795
TOTAL VALUE ADDED	2,061,730	1,948,195
RECONCILIATION:		
Profit for the year	718,598	799,423
Add: Depreciation and amortisation	137,153	117,347
Finance cost	167,903	124,479
Staff costs	764,967	709,033
Taxation	140,394	130,939
Minority Interests	132,715	66,974
TOTAL VALUE ADDED	2,061,730	1,948,195
VALUE DISTRIBUTED		
Employees		
Salaries and other staff costs	764,967	709,033
Government		
Corporate Taxation	140,394	130,939
Providers of capital		
Dividends	219,459	656,731
Finance Costs	167,903	124,479
Minority Interest	132,715	66,974
Reinvestment and growth		
Depreciation and amortisation	137,153	117,347
Income retained by the Group	499,139	142,692
TOTAL DISTRIBUTED	2,061,730	1,948,195

VALUE DISTRIBUTED 2016

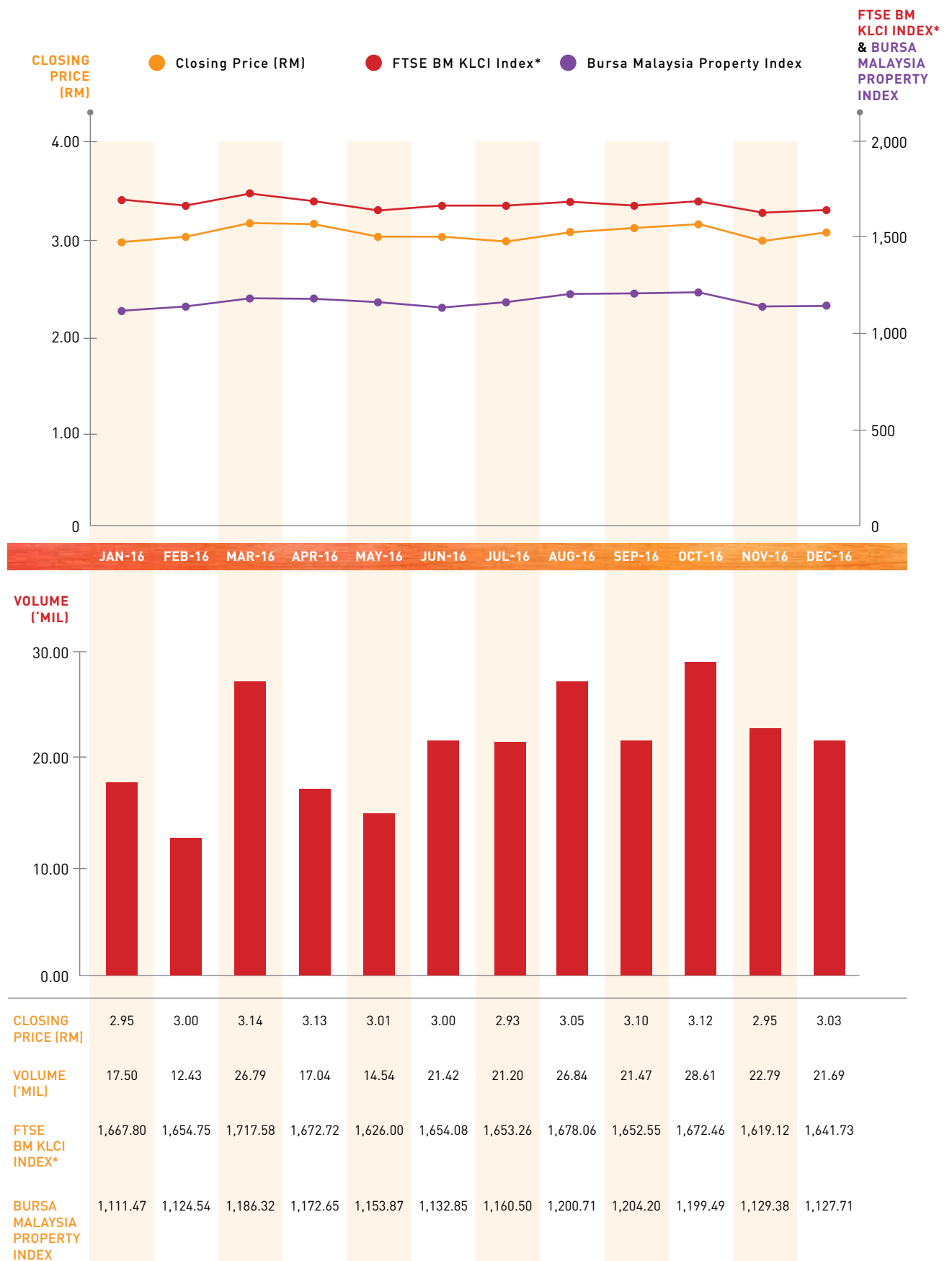


VALUE DISTRIBUTED 2015



■ EMPLOYEES
 ■ GOVERNMENT
 ■ PROVIDERS OF CAPITAL
 ■ REINVESTMENT & GROWTH

SHARE PERFORMANCE



*Financial Times Stock Exchange Bursa Malaysia Kuala Lumpur Composite Index

THE PREMIER MULTI-PARK DESTINATION

Sunway's Leisure division prides itself in delivering fun to its patrons of all ages through its two premier multi-park attractions – Sunway Lagoon in Sunway City and The Lost World Of Tambun in Sunway City Ipoh. Sunway Lagoon has more than 90 attractions throughout its six signature parks and is home to Asia's first Nickelodeon-themed attraction. The Lost World Of Tambun is a unique park located within an enclave surrounded by lush greenery and 260-million-year-old limestone hills. Attracting more than 2.2 million visitors in 2016, these leisure hubs are set to excite further with the upcoming celebration of Sunway Lagoon's 25th anniversary in 2017.

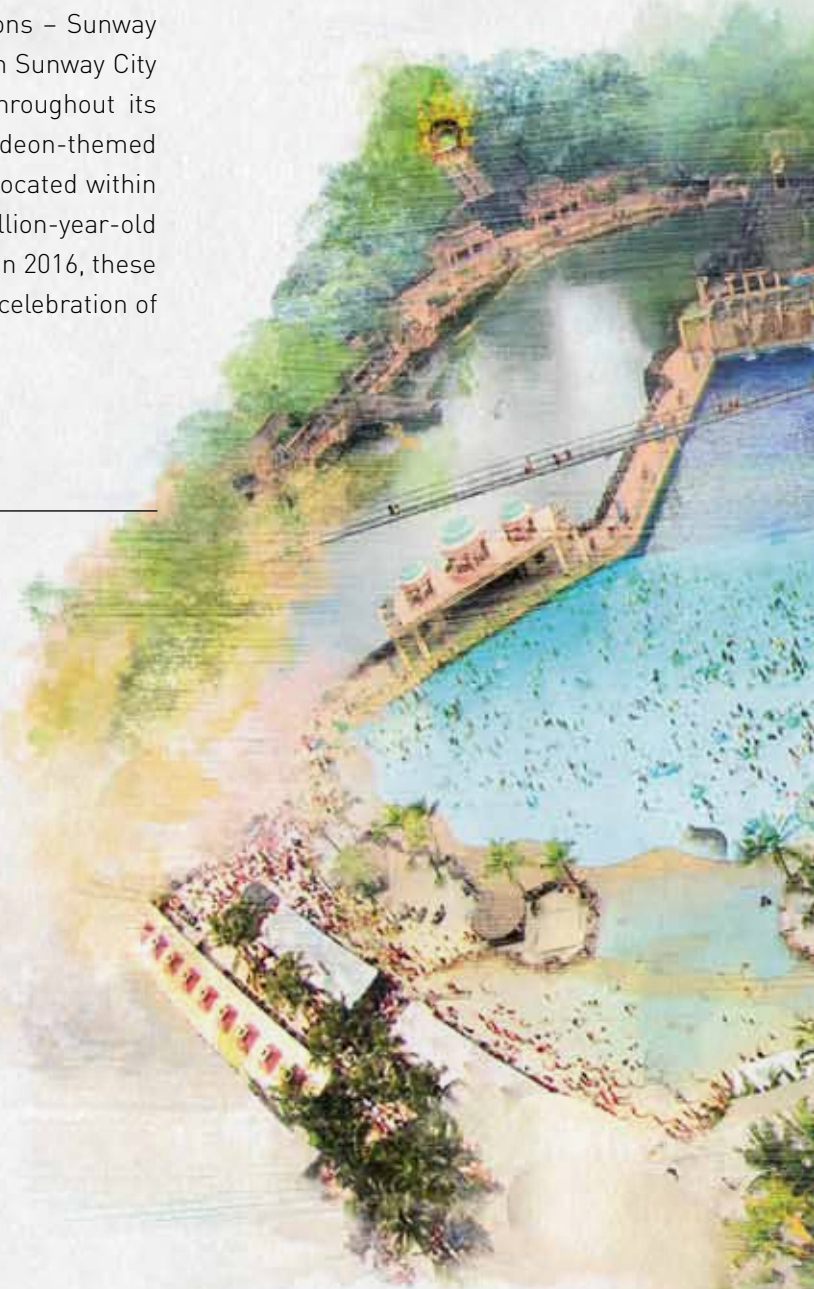
EXEMPLARY LEADERSHIP

80

PROFILE OF BOARD OF DIRECTORS

90

PROFILE OF SENIOR MANAGEMENT





SUNWAY LAGOON AT SUNWAY CITY

PROFILE OF BOARD OF DIRECTORS

TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO

EXECUTIVE CHAIRMAN, NON-INDEPENDENT EXECUTIVE DIRECTOR

MALAYSIAN, MALE

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, aged 72, is the Founder and Executive Chairman of Sunway Group, one of Malaysia's most formidable property-construction groups, with a multitude of established businesses in more than 50 locations worldwide.

A business and accounting graduate of Victoria University in Melbourne, Australia, Tan Sri Dr Jeffrey Cheah began his career as an accountant at a motor assembly plant in Malaysia. In 1974, he founded and started Sunway Group.

He has been conferred ten (10) honorary doctorates by leading universities worldwide. In 2007, Tan Sri Dr Jeffrey Cheah established the eponymous "Jeffrey Cheah Foundation" and in 2009, he transferred the ownership of Sunway Education Group in its entirety together with its subsidiaries worth more than RM720 million to the Jeffrey Cheah Foundation ("JCF"). Sunway Education Group comprises, inter alia, Sunway University, Sunway College, Monash University Malaysia, Jeffrey Cheah School of Medicine and Health Sciences and Sunway International School. JCF was officially launched by the Prime Minister of Malaysia on 18 March 2010 in the presence of its foundation's patron, His Royal Highness Sultan of Selangor. To-date, JCF has awarded more than RM270 million worth of scholarships to thousands of deserving students.

In 2016, Tan Sri Dr Jeffrey Cheah became the first Malaysian to receive the Singapore-based Channel NewsAsia Lifetime Achievement Luminary Award, in recognition of his contributions to the business world and lifelong dedication to sustainable development and education.

In November 2015, Tan Sri Dr Jeffrey Cheah was appointed a member of Putrajaya Higher Education Task Force for a period of 2 years to review and transform the higher education system of Malaysia.

In August 2014, Tan Sri Dr Jeffrey Cheah received a special invitation to be a member of the Global Advisory Council of Harvard University from The President of Harvard University. In recognition of Tan Sri Dr Jeffrey Cheah's continued commitment to Harvard, he was also bestowed the membership on Harvard's COUR- the Committee on University Resources, among a select group of benefactors, to strengthen university resources through the unique power of philanthropy.

In October 2013, Tan Sri Dr Jeffrey Cheah was bestowed The Edge Malaysia Outstanding Property Personality Award 2013 for his meritorious contribution to Malaysia's property industry. His stalwart leadership continues to solidify Sunway's position in the market as an innovative, trusted and reputable property player.

With generous endowments, Tan Sri Dr Jeffrey Cheah through JCF has forged academic ties with Harvard University in July 2013 to establish the Jeffrey Cheah Professorship, the Jeffrey Cheah Funds for Southeast Asia Studies, the Jeffrey Cheah Visiting Professorship and the Jeffrey Cheah Travel Grants, in perpetuity.

In February 2013, Tan Sri Dr Jeffrey Cheah was conferred the Honorary Assistant Commissioner of Police title by Malaysia's Inspector-General of Police for his commendable efforts in crime awareness and prevention as Chairman of Malaysia Crime Prevention Foundation (Selangor Chapter).

He received 2012 Honorary Gold Award, a top honour from the Royal Rotary Club of Kuala Lumpur, in recognition of his leadership and development of education and research in Malaysia. Prior to that, he was conferred the Honorary Fellow 2012 by the Malaysian Scientific Association (MSA) for his meritorious contribution to the development of science education, as well as for his overall contribution in the advancement of science and technology in Malaysia.

In December 2011, Tan Sri Dr Jeffrey Cheah was appointed to Malaysia's education panel to review the nation's education system by the Minister of Education. He is the Founding Trustee of the Board of Mahathir Science Award Foundation, Razak School of Government and the Perdana Leadership Foundation. He is among Malaysia's leading givers who made Forbes Asia's Heroes of Philanthropy list 2009.

In 2008, Tan Sri Dr Jeffrey Cheah was appointed Officer of the Order of Australia ("AO") by the Prime Minister of Australia. AO is one of Australia's most prestigious and highly regarded awards conferred to a non-citizen of Australia. In the same year, he was appointed Chairman of Malaysia Crime Prevention Foundation (MCPF) Selangor Chapter, by the Deputy Prime Minister and Chairman of MCPF Malaysia. He is also the Chairman and Co-Founder of Asian Strategy & Leadership Institute ("ASLI").

OTHER ACHIEVEMENTS AND APPOINTMENTS OF TAN SRI DR JEFFREY CHEAH INCLUDE:

- 2016** - Recipient of the Victoria University Distinguished Alumni Award.
- Conferred Malaysian Institute of Management's (MIM) Malaysian Leadership Excellence Award.
- 2015** - Founding Chair for the Malaysian 30% Club.
- Conferred Honorary Fellow by the Institution of Engineers, Malaysia (IEM).
- Best Chief Executive Officer for IR (Mid Cap) by the Malaysian Investor Relations Association.
- 2014** - President's Award by Malaysia Institute of Planners (MIP).
- Prominent Player Award by Construction Industry Development Board (CIDB) Malaysia.
- 2013** - Appointed as Council Member of United Nations Sustainable Development Solutions Network (UNSDSN).
- 2012** - Appointed as Permanent Honorary President to the Federation of Hakka Associations Malaysia, in appreciation of his invaluable contributions to the Associations.
- 2007** - Monash University School of Medicine and Health Sciences was named after Tan Sri Dr Jeffrey Cheah in appreciation of his contribution to Monash University Malaysia and Malaysia-Australia bilateral ties.
- 2006** - His Royal Highness Sultan of Selangor installed him as the Foundation Chancellor of Sunway University.
- 2002** - Deputy President of National Kidney Foundation of Malaysia.
- First non-Malay Honorary Member of Kuala Lumpur Malay Chamber of Commerce.
- 1999** - Founding Trustee of Malaysian Liver Foundation.
- 1997** - President of Malaysian Hakka Association (until 2004).
- Council Member of the Financial Reporting Foundation, Malaysia.
- 1996** - Appointed by the Minister of Education to the Higher Education Council of Malaysia.
- Chairman of Malaysian Industry-Government Group for High Technology for Construction and Housing.
- EXCO member of the Malaysian Tourism Action Council.
- 1990** - Director of National Productivity Centre, Malaysia

Other awards bestowed upon Tan Sri Dr Jeffrey Cheah include Property Man of the Year (Malaysia) in 1993, CEO of the Year (Malaysia) in 1996, Paul Harris Fellow Award in 2002 and Asia's Most Innovative Chinese Entrepreneur Award 2005.

Tan Sri Dr Jeffrey Cheah was appointed to the Board of Sunway on 22 November 2010. He also serves as a Member of the Remuneration and Employees' Share Option Scheme Committees.

His directorships in other public companies are Jeffrey Cheah Foundation, Mahathir Science Award Foundation, Razak School of Government and Perdana Leadership Foundation.



PROFILE OF BOARD OF DIRECTORS

TAN SRI DATUK SERI RAZMAN M HASHIM**DEPUTY EXECUTIVE CHAIRMAN, NON-INDEPENDENT EXECUTIVE DIRECTOR**

MALAYSIAN, MALE

Tan Sri Datuk Seri Razman, aged 77, completed his early secondary education in Australia. He studied banking where he became a Member of Australian Institute of Bankers. He has more than 39 years of experience in the banking industry.

Upon his return to Malaysia, Tan Sri Datuk Seri Razman joined Standard Chartered Bank Malaysia Berhad as an Officer Trainee in 1964. Throughout his 34 years of banking experience in Standard Chartered Bank Malaysia Berhad, he served with the bank's offices in London, Europe, Hong Kong and Singapore. In 1994, he was appointed as Executive Director/Deputy Chief Executive of Standard Chartered Bank Malaysia Berhad until his retirement in June 1999. In the same month in 1999, he was appointed as Chairman of MBF Finance Berhad by Bank Negara Malaysia as its nominee until January 2002 when the finance company was sold to Arab-Malaysian Group.

Tan Sri Datuk Seri Razman was appointed to the Board of Sunway on 17 June 2011.

His directorships in other public companies are Jeffrey Cheah Foundation, SILK Holdings Berhad, Berjaya Land Berhad, MAA Group Berhad, MAA Takaful Berhad and Mycron Steel Berhad. He is the Alternate Trustee to Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling in Perdana Leadership Foundation.



DATO' CHEW CHEE KIN

PRESIDENT, NON-INDEPENDENT EXECUTIVE DIRECTOR

MALAYSIAN, MALE

Dato' Chew, aged 71, graduated with a Bachelor of Economics (Honours) Degree from University of Malaya in 1974. He had attended the Program in Management Development at Harvard Business School in 1980.

Dato' Chew started his career as a Trainee Executive in UMW (Malaya) Sdn Bhd in 1974. Prior to joining Sunway Group, he was the General Manager of UMW (Malaya) Sdn Bhd. He joined the Sunway Group in 1981 as the General Manager. In 1984, he was promoted to the Group General Manager (Operations) and was subsequently promoted to Deputy Group Managing Director (Operations) in 1989. In 1995, he was promoted to Group Managing Director and to President in 1999. He has more than 30 years' experience in general management, quarrying, construction, building materials, trading and manufacturing businesses.

Dato' Chew was appointed to the Board of Sunway on 17 June 2011 and he also serves as a Member of the Employees' Share Option Scheme Committee.

His directorship in other public companies are Gopeng Berhad and Sunway Construction Group Berhad.



PROFILE OF BOARD OF DIRECTORS

SARENA CHEAH YEAN TIH, S.M.S.**EXECUTIVE DIRECTOR, NON-INDEPENDENT EXECUTIVE DIRECTOR**

MALAYSIAN, FEMALE

Ms Sarena Cheah, aged 42, graduated with a Bachelor of Commerce (Accounting and Finance) from the University of Western Australia in 1994. She obtained her Masters in Business Administration from Melbourne Business School in 2001 and is also a member of the Association of Chartered Certified Accountants (ACCA) and Capital Markets Services Representative's Licence (CMRSL) holder.

Ms Sarena Cheah started her career with the Sunway Group since 1995 and served under various roles in the Corporate Finance, Internal Audit and Business Development departments. In 2006, she was made General Manager for Sales & Marketing of the Group's Property Development division before assuming the position of Director of Strategy & Corporate Development in 2009, during which she oversaw the successful merger and integration of Sunway Holdings Berhad and Sunway City Berhad. In May 2013, she was appointed as Joint Managing Director of Property Development Division, Malaysia/Singapore and subsequently, took on her current position as Managing Director of Property Development Division of Sunway in May 2015. She has led Sunway's property arm to multiple achievements including being ranked as Malaysia's Top Property Developer by The Edge Top Property Developer Awards since 2014.

Ms Sarena Cheah was appointed to the Board of Sunway on 18 November 2010. She serves as a Member of the Employees' Share Option Scheme Committee. She is also a Board Member of Sunway REIT Management Sdn Bhd, the Manager of Sunway Real Estate Investment Trust.

Her directorships in other public companies are SunREIT Capital Berhad and SunREIT Unrated Bond Berhad.



WONG CHIN MUN

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

MALAYSIAN, MALE

Mr Wong, aged 72, graduated with Bachelor of Business (Accounting) Degree and Bachelor of Business (Secretarial Administration) Degree from Curtin University, Australia in 1972. He is a Fellow of Australian Society of Certified Practising Accountants. He is also a Member of Malaysian Institute of Accountants. He had attended the Senior Executives Program at International Management Imede Development at Lausanne, Switzerland in 1982. He also attended JUSE International Program for Total Quality Control for Top Management in Tokyo by Japanese Union of Scientists and Engineers in 1993. He is a certified senior coach and trainer of Vistage International of U.S.

Mr Wong worked as the Financial Controller/Company Secretary in Yeo Heap Seng Bhd from 1974 to 1975. He then joined Nylex (Malaysia) Berhad ("Nylex") as the Financial Controller/Company Secretary in January 1976 and became the first local General Manager/Director of Nylex in 1980. He was promoted to the position of Managing Director in 1985 and left Nylex at the end of June 1994 to found TEC Asia Centre, an international organisation which aims to help chief executive officers manage change and grow their businesses.

Mr Wong had served on the National Export Council under the Ministry of International Trade & Industry from 1989 to 1992. He also served on the Board of Trustees of Malaysian Rubber Export Promotion Council from 2000 to 2002. Currently, he is the Chairman of the FMM-MIER Business Conditions Survey and a member of the FMM Strategic Policies Committee.

Mr Wong was appointed to the Board of Sunway on 17 June 2011. He also serves as Chairman of the Audit and Employees' Share Option Scheme Committees as well as a Member of the Nomination and Remuneration Committees.

His directorship in other public company is Khind Holdings Berhad.



PROFILE OF BOARD OF DIRECTORS

LIM SWE GUAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

SINGAPOREAN, MALE

Mr Lim, aged 62, holds a Bachelor of Science (Estate Management) Second Class Honours Degree from University of Singapore and a Master of Business Administration from Darden School of Business, University of Virginia, United States of America. He is a Chartered Financial Analyst and a Member of Chartered Financial Analyst Institute. Among his achievements were the gold medals won from Singapore Institute of Valuers and Singapore Institute of Surveyors.

Mr Lim started his career as a Land Officer in Urban Redevelopment Authority of Singapore in 1979. He was a Director of Jones Lang Wootton Australia from 1989 to 1995 and a Portfolio Manager, Property Division in Suncorp Investment Management in 1995. He joined GIC Real Estate Pte Ltd in 1997 and was a Managing Director of GIC Real Estate Pte Ltd, the real estate investment arm of Government of Singapore Investment Corporation Pte Ltd (now known as GIC Private Limited) before retiring on 18 February 2011.

Mr Lim was appointed to the Board of Sunway on 17 June 2011 and he also serves as Chairman of the Nomination Committee as well as a Member of the Audit and Remuneration Committees.

He has no directorship in other public companies in Malaysia.



DATUK SERI YAM KONG CHOY

INDEPENDENT NON-EXECUTIVE DIRECTOR

MALAYSIAN, MALE

Datuk Seri Yam, aged 63, graduated in Building and Management Studies from the University of Westminster, United Kingdom in 1979. He is qualified as a Fellow of the Chartered Institute of Building and also a Fellow of the Royal Institution of Chartered Surveyors.

He had an illustrious career spanning more than 30 years in the construction, real estate and corporate sectors with the last 12 years until 2008 helming 2 different award winning public listed property companies as their Chief Executive Officer.

During his stewardship of these 2 companies and prior to that in top management positions with various organizations, he was actively involved in the development and management of hotels, resorts, shopping malls, golf estates, international schools and various mixed developments not only in Malaysia but also in Australia, United Kingdom and South Africa.

After stepping down from full time employment in 2008, he established a private equity, corporate and project management consultancy known as Impetus Alliance Advisors Sdn Bhd to provide advisory services to the industry. He is a trustee of the Standard Chartered Foundation and until recently, the only Asian elected onto the Board of Trustees of UK based Chartered Institute of Building. He is also appointed as the Chairman of InvestKL Corporation, a Government initiative established to attract large global multinationals to invest and set up regional headquarters in Greater Kuala Lumpur and Klang Valley apart from being an independent non-executive director of Kwasa Land Sdn Bhd, a wholly owned subsidiary of Employees Provident Fund Board. He is the Immediate Past President and also Patron of the Real Estate and Housing Developers' Association of Malaysia.

Datuk Seri Yam was appointed to the Board of Sunway on 17 July 2013. He also serves as Chairman of Remuneration Committee as well as a Member of the Audit and Nomination Committees.

His directorships in other public companies are Malaysia Airports Holdings Berhad, Paramount Corporation Berhad, Standard Chartered Bank Malaysia Berhad, Standard Chartered Saadiq Berhad, MRCB International Berhad and Cahya Mata Sarawak Berhad.



PROFILE OF BOARD OF DIRECTORS

TAN SRI DATO' DR. LIN SEE YAN

INDEPENDENT NON-EXECUTIVE DIRECTOR

MALAYSIAN, MALE

Tan Sri Dato' Dr. Lin aged 77 is an independent strategy and financial consultant. Qualified as a Chartered Statistician, he graduated from the University of Malaya in Singapore and Harvard University (where he received three degrees, including a PhD in Economics). He is also a British Chartered Scientist, London; Professor of Economics (Adjunct), Universiti Utara Malaysia; Professor of International Finance & Business (Adjunct), Universiti Malaysia Sabah as well as an Eisenhower Fellow and a Fellow of the IMF Institute (Washington DC); Royal Statistical Society (London); Malaysian Institute of Bankers; Malaysian Insurance Institute (Hon.); Malaysian Institute of Management and Malaysian Economic Association. He is also a Distinguished Fellow of the Institute of Strategic and International Studies.

Tan Sri Dato' Dr. Lin has a long and distinguished history of service with the Government of Malaysia and the private sector. He was Chairman/President and Chief Executive Officer of the Pacific Bank Group and for 14 years previously, Deputy Governor of Bank Negara Malaysia, having been a central banker for 34 years. Tan Sri Dato' Dr Lin continues to serve the public interest after his retirement, some current appointments include Member of the Prime Minister's Economic Council Working Group; key member of Steering Committees at the Ministry of Higher Education; member of the Asian Shadow Financial Regulatory Committee; Governor, Asian Institute of Management, Manila; Director, Monash University Malaysia Sdn Bhd; Chairman Emeritus, Harvard Graduate School Alumni Council at Harvard University in Cambridge (USA); President of Harvard Club of Malaysia and Economic Advisor to the Associated Chinese Chambers of Commerce & Industry Malaysia. In addition, he is a Trustee of the Tun Ismail Ali Foundation (PNB), Harvard Club of Malaysia Foundation, Malaysian Economic Association Foundation, Jeffrey Cheah Foundation and Program Pertukaran Fellowship Perdana Menteri Malaysia.

Tan Sri Dato' Dr. Lin was appointed to the Board of Sunway on 18 March 2015. He also serves as a Member of the Audit, Nomination and Remuneration Committees.

His directorships in other public companies are Genting Berhad, Wah Seong Corporation Berhad, IGB REIT Management Sdn Bhd (Manager for IGB REIT), Jeffrey Cheah Foundation and Ancom Berhad.



Notes:

1. Family Relationship with Director and/or Major Shareholder

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling who is the Executive Chairman and major shareholder of Sunway, is the father of Sarena Cheah Yean Tih, the Executive Director.

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

2. Conflict of interest

- (a) Tan Sri Datuk Seri Razman M Hashim is a Director of Berjaya Land Berhad and its subsidiaries, Selat Makmur Sdn Bhd and FEAB Properties Sdn Bhd of which principal activities are similar to Sunway Group, which include property development and investment holding.
- (b) Dato' Chew Chee Kin is a Director and shareholder of Sunway. He is also a Director and shareholder of Sunway Global Limited of which principal activities are investment holding and provision of management services. Sunway Global Limited is a 98.8% owned subsidiary of Sunway Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of Sunway.
- (c) Datuk Seri Yam Kong Choy is a Director of Paramount Corporation Berhad, Samalaju Property Development Sdn Bhd and Kwasa Land Sdn Bhd of which principal activity is similar to Sunway Group which include property development.

Save as disclosed above, none of the other Directors has any conflict of interest with Sunway Group.

3. Conviction for Offences

None of the Directors has any conviction for offences within the past 5 years other than traffic offences (if any) nor public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

4. Attendance of Board Meetings

The attendance of the Directors at Board Meetings held during the financial year ended 31 December 2016 is disclosed in the Corporate Governance Statement.

PROFILE OF SENIOR MANAGEMENT



DATO' TAN KIA LOKE

SENIOR MANAGING DIRECTOR – CHAIRMAN'S OFFICE
MALAYSIAN, MALE
BACHELOR OF SCIENCE (HON) DEGREE IN
CIVIL ENGINEERING,
UNIVERSITY OF STRATHCLYDE, UNITED KINGDOM

Dato' Tan, aged 66, was appointed as Senior Managing Director to Chairman's Office on 1 January 2015.

He is a Civil Engineer by profession. He joined Sunway Group in 1981. He was the Senior Managing Director of Sunway Construction Sdn Bhd and was appointed as Head of Property and Construction Division on 1 January 2013 after the merger of Sunway Holdings Berhad and Sunway City Berhad in August 2011. His key role was to synergise and enhance the full potential values in the Group's core property and construction collaborations. Thereafter, he is re-designated as Senior Managing Director to the Chairman's Office to support the Chairman of Sunway Group in areas of new business ventures, strategic partnerships and collaborations.

In 2006, he was awarded the CEO of the Year by the Malaysian Construction Industry Excellence Award (MCIEA) and he is currently the Honorary Advisor of Master Builders Association Malaysia.

He is also a Board and EXCO Member of Malaysian South-South Corporation Berhad.



EVAN CHEAH YEAN SHIN

EXECUTIVE VICE PRESIDENT – PRESIDENT'S OFFICE,
CHIEF EXECUTIVE OFFICER – CHINA;
MALAYSIAN, MALE
BACHELOR'S DEGREE IN COMMERCE AND
BACHELOR'S DEGREE IN BUSINESS SYSTEMS,
MONASH UNIVERSITY

Mr Evan Cheah, aged 37, was appointed as Executive Vice President – President Office on 1 March 2015.

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

In 2011, Mr Evan Cheah was designated Chief Executive Officer of Sunway Group's China operations, responsible for the China Corporate Office and the development of new business opportunities for the Sunway Group in China. In 2013, he assumed the additional role of Executive Director in the President's Office of Sunway, assisting the Group President in overseeing the Trading & Manufacturing, Building Materials, Quarry and Information Technology businesses. He was subsequently redesignated as Executive Vice President – President Office with additional role of assisting the President's Office to identify potential business growth opportunities for Sunway Group and driving the Group synergy.

Mr Evan Cheah is a Chartered Financial Analyst Charterholder, a Certified Practising Accountant and a Member of Malaysian Institute of Accountants.

He sits on the Board of Sunway Construction Group Berhad.



CHONG CHANG CHOONG

CHIEF FINANCIAL OFFICER
MALAYSIAN, MALE
BACHELOR OF ARTS (HONOURS) IN ECONOMICS
AND ACCOUNTING,
UNIVERSITY OF NEWCASTLE UPON TYNE, ENGLAND

Mr Chong, aged 58 was appointed as Chief Financial Officer on 1 May 2013.

In 1980, Mr Chong started his career as an Article Clerk in Robson Rhodes, a chartered accountant firm in London. He returned to Malaysia in 1984 and he was a Corporate Banking Officer with Bumiputera Merchant Bankers Bhd. Subsequently, he held various positions in different financial institutions, including John Hancock Life Insurance Berhad and DMG K&N Kenanga Berhad. His last position prior to joining Sunway Group was the General Manager – Investments of Public Mutual Berhad from 1995 to 2004. Under his guidance, Public Mutual Berhad won numerous fund management awards.

Mr Chong joined Sunway Group as the Director of Group Corporate Affairs on 1 December 2010 and he is responsible for overseeing the corporate finance and treasury functions. Upon the listing of Sunway, he was redesignated to Chief Financial Officer of Sunway.

Mr Chong is a Member of Institute of Chartered Accountant in England and Wales and he has more than 20 years of experience in banking, stockbroking, corporate finance and portfolio fund management.

He currently sits on the Boards of Gopeng Berhad and Sunway International Vacation Club Berhad.



LEE WENG KENG (DR)

CHIEF EXECUTIVE OFFICER – HEALTHCARE DIVISION
MALAYSIAN, MALE
BACHELOR OF ECONOMICS (HONOURS) DEGREE,
UNIVERSITY OF MALAYA;
MASTERS IN BUSINESS ADMINISTRATION,
CRANFIELD UNIVERSITY, UNITED KINGDOM

Dr Lee, aged 69 was appointed as Chief Executive Officer – Healthcare Division on 1 June 2005.

Dr Lee started his career as a secondary school teacher in Sekolah Tunku Abdul Rahman, Ipoh in 1974. He subsequently gained experience in material and logistic management in UMW Corporation Sdn Bhd in 1975 before joining Texas Instruments (M) Sdn Bhd in 1977 where he further enhanced his experience and management skills in logistic, production, operations and general business administration. He was the General Manager (M&C Operations) in Texas Instruments (M) Sdn Bhd before joining Sunway Group.

Dr Lee joined Sunway Group as General Manager (Operations) in 1994 and he was promoted as Senior General Manager in 1997. He successfully achieved the turnaround of Sunway Keramo Sdn Bhd, a vitrified clay pipes business subsidiary of Sunway and built it into a high quality and profitable company.

Dr Lee has provided the leadership for growing and developing the business of Sunway Education Group Sdn Bhd. He was appointed Head of Sunway Group Education and Healthcare divisions in 2005 and joined the Board of Directors of Sunway Medical Centre Sdn Bhd in the same year.

He does not have any directorship in public company or public listed company.

PROFILE OF SENIOR MANAGEMENT



CHUNG SOO KIONG

MANAGING DIRECTOR – CONSTRUCTION DIVISION
MALAYSIAN, MALE
BACHELOR OF SCIENCE (HONS) DEGREE IN QUANTITY SURVEYING,
UNIVERSITY OF ABERTAY DUNDEE;
DIPLOMA IN BUILDING (TECHNOLOGY),
TUNKU ABDUL RAHMAN COLLEGE

Mr Chung, aged 49, was appointed as Managing Director – Construction Division on 1 November 2015.

He 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. He was responsible for carrying out pre- and post-contract works for various projects, including the KL International Airport Project, Plaza Pelangi Shopping Complex in Johor Bahru and DBKL-Pernas Sogo Commercial Development/Shopping Complex.

In 1997, he joined Sunway Construction Sdn Bhd and served as the Contract Manager of Business Development & Marketing Department. His role included overall management of the contracts administration and operations, develop action plans to review pre- and post-contract related matters of various projects. In 2005, he was promoted to General Manager, Business Development and Marketing. His role included developing actions plans to review operations and pre & post contracts related matters of various projects, overall management of business research and development activities to achieve growth and profitability, developing strategies to identify and venture into new businesses and/or markets, and continuously improve the policies and procedures with regard to business research and development. 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.

Mr Chung was the Deputy Managing Director of Sunway Construction Sdn Bhd since 2013 before he was promoted to the position as Managing Director of Sunway Construction Group Berhad. Mr Chung has over 20 years of experience in the construction sector.

He has no other directorship in public company or public listed company.



WONG FOOK CHAI

CHIEF EXECUTIVE OFFICER – TRADING AND MANUFACTURING DIVISION
MALAYSIAN, MALE
BACHELOR OF ENGINEERING (HONOURS),
UNIVERSITY OF MALAYA

Mr Wong, aged 61, was appointed as Chief Executive Officer – Trading and Manufacturing Division on 1 May 2013.

Having more than 30 years of service with Sunway Group, Mr Wong started his career in UMW, a major distributor of heavy equipment in Malaysia. In 1983, he joined Hong Leong Industries Berhad and later Sunway Group as a Product Manager in Sunway Enterprise (1988) Sdn Bhd. In 1985, he was reassigned to the newly formed subsidiary, Sunway Marketing Sdn Bhd (then known as Kanto Trading Sdn Bhd).

Mr Wong was promoted to General Manager in 1990 and assumed the responsibility of the management of Sunway Marketing (S) Pte Ltd. He was promoted to Senior General Manager in 1997, assuming greater responsibilities as Head of Sunway Trading Group of Companies, before attaining the position of Executive Director in 2004. He was subsequently designated as Chief Executive Officer in 2013.

Mr Wong was instrumental in expanding the business to many overseas countries including Singapore, Thailand, Indonesia, China and Australia and also establishing manufacturing companies for some of the products.

He does not have any directorship in public company or public listed company.



TEH QUEN CHANG

CHIEF EXECUTIVE OFFICER – QUARRY DIVISION
MALAYSIAN, MALE
BACHELOR OF SCIENCE IN AGRIBUSINESS,
UNIVERSITY PERTANIAN MALAYSIA;
MASTERS IN BUSINESS ADMINISTRATION,
UNIVERSITY OF BATH, UNITED KINGDOM

Mr Teh, aged 63, was appointed as Chief Executive Officer - Quarry Division on 1 May 2013.

He has more than 25 years of experience in the quarrying industry. Prior to this, he was the Senior General Manager (Central Region) for Sunway Pioneer Quarry Group and was in charge of 5 quarries and 7 asphalt manufacturing plants with annual sales turnover of over RM200 million. He first joined Sungei Way Quarry Industries Sdn Bhd in 1990 as the Marketing Manager and last served as General Manager (Operations), taking charge of 8 quarries and 9 asphalt manufacturing plants in the Central and Northern Region of Peninsular Malaysia before the Group divested its quarrying operations to Pioneer International Limited in 1999. He assumed his current position in 2013.

He was re-elected as President of Malaysia Quarries Association for the second term in 2015.

He does not have any directorship in public company or public listed company.



DANNY NG BOON LIANG

CHIEF EXECUTIVE OFFICER – BUILDING MATERIALS DIVISION
MALAYSIAN, MALE
BACHELOR OF ECONOMICS (BUSINESS ADMINISTRATION),
UNIVERSITY OF MALAYA

Mr Danny Ng, aged 57, was appointed as Chief Executive Officer – Building Materials Division on 1 May 2013.

He has 36 years of working experience, including 16 years in quarry operations and road construction for the Quarry division of Sunway Group.

He joined Sunway Group in 1986. He currently oversees the Building Materials division which includes the interlocking concrete pavers and compressed concrete slabs, vitrified clay pipes and jacking pipes and spun piles for Malaysia. He was designated to his current position in 2013.

Prior to this appointment, Mr Danny Ng was the Executive Director of the Sales and Marketing division of Sunway Building Technology Berhad Group of Companies. He was also the Senior General Manager of the Southern Region of Sunway Pioneer Quarry Sdn Bhd and Pioneer Sun-Mix Concrete Sdn Bhd, a former joint-venture company of Sunway Group.

He does not have any directorship in public company or public listed company.

PROFILE OF SENIOR MANAGEMENT



CHAN HOI CHOY

CHIEF EXECUTIVE OFFICER – SUNWAY SHOPPING MALLS AND THEME PARKS
MALAYSIAN, MALE
BACHELOR OF SCIENCE (HONS) DEGREE IN MANAGERIAL AND ADMINISTRATIVE STUDIES, UNIVERSITY OF ASTON, BIRMINGHAM, UNITED KINGDOM

Mr Chan, aged 57, was appointed as Chief Executive Officer – Sunway Shopping Malls and Theme Parks on 1 January 2009.

Having spent his entire 33 years of professional career in mall management and development, Mr Chan has acquired extensive experience in general mall management, operations and marketing management. He began his career in Sungei Wang Plaza in 1983 where he spent 11 years with this successful shopping mall before joining Berjaya Starcity (now known as Times Square) as the General Manager, principally responsible for the development of this major shopping mall in the heart of Kuala Lumpur from 1994 to 1999. His next career move was to Sunway Pyramid.

In his current position, he oversees the portfolio of Sunway Pyramid, Sunway Carnival, Sunway Giza, Sunway Putra, Sunway Velocity, Sunway Lagoon and The Lost World Of Tambun.

He is the current Advisor of Malaysia Shopping Malls Association (PPK Malaysia) after serving a two-term presidency in advocating the industry interest at both international and national levels. He also serves as the current Advisor of Council of Asian Shopping Centres (CASC).

He does not have any directorship in public company or public listed company.



LAU BENG LONG

MANAGING DIRECTOR – HEALTHCARE DIVISION
MALAYSIAN, MALE
BACHELOR OF SCIENCE (HONS), UNIVERSITI SAINS MALAYSIA;
MASTERS IN HEALTHCARE ADMINISTRATION, UNIVERSITY OF NEW SOUTH WALES;
POSTGRAD DIPLOMA IN PUBLIC ADMINISTRATION, NATIONAL INSTITUTE OF PUBLIC ADMINISTRATION (INTAN)

Mr Lau, aged 62, was appointed as Managing Director – Healthcare Division on 1 August 2011.

He has more than 33 years of experience in the healthcare sector. He currently overlooks the Healthcare division of the Sunway Group and is in charge of Sunway Medical Centre and spearheading the planning and project management of new hospitals and other healthcare facilities in the major cities of Malaysia.

Prior to this, he held executive leadership positions in Pantai Medical Centre (KL) as well as Mount Alvernia Hospital and Assisi Hospice & Home in Singapore. He was also a planning and management consultant for healthcare projects in East Malaysia, Indonesia and UAE. In his early career, he was holding planning and corporate secretarial positions in the Ministry of Agriculture and Harrison's & Crosfield PLC respectively.

Mr Lau was a board member of the Association of Private Hospitals in Malaysia. Currently, he is a volunteer board member of Kasih Hospice (KL); Mount Miriam Cancer Hospital, Penang; Good Shepherd Education Centres and Mount Alvernia Hospital, Singapore.

He does not have any directorship in public company or public listed company.



FOO SHIANG WYNE

CHIEF HUMAN RESOURCES OFFICER – GROUP
HUMAN RESOURCES
MALAYSIAN, FEMALE
BACHELOR OF SCIENCE (HONS) IN COMPUTER
SCIENCE,
UNIVERSITY OF SUSSEX, UNITED KINGDOM;
MASTERS IN BUSINESS ADMINISTRATION,
CARDIFF BUSINESS SCHOOL, UNITED KINGDOM

Ms Foo, aged 45, was appointed as Chief Human Resources Officer – Group Human Resources on 1 January 2015.

She is an experienced Human Resources Practitioner with more than 20 years' extensive experience in various industries such as Pharmaceuticals, Medical Devices, Hospitality and Fast Moving Consumable Goods. Prior to joining Sunway in 2013, she was the Human Resources Director of GlaxoSmithKline for Malaysia, Singapore and Brunei as well as in Johnson & Johnson Medical Devices Division for Malaysia and Indonesia. She was also the Regional Director of Human Resources of Hilton Worldwide, where she managed the overall HR spectrum of 17 properties across South East Asia, and the Regional Learning & Development Manager for NIKE (Southeast Asia) in her earlier career days.

Ms Foo joined Sunway Group in 2013 as the General Manager of Group Human Resources, where she heads the Organization Development and Talent Acquisition function. In 2015, she assumed her current role where she is responsible for the overall Group Human Resources and Human Resources Shared Services function.

She has played a key role in enhancing the overall talent acquisition, talent management and learning in the organization. Among the key initiatives, she spearheaded the women's initiatives, strengthening employer brand through strategic collaboration with top universities locally and abroad, and she is currently leading the group-wide HR System Implementation & Transformation across all businesses within Sunway.

She does not have any directorship in public company or public listed company.

Notes:

1. Family Relationship with Director and/or Major Shareholder

Evan Cheah Yean Shin is the child of Tan Sri Dato Seri Dr Jeffrey Cheah Fook Ling who is the Executive Chairman and major shareholder of Sunway and he is the sibling of Sarena Cheah Yean Tih, the Executive Director of Sunway.

Save as disclosed above, none of the other Senior Management members has any family relationship with any director and/or major shareholder of Sunway.

2. Conflict of interest

None of the Senior Management members has any conflict of interest with Sunway Group.

3. Conviction for Offences

None of the Senior Management members has any conviction for offences within the past 5 years other than traffic offences, if any. They have not been imposed any penalty by any relevant regulatory bodies during the financial year 2016.

DESTINATION OF CHOICE

Sunway's Hospitality division owns and operates a diverse portfolio of hospitality assets which includes a cluster of hotels with large-scale convention, meeting and exhibition facilities, private villas and a wellness retreat. As a destination of choice, the division continues to deliver unforgettable experiences to guests visiting its collection of over 3,000 guestrooms, suites and villas. The flagship Sunway Resort Hotel & Spa in Sunway City continues to be one of the most sought after destinations for business and leisure travellers.

SEGMENTAL REVIEW

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INTEGRATED PROPERTIES

- PROPERTY DEVELOPMENT
- PROPERTY INVESTMENT AND REAL ESTATE INVESTMENT TRUST
- LEISURE
- HOSPITALITY

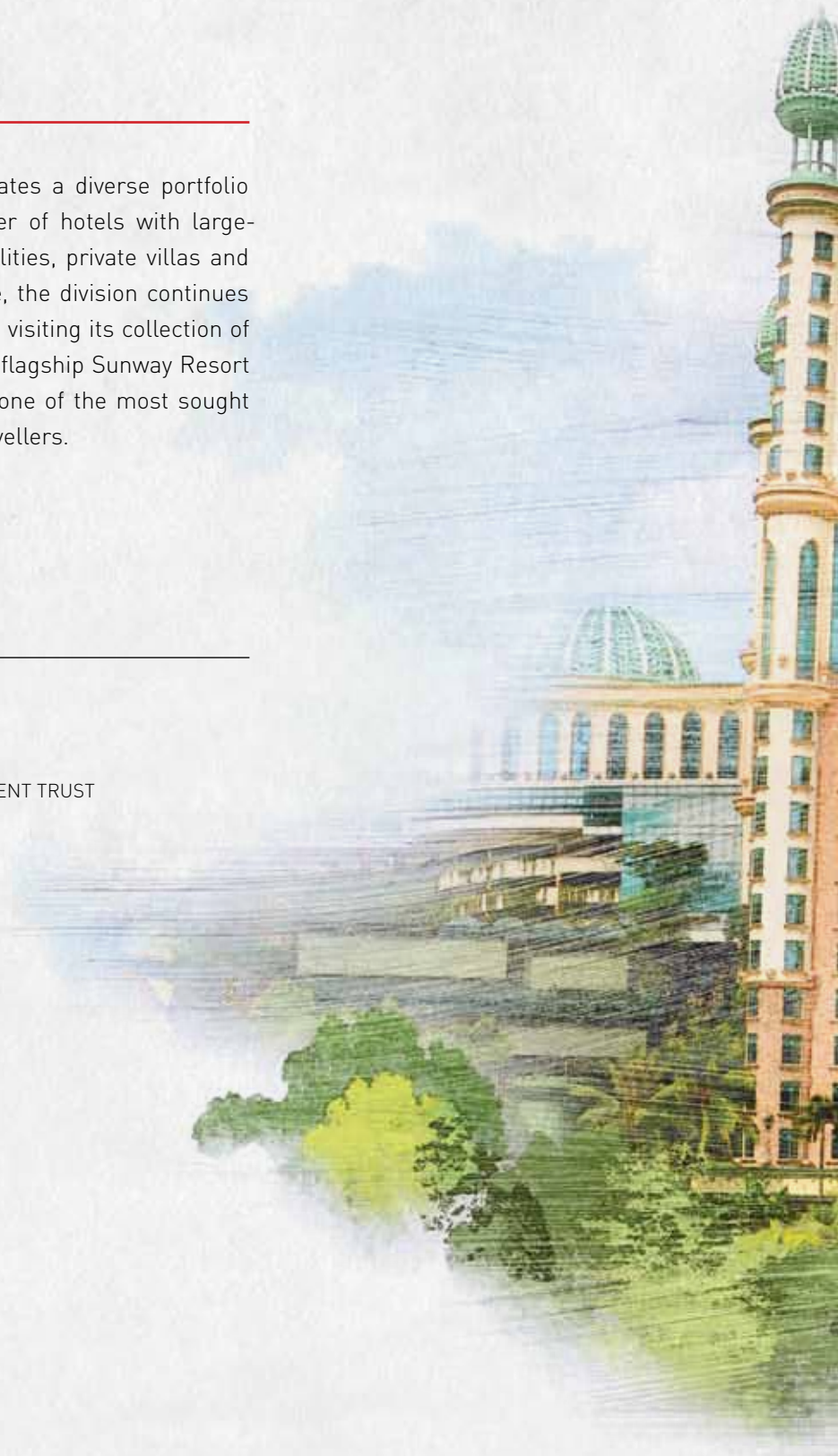
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CONSTRUCTION

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STRATEGIC INVESTMENTS

- TRADING AND MANUFACTURING
- QUARRY
- BUILDING MATERIALS
- HEALTHCARE





SUNWAY RESORT HOTEL & SPA AT SUNWAY CITY

SEGMENTAL REVIEW



9 DIVISIONS

PROPERTY DEVELOPMENT

Launches	RM650 mil
Sales	RM1.2 bil
Unbilled Sales	RM1.5 bil
Landbank	3,292 acres



CONSTRUCTION

New Contracts Secured	RM2.7 bil
Outstanding Order Book	RM4.8 bil



PROPERTY INVESTMENT & REIT

Assets Under Management	RM8.8 bil
Total Net Lettable Area	9.3 mil sqft



LEISURE

Total Park Size	128 acres
Visitorship	2.2 mil



TRADING & MANUFACTURING

Regional Presence	6 countries
Distribution Points	41
Agency Lines	154
Customer Base	13,000



HEALTHCARE

Number of Specialist Consultation Suites	130
Number of Operating Theatres	12
Number of Beds	373



HOSPITALITY

Number of Hotels and Resorts Managed	10
Number of Guestrooms	3,017



QUARRY

Number of Quarries	8
Number of Asphalt Plants	12



BUILDING MATERIALS

Number of Manufacturing Facilities	7
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PROPERTY DEVELOPMENT



ARTIST'S IMPRESSION OF SUNWAY GEO AT SUNWAY SOUTH QUAY

Sunway is one of the leading industry players in the Malaysian property development sector, responsible for many award-winning projects that shape the nation's landscape. The Sunway brand speaks for the distinguished excellence and innovation embedded in the division's portfolio of residential, commercial and retail properties. Beyond Malaysia, the brand has extended its reach to key countries such as Singapore, China, India and Australia through joint ventures with local partners. The division has presently delivered over 26,000 properties in Malaysia and key locations overseas.

Sunway's Property Development division has consistently applied its "Build, Own, Operate" business model in its development projects. The replicable nature of its business model has led to the successful fruition of the division's integrated development projects.

Sunway City, prevailing as the Group's flagship integrated township, has won numerous awards and accolades over the years. The township harmonises eight fundamental components, namely residential, commercial, leisure, hospitality, retail, education, healthcare and industrial, over an 800-acre land. Besides building and delivering properties to buyers, the division also co-invests by owning and managing several components, upgrading surrounding infrastructure and ensuring a safe community. The success of Sunway City has catalysed the development of similar integrated cities in Sunway City Ipoh, Sunway Damansara, Sunway Velocity, and Sunway Iskandar, the division's latest and largest township project to date.

The division's extensive capabilities and experience go beyond developing integrated townships. Also in its portfolio are unique, stand-alone developments such as Kiara Hills, Sunway Palazzo, Sunway Vivaldi, Sunway SPK Damansara, Sunway Montana and Sunway Eastwood.

SEGMENTAL REVIEW

PROPERTY INVESTMENT AND REAL ESTATE INVESTMENT TRUST



SUNWAY PUTRA IN KUALA LUMPUR

Pioneering the “Build, Own, Operate” business model, Sunway owns one of the most substantial Property Investment and Real Estate Investment Trust (“REIT”) portfolios in Malaysia. The assets held are predominantly situated in integrated townships, developed to provide and sustain the lifestyle needs of its communities. The established properties yield recurring rental income to the Group, either directly or via its 37.3% owned associate, Sunway REIT. The total value of Assets Under Management (AUM) of the division as at 31 December 2016 is in excess of RM8.8 billion with a total net lettable area (“NLA”) of approximately 9.3 million square feet.

RETAIL

The retail portfolio encompasses several prime malls that are strategically located in master-planned townships or mixed developments. The division today owns and manages six retail malls, with a combined NLA exceeding 3.9 million square feet. The newest addition is Sunway Velocity Shopping Mall in Cheras, KL that celebrated its opening on 8 December 2016, complementing the Group’s existing array of retail properties, namely the flagship retail establishment, Sunway Pyramid Shopping Mall in Sunway City, Sunway Putra Mall, Sunway Giza Shopping Mall, Sunway Carnival Shopping Mall, and the Giant Hypermarket in Sunway City Ipoh.

COMMERCIAL

The commercial segment carries a diversified string of commercial properties including office towers, university campuses, student accommodations and a medical centre. The Group owns and/or operates five premium office towers in the Klang Valley, namely Menara Sunway and Sunway Pinnacle in Sunway City; Sunway Tower and Sunway Putra Tower in central Kuala Lumpur, and Wisma Sunway in Shah Alam.

The division also houses two premier private education establishments, being Sunway University and Monash University Malaysia in Sunway City, alongside their respective student hostels and accommodation. Also under the division’s management is Sunway Medical Centre, the first Australian Council on Healthcare Standard (ACHS) accredited private hospital in Southeast Asia. In total, the segment manages eight commercial establishments, with a total NLA of 5.4 million square feet.

LEISURE



LOST WORLD OF TAMBUN IN SUNWAY CITY IPOH

Sunway's Leisure division takes immense pride in delighting its patrons through its two premier multi-park attractions; Sunway Lagoon in Sunway City and Lost World Of Tambun in Sunway City Ipoh, Perak.

Sunway Lagoon has more than 90 attractions, housed in a total of six signature parks, the Water Park, Amusement Park, Wildlife Park, Extreme Park, Scream Park, and its latest addition, the Nickelodeon Lost Lagoon. This iconic, world class multi-theme park has toted multiple widely acclaimed accolades, including the coveted title of "Asia's Best Attraction" awarded by the International Association of Amusement Parks and Attractions (IAAPA) for four consecutive years. The park boasts a series of firsts such as the World's Largest Water Ride – Vuvuzela, the World's First Waterplexx 5D, the World's Largest Man-Made Surf Beach, Malaysia's First Interactive Zoo and FlowRider, Malaysia's First Surf Simulator.

Up north in Ipoh, the Lost World Of Tambun offers a park setting within an enclave surrounded by lush greenery and limestone hills. Visitors can enjoy the Water Park, Amusement Park, Lost World Hot Springs and Spa, Tiger Valley, Petting Zoo, Tin Valley and Adventure Park within the backdrop of majestic limestone hills, while taking in the breathtaking natural scenery.

SEGMENTAL REVIEW

HOSPITALITY



SUNWAY RESORT HOTEL & SPA IN SUNWAY CITY

Sunway's Hospitality division operates a total of 10 hotels and resorts in key cities in Malaysia, Cambodia and Vietnam, representing a collection of over 3,000 guest-rooms, suites and villas. The division's portfolio of assets and services includes the ownership and management of a portfolio of 5, 4 and 3-star hotels with small to large scale convention, meeting and exhibition facilities, conveniently located near a myriad of dining, leisure and retail options. Endeavouring to augment each hotel as a premier hospitality services provider, the division embarked on and completed a number of upgrading and renovation programmes during the year.

Sunway's flagship hotel is the 5-star Sunway Resort Hotel & Spa, located within the iconic 800-acre integrated development of Sunway City. The hotel celebrated its 20th anniversary this year and is touted as one of the most visited hotel destinations in Kuala Lumpur. Sunway Resort Hotel & Spa seamlessly fuses a sizeable convention centre, an internationally-acclaimed theme park, a mega shopping mall, a Balinese-inspired spa, a medical centre and several globally recognised institutions of higher learning – all within one integrated township. Sunway Resort Hotel & Spa is complemented by two other hotels in Sunway City, namely the newly renovated 4.5-star Sunway Pyramid Hotel and the brand new 4-star Sunway Clio Hotel, offering a combined total of 1,433 guest-rooms, suites, pool villas and serviced residences within the city; affording guests every conceivable choice for an ideal leisure or business stay.

Establishing the Group's presence in Kuala Lumpur city centre is the recently refurbished 5-star Sunway Putra Hotel. The hotel is strategically located within the integrated mixed-use development of Sunway Putra that combines a shopping mall, an office tower, and is linked directly to the iconic Putra World Trade Centre (PWTC). Other hotels and resorts in the collection include multi-award winning The Banjaran Hotsprings Retreat and Sunway Lost World Hotel in Sunway City Ipoh, and Sunway Hotel Georgetown and Sunway Hotel Seberang Jaya in Penang. In the Indochina region, Sunway owns and manages Sunway Hotel Phnom Penh in Cambodia and Sunway Hotel Hanoi in Vietnam.

Reinforcing the Group's hospitality portfolio are the newly renovated Sunway Pyramid Convention Centre in Sunway City and the Sunway Carnival Convention Centre in Seberang Jaya, Penang.

CONSTRUCTION



MRT PACKAGE V4 AT SEMANTAN

Sunway Construction Group ("SCG"), one of the most recognised construction companies in Malaysia, has contributed to nation building for over 35 years. It is a turnkey contractor, providing a complete line-up of integrated construction services such as building, civil and infrastructure engineering, foundation and geotechnical engineering, mechanical, electrical and plumbing (MEP) and the manufacture and sale of precast concrete products. This full range of multi-disciplinary specialties is a major market differentiator and enabler for SCG to be a regional one-stop centre, administering projects from conception to completion. Over the years, the division's pledge to excellence and continuous improvement has seen its expansion throughout Malaysia and beyond its borders, venturing into Singapore, the Middle East, India and Trinidad & Tobago.

SCG prides itself in many of its high quality deliverables, with a good number of them being landmark building projects such as key developments within Sunway City, Kuala Lumpur Convention Centre, Legoland Malaysia Theme Park and Water Park, Pinewood Iskandar Malaysia Studios, major Government building projects in Putrajaya, as well as the Al-Reem and Rihan Heights projects in the United Arab Emirates.

Notable civil infrastructure projects include the SILK Highway, sections of the Maju Expressway and South Klang Valley Expressway, Klang Valley Mass Rapid Transit (MRT) Package V4, Light Rail Transit (LRT) Kelana Jaya Line Extension (Package B), Bus Rapid Transit (BRT) – Sunway Line, as well as seven highway projects in India.

SCG advocates the adoption of Industrialised Building Systems (IBS) or precast concrete products, and has precast manufacturing facilities in Johor, located in Senai and Sunway Iskandar; with a total capacity of more than 128,000m³. The division is a leading supplier of precast concrete products in Singapore, sustaining a stable flow of orders from the Singapore Housing Development Board's developments. SCG leverages on its proprietary Virtual Design and Construction (VDC) programme, which is a computer-aided design and modelling technology integrating all aspects of design, build and project management.

SEGMENTAL REVIEW

TRADING AND MANUFACTURING



FRD FURUKAWA HYDRAULIC CRAWLER DRILL

Since it started operations in 1983, the Trading and Manufacturing division has displayed steady advancement and progressed into an international trading house providing world-class products and services, serving a multitude of industries including construction, marine, oil and gas, mining, agriculture, manufacturing, logging and quarrying. The division carries five major product lines – Hoses & Fittings, Heavy Equipment Parts, Heavy Equipment, Building Materials and Industrial Hardware. Industrial Hardware is the latest addition to the division following the acquisition of the Winstar Trading Sdn Bhd (“Winstar”) group of companies in 2015, a market leader in the field. The division’s active regional presence is reinforced by various strategic distribution points in Malaysia, Singapore, Indonesia, Thailand, China and Australia. Its extensive network of 41 locations and warehouses across Asia serves a customer base of 13,000 from a dynamic mix of industries.

Echoing its partnership-oriented business strategy where it focuses on affiliation with high-principled global brands, the division has 154 agency lines to date (2015: 146) for a myriad of well-established brands such as CASE, SANY, Furukawa, Unic, Airman and Lonking for heavy equipment; FP Diesel and DCF Trek for heavy equipment parts; Copperstate and KLAH for hoses and fittings; and WD-40, Bosch and Araldite for industrial hardware.

Sunway has also developed a range of high quality in-house brands to complement the division’s substantial agency lines. They include Sunflex and TotalRubber hoses and fittings, Suntrak undercarriage parts, and Sunguard oil filters. The recently acquired Winstar has also introduced several in-house labels, such as Nietz hand tools and abrasive, Sobar safety shoes, Winsir household and gardening tools, and Galaxy spray paint and waterproofing, to name a few.

QUARRY



SUNWAY'S ASPHALT PLANT IN SUNGAI BAKAP, PENANG

Sunway has long been synonymous with the quarry industry in Malaysia. After an extended hiatus, Sunway Quarry re-entered the industry in 2005 and has since sustained its momentum as a leading quarry and asphalt operator in the country. The division constitutes two core segments, being the supply of aggregates through its quarries and the production of asphalt, as well as delivering an integrated range of pavement overlay services.

AGGREGATES

Sunway's quarry segment is a leading supplier of crushed rock aggregates, with an established experience in supplying to the nation's largest infrastructure projects. The team has rebuilt its capacity throughout the years to now operate 8 quarries located all over Peninsular Malaysia. Sunway Quarry produces a comprehensive range of single sized and blended aggregates for ready mixed concrete and other construction activities.

ASPHALT

The division currently operates a total of 12 asphalt plants, producing asphalt for the pavement of roads and highways. The plants are strategically positioned along development corridors and in close proximity to major artery highways, permitting ease in logistics and thus high efficiency in serving the needs of its customers.

SEGMENTAL REVIEW

BUILDING MATERIALS



NEUPAVE



VCP



SPUN PILE

The Group's Building Materials division constitutes three core segments, namely Interlocking Concrete Pavers ("ICP"), Vitrified Clay Pipes ("VCP"), and Spun Piles.

ICP

Sunway is a prominent player in the ICP industry with a track record of more than 30 years. The division's commitment to high quality and innovative products secures its dominant position in the manufacturing and sale of interlocking concrete pavers in Malaysia. To date, the division owns and operates four plants which are strategically located at each corner of Peninsular Malaysia, namely Batang Kali in Selangor, Nibong Tebal in Penang, Senai in Johor, and Marang in Terengganu. The four plants have a combined production capacity of over 2.7 million m² of pavers per annum.

VCP

With a history of over 20 years, the VCP segment has established itself as one of the largest in terms of production in Malaysia. Main products include fully glazed VCPs and jacking pipes, which are primarily used to accommodate to the country's sewerage needs. VCPs are immensely durable pipes that are highly resistant to cracking or flaking even when subjected to extreme climates and conditions. Sunway's VCP business is ISO14001:2004 certified on Environmental Management Systems, the first in the industry to obtain the certification in 2014. This recognition honours the division's efforts in responsible business practices in waste management as well as energy and materials consumption.

SPUN PILE

The Group's Spun Pile business has its flagship plant set up in Zhuhai, China, capable of producing 200,000 tonnes of spun piles annually. Coupled with this capacity is the technical competence in fabricating large diameter pre-stressed high strength concrete (PHC) spun piles of up to 1.2 meters with lengths of up to 56 meters, suitable for major infrastructure and construction projects such as wharfs and bridges. The division's ability in fulfilling deliverables has made it one of the biggest and most advanced spun pile manufacturers in the region. The completion of the division's first local plant in Batang Kali, Selangor will mark the division's foray into the Malaysian market with the same capacity.

HEALTHCARE



TRUEBEAM STX SYSTEM AT SUNWAY MEDICAL CENTRE

Sunway Medical Centre ("Sunway Medical") is the Group's flagship hospital for the Healthcare division. As one of the leading private tertiary medical institutions in the country, it is the first hospital in Malaysia to receive the Westgard Sigma Verification of Performance from the United States of America, a benchmark for quality driven laboratory methods. Also under its belt of prestigious international accreditations is that by the Australian Council on Healthcare Standards ("ACHS"), received in March 2014, marking a significant milestone for the hospital as the first recipient in South East Asia.

Situated in the integrated township of Sunway City, Sunway Medical has experienced considerable growth over the years to become a provider of distinct and high quality medical care with 373 hospital beds, 130 consultation suites, 12 operating theatres and a multi-storey car park with 750 parking bays. There are approximately 185 consultant specialists, more than 600 qualified nurses and 200 allied health professionals on the duty line to tend to the patients. Many consultant specialists in the hospital possess internationally recognised postgraduate qualifications as well as a stipulated number of years' experience in their chosen specialty or sub-specialty discipline.

In the line-up of comprehensive medical services offerings at Sunway Medical are facilities and medical technologies for outpatient and in-patient specialty care, health & wellness programmes and 24-hour emergency services. There are also 31 dedicated Intensive Care Unit (ICU), Critical Care Unit and Neonatal Care Unit (NICU) beds or cots to support patients in need of thorough attention. As for the Accident and Emergency unit, first response and primary care services are managed by a team of qualified and experienced physicians, nurses, paramedics and support staff.

Multiple Centres of Excellence (CoE) were introduced to provide an integrated and patient centric approach to healthcare services. Sunway Medical has a total of 23 CoEs to-date, covering a diverse area of medical specialties. More CoEs are in the blueprint to fulfil the increasingly sophisticated needs of the growing population. Sunway Medical is committed to achieving its vision of becoming the leading private healthcare provider in ASEAN.

WORLD-CLASS BUILDERS

Sunway's Construction division is a leading turnkey contractor, offering a full range of integrated construction services from design conception to completion. The division has a portfolio of high profile building and infrastructure projects on both local and international fronts, and has contributed more than 35 years to nation building. The division is positioned for greater future growth through its Design & Build capabilities, enhancing all aspects of design, build and project management through technology.

SUSTAINABILITY AT SUNWAY

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SOCIAL





ARTIST'S IMPRESSION OF PUTRAJAYA PARCEL F PROJECT

SUSTAINABILITY AT SUNWAY

***Full disclosure of Sunway's sustainability initiatives can be found in Sunway's Sustainability Report 2016**

Sustainability at Sunway means aligning our business strategies with our goals to progress our community, protect our planet and drive economic progress for the nation. We innovate to deliver value for our stakeholders, and create solutions towards better lives for all.

At Sunway, we believe in creating shared value through impactful sustainability projects and consider the Environmental, Economic and Social impact of our actions. By aligning our sustainability efforts with our business interests, and embedding our core values of Integrity, Humility and Excellence into our daily working lives, we hope to create a positive and far-reaching impact on the society and nation.

SUNWAY'S SUSTAINABILITY FRAMEWORK

SUNWAY'S VISION

To be the leading regional property-construction group

SUNWAY'S SUSTAINABILITY MISSION

To deliver sustainable value creation for our stakeholders and to the communities around us

OUR APPROACH

Build resilient businesses that lead in their respective markets through focus on our customers, innovation and operational excellence	Commitment to responsible business practices, especially in employee welfare and development	Being environmentally sensitive and proactively manage our footprint	Partnership with the communities around us and making positive impacts	Governance & Oversight <ul style="list-style-type: none"> - Policies & processes - Governance structures - Monitoring & reporting - Tracking of benefits
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SUNWAY'S SUSTAINABILITY CORE FOCUS AREAS

Responsible Business Practices <ul style="list-style-type: none"> - Business ethics & code of conduct - Sustainable supply chains - Health & Safety - Employee engagement & development 	Product & Service Innovation <ul style="list-style-type: none"> - Product and service improvement - Green products - Innovative business solutions 	Process & Resource Efficiency <ul style="list-style-type: none"> - Process improvement - Materials & resource management 	Green Initiatives <ul style="list-style-type: none"> - Energy and water conservation - Recycling and waste/effluent management - Environmental protection & climate change 	Giving Back to Communities <ul style="list-style-type: none"> - Education - Medical services - Community development - Philanthropic initiatives
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Prioritising The Most Important Issues of Sustainability to Our Stakeholders and Our Businesses

To identify the issues of greatest interest to our stakeholders and of greatest relevance to our business, we conducted a formal materiality assessment in 2015. In 2016, we reviewed this process and conducted a new survey to understand the most important issues for each business unit.

In defining material interests, we had identified our economic, social and environmental impacts and identified the aspects that have the greatest influence on stakeholder assessment and decisions. The results of our sustainability assessment will drive Sunway's sustainability strategy and further support our business strategy.

Sunway Materiality Matrix



The chart above illustrates the relative importance of each sustainability topic to both shareholders and Sunway. The topics in the top right of the matrix are most important to all parties and are given greater prominence in Sunway's sustainability reporting and strategy.

ECONOMIC

Malaysia's commitment to corporate and social responsibility is integral to its ultimate progression to becoming a developed economy. Robust economic growth is crucial to ensure Malaysia attains its aspiration of becoming an advanced economy.

Sunway Group is a leading conglomerate in Malaysia. Positioned as a master community developer, the Group aspires to improve the lives it comes in contact with through its unique, sustainability-centric build-own-operate business model. The Group aims to contribute to the building of a strong and broad-based economy, produce high-value products as well as generate high-paying jobs associated with an advanced nation.

Jeffrey Sachs Center Drives the Realisation of the United Nations Sustainable Development Goals

As the United Nations Sustainable Development Goals ("SDGs") entered the first year of implementation, the Jeffrey Cheah Foundation ("JCF") and the United Nations Sustainable Development Solutions Network formalised its strategic collaboration for sustainable development in April 2016.

As part of the collaboration, JCF donated USD\$10 million to establish the Jeffrey Sachs Center on Sustainable Development at Sunway University, which is the largest financial commitment to date focusing on education and implementing the 17 SDGs.

The centre is a catalytic move to mobilise comprehensive collaboration, particularly amongst Southeast Asian nations. This hub for research and policy practice intends to develop world-class programmes that train a new generation of students, practitioners and policy leaders.



LAUNCH OF JEFFREY SACHS CENTER

SUSTAINABILITY AT SUNWAY

Sunway Continues to Boost Malaysia's Economy

Sunway Property continues to solidify its position as a leader in the real estate industry with a high growth property development segment and a stable base of income from high yielding property investment segment. Sunway is the largest stakeholder in all of its integrated townships that it has built and is developing, playing a co-investor role alongside its communities. Its integrated, transit-oriented developments span some 5,000 acres, including Sunway City in Selangor, Sunway City Ipoh in Perak and Sunway Iskandar in Johor.

Sunway Construction has completed some of Malaysia's most impressive landmarks, including the Kuala Lumpur Convention Centre, the Sunway Pyramid Shopping Mall, Legoland Theme Park and Pinewood Iskandar Malaysia Studios. Sunway Construction has recently been appointed to contribute to a prestigious government project by developing 34 acres of land in Precinct 1 Putrajaya.

In 2016, the Group's Hospitality division announced an investment of RM875 million to facilitate a three-year redevelopment and expansion plan to its collection of hotels across Malaysia, Cambodia and Vietnam. This substantial reinvestment is the largest expansion plan for the division in recent years. The plan will support Malaysia's tourism industry by ensuring exceptional experiences for visitors while at the same time ensuring the sustainable growth within its three integrated townships for the Group's stakeholders.

Together with its Hospitality division, Sunway Lagoon and the Lost World of Tambun which are part of the Group's Leisure division are key contributors to the tourism industry. Both multi-attraction theme parks strive to be destinations which focus on customer-centricity. Sunway Lagoon has been constantly bringing in world-class attractions and entertainment to Malaysia. It's Nickelodeon Lost Lagoon which opened this year, is Asia's first Nickelodeon-themed land, and is a strategic collaboration between Sunway and Viacom International Media Networks Asia.



NICKELODEON LOST LAGOON

Providing professional, innovative quality services that exceed customer expectation is at the core of Sunway Medical Centre's operational strategy. Its continuous efforts in promoting medical tourism have recently been acknowledged at the Global Health & Travel Medical Tourism Awards 2016.

Sunway REIT is the most active M-REIT to undertake asset enhancement initiatives (AEIs). Sunway REIT has completed a total of RM656 million AEIs since its listing in July 2010 to FY2016. The principal activities of Sunway REIT in investing in real estate, managing and enhancing the performance of assets and contributing to the economic activities of Malaysia. In addition to creating wealth through jobs, these activities generate income for the nation and progresses socio-economic development.

ENVIRONMENTAL

We are committed to sustainable development from the onset, rather than following a more conventional and costly 'grow first, clean up later' model. We have reinforced our commitment to green growth across our operations to ensure that our precious environment and natural legacy is conserved and protected for present and future generations.

Highlights of our achievements in promoting green growth include the following:

- Compact, transit-oriented townships which are designed to maximise land use while promoting usage of public transport networks
- Sunway City is Malaysia's first sustainable township as certified by the Green Building Index as well as the first Low-Carbon City awarded by the Malaysian Institute of Planners
- Sunway City is served by Malaysia's first elevated Bus Rapid Transit (BRT) network, which encourages the use of public transport, as well as alleviates traffic congestion



BRT ELECTRIC BUS



ELEVATED PEDESTRIAN WALKWAY

- All buildings within Sunway City are connected through a network of at-grade or elevated pedestrian walkway to encourage walking within the township
- Green and blue corridors are zoned for environmental protection
- Sunway City has completed the construction of its own water treatment plant, which was commissioned in November 2016 and designed to treat the lake water in Sunway South Quay to be potable
- Eight green building projects have been built by Sunway Construction to date
- Sunway conducts Environmental Impact Assessments (EIA) before any construction work commences
- Sunway Construction's 6D Virtual Design & Construction (VDC) technology improves efficiency, avoids reworks and reduces material wastage

Sunway is currently building a combined generation plant for Sunway City that will use natural gas to generate electricity, while excess heat from the electricity generation process will be used to chill and heat water to help reduce the City's carbon footprint in an effort to combat global warming.

SOCIAL: LABOUR PRACTICES AND DECENT WORK

Human capital development is a critical enabler for driving and sustaining our economic growth. People are our most valuable asset and we are committed to good employment practices. Sunway's workforce continues to grow in size and expertise as a result of our policies, and is shaped by strong respect for each and every individual. This applies to every aspect of human resources — from fair wages, working hours and freedom of association to equal opportunities for growth and development within the company.

A Diverse Workforce

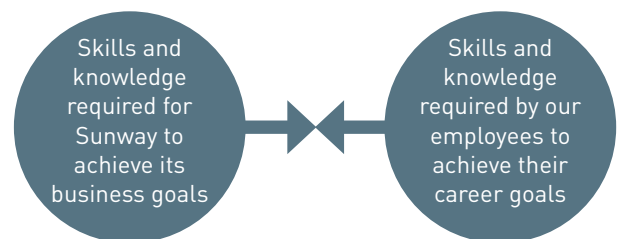
Diversity and inclusion are important components of our responsible workplace practices. A diverse workforce can understand, relate and respond to customers and communities more effectively across our multiple locations and regions we operate in. This approach is essential for our continued growth as a diversified conglomerate with a multitude of businesses.



A DIVERSE WORKFORCE

Talent Development

Developing and retaining our talented and highly-skilled professionals is one of our top priorities. Constant training and development drives innovation and increases the personal job satisfaction for our employees, while helping us attract and retain talent over the long term. Having a diverse workforce operating in diverse businesses, we acknowledge the importance of offering a tailor-made training and development programmes.



Rewarding Employees

We offer a competitive base salary with performance-based rewards that are driven by the scope of each role, responsibility and individual performance. The Group's salary structure is reviewed annually against general industry standards. Benchmarking exercises are carried out to ensure that cash and total remunerations remain competitive.

Benefits vary according to business units. However, every employee receives comprehensive benefits packages that are competitive and relevant to their particular industries. With businesses spanning diverse industries, we are able to offer unique benefits to our employees such as discounts to our theme parks and malls; reduced hotel room rates; discounts on property purchases; healthcare benefits at Sunway Medical Centre; and many others.

SUSTAINABILITY AT SUNWAY

Roles of Occupational Safety and Health Council

Ensuring compliance with all Safety, Health and Environment (SHE) Acts and Regulations, Standards, Code of Practices and Guidelines

Developing Group strategy whenever there are changes in SHE legislation

Advising measures to be taken in the interests of the safety and health of all stakeholders

Ensuring SHE best practices are being implemented and monitored

Collecting, analysing and maintaining Group statistical analysis of occupational related injuries

Achieving synergy effects in the Group's SHE resource management

Health and Safety

Health and safety are top priorities for Sunway. We have implemented a stringent safety policy for our employees and subcontractors. We aim to be among the safest companies in all the sectors we are involved in. We have established an Occupational Safety and Health Council that meets on a monthly basis to discuss areas related to the Group's performance in health and safety.

SOCIAL: SOCIETY

For more than four decades, sustainability has been embedded into Sunway Group's business model, our operating strategies and corporate culture as we continue to actively engage with our stakeholders and the communities we serve.

Sunway approaches CSR through championing three key focus areas namely Education, Healthcare and C.A.R.E. (Community Aid, Reach-out and Enrichment) projects.

EDUCATION

- Jeffrey Cheah Foundation
- Sunway's Job Training Programme for Students with Special Needs
- Hearts of GOLD Project
- Teach for Malaysia Partnership
- Sunway-Oxbridge Essay Competition

HEALTHCARE

- Smoke-free Sunway
- Kidney and Liver Health
- Diabetes Awareness
- Health Screening Roadshows

C.A.R.E.

- Community Aid
- Reach Out
- Enrichment
- Other community programmes by Sunway Business Units



SUNWAY-OXBRIDGE ESSAY COMPETITION



SMOKE-FREE SUNWAY



HEALTH SCREENING ROADSHOWS



MERDEKA PARTY FOR UNDERPRIVILEGED KIDS

SOCIAL: HUMAN RIGHTS

We are committed to respecting human rights as set out in the UN Guiding Principles on Business and Human Rights and the UN Global Compact 10 Principles. These principles, along with Sunway's Code of Conduct, Policies, Supplier Conduct Principles, Vision and Values, provide the Sunway Group's different divisions with a common approach as to how we treat one another, how we serve our customers, how we run our business and what we believe our roles are in the societies where we operate.

We respect our employees' rights and emphasise the following best practices in our workplace:

- Prohibiting child and forced labour
- Ensuring non-discrimination and equal opportunity
- Supporting a harassment-free and violence-free workplace
- Prohibiting retaliation or any form of physical or mental disciplinary practice
- Respecting workers' right to freedom of association
- Ensuring compliance with laws governing working hours and wages

These practices ensure consistent and fair employment practices across Sunway Group's businesses.

SOCIAL: PRODUCT RESPONSIBILITY

Delivering Quality

Sunway is committed to delivering excellence with passion. Our ISO 9001-certified Quality Management System challenges us to continually improve our processes and approaches in order to deliver the best possible results in each field we are involved in.

All business units under the Group have a systematic quality assurance processes which ensure the delivery of our commitment to quality and satisfaction.

Sunway Quality Merit System

The Sunway Quality Merit System (SQMS) measures product quality performance at every stage of construction. The assessment is based on:

- the QLASSIC requirements for the measurement of product workmanship; and
- ISO 9001 standards to measure the effectiveness of inspections and tests, and document/record management practices.

Ensuring Great Experience with Us

Excellent customer service is at the core of everything we do. Beyond listening to customer feedback, we strive to perceive feelings and expectations to then develop solutions based on their perspective. Our aim is simple – we want to offer an experience that delights our customers and this vision is shared across all businesses.

Results of the recent satisfaction surveys achieved at various business units are as follows :

Sunway Property	Property owners are extremely satisfied with Sunway Property's services and will definitely recommend Sunway Property to their friends and family
Sunway Resort Hotel & Spa	85% satisfaction level over the past three years
Sunway Lagoon	Visitor retention index of 78.4 and net promoter score of 30.8%.
Sunway Medical Centre	Overall Customer Satisfaction Index (CSI) score of 94.53%

SUSTAINABILITY AT SUNWAY

Unique Experience with Sunway

Child-Friendly Malls

In line with Sunway retail malls' positioning as family-oriented lifestyle shopping malls, we provide child-friendly environment at our shopping malls with special attention for babies and safety facilities.

BABY ROOMS

All Sunway shopping malls have built-in nursing rooms, baby wash, hand soap and diaper changing stations



BABY STROLLERS

Baby strollers are available at all our shopping malls. These are available free of charge although a small refundable deposit is required



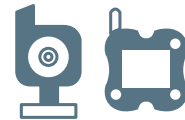
CHILD MONITORING WRISTBANDS

Children are encouraged to carry the contact details of their family members. Child monitoring wristbands are available to all shoppers at the concierge



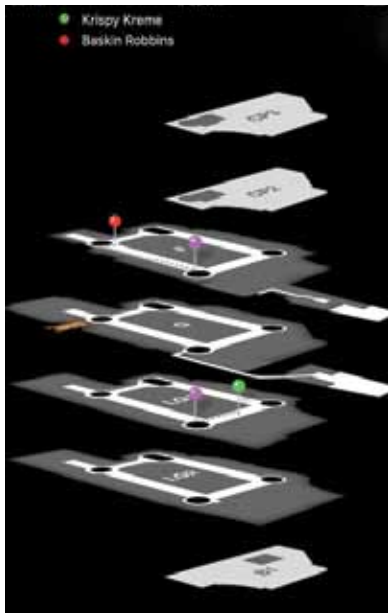
CHILD DISTANCE MONITORS

These monitors keep track of shoppers' children to make sure they are always in sight of their parents



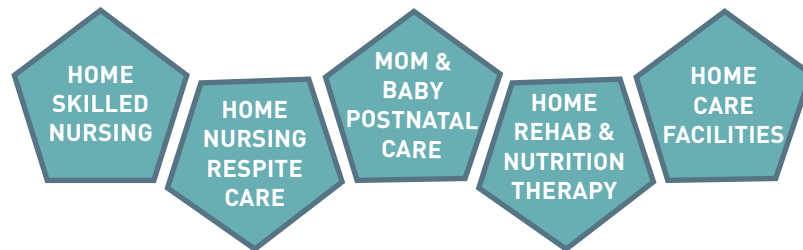
Sunway Pyramid Mobile App

Sunway Pyramid Shopping Mall developed an interactive pocket guide for Sunway Pyramid Shopping Mall visitors. Using the enhanced navigation trail, users can find their favourite store, save the location of their parking space and browse the latest promotional highlights. We hope to replicate the applications in the other shopping malls within our mall portfolio.



SunMed@Home

SunMed@Home is a home nursing service that caters to clients' expectations for safety, commitment and compassion in care delivery. Sunway Medical Centre's team of skilled professionals provides support and nursing care in patients' homes. This is part of our holistic integrated care offerings, providing patients with long term follow-up care and engaging with caregivers.



AUXILIARY POLICE



SECURITY AT OUR PROPERTIES

Safety and Security at Our Properties

Sunway Group has one of the largest teams of security personnel including 500 auxiliary police who are trained by the Royal Malaysian Police. The auxiliary police, who also work alongside the Malaysian Crime Prevention Foundation, Residents' Associations and other community stakeholders are highly trained to keep tenants, shoppers, hotel guests, and other citizens within our townships and properties as well as the surrounding areas safe. Armed auxiliary police regularly patrol the assets premises' perimeter and the pedestrian bridges connecting to our assets. In addition, Sunway's properties are safeguarded with excellent security systems which integrate the latest technologies in safety, and surveillance.

OUR PLEDGE MOVING FORWARD

At Sunway, our sustainability focus continues to drive our commitment to enrich the lives of the communities we touch and serve. Social responsibility forms an integral part of our business framework as we conscientiously take actions that result in positive impact and address important social, economic and environmental challenges.

Intertwined with Sunway Group's core values of Integrity, Humility and Excellence, we remain committed to corporate citizenship and sustainability. We are unrelenting in improving not only our business performance, but also how we conduct our business, how we serve our local communities and how we play our role as global stewards of the environment.

Sustainable practices underpin the way we work and operate to create value for all our stakeholders and form an important catalyst for the company's long term growth and success. As we continue to evolve and move forward, we pledge to deliver value of highest standards of quality and excellence for the betterment of the community and environment we build-own-operate.

ONE-STOP DISTRIBUTION CENTRE

Sunway's Trading & Manufacturing division markets a wide range of hoses and fittings, heavy equipment parts, heavy equipment, building materials and industrial hardware. The division serves close to 13,000 active customers across a diverse range of industries, including construction, marine, oil and gas, mining, agriculture, manufacturing, logging and quarrying, from its strategic and vast distribution points throughout Malaysia, Singapore, Thailand, Indonesia, China, and Australia.

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CASE BACKHOE LOADER 580N

CORPORATE GOVERNANCE STATEMENT

The Board of Directors ("Board") of Sunway Berhad ("Company") recognises the importance of good corporate governance and is committed in ensuring that high standards of corporate governance are upheld and practised throughout the Company and its group of subsidiaries ("Group") with the ultimate objective of protecting and enhancing shareholders' value and the financial performance of the Company and of the Group.

This Corporate Governance Statement provides an insight on how the Company has applied the Principles and the extent of compliance with the recommendations of good corporate governance as set out in the Malaysian Code on Corporate Governance 2012 ("CG Code") throughout the financial year ended 31 December 2016 and up to the date of this annual report.

PRINCIPLE 1 : ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

1.1 Clear Function of the Board and Management

The Board is responsible for formulating and reviewing the Group's strategic direction, core values and management of the Group to ensure that the Group operates with integrity and in compliance with the rules and regulations. In discharging its roles and responsibilities, the Board is guided by its Board Charter which outlines the duties and responsibilities of the Board and the delegated day-to-day management of the Group to the President. This formal structure of delegation is further cascaded by the President to the management team. The President and management remain accountable to the Board for the authority that is delegated and for the performance of the Group.

The Board, however, takes full responsibility for the oversight and overall performance of the Company. The Board reserves full decision-making powers, amongst others, on the following matters:

- Material acquisitions and disposals of undertakings of the business;
- Material investments in capital projects;
- Overseas ventures;
- Annual business plan and budgets (including major capital commitments);
- Material corporate or financial exercise/restructuring;
- Declaration of dividend and directors' fees;
- Conflict of interest issues relating to substantial shareholders or directors;
- Annual and interim financial results.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is the Executive Chairman and he is the single largest shareholder of the Company. His strategic leadership and entrepreneurial vision are essential for the continued growth of the Company. His interest and passion in growing the Group is in alignment with the interests of the rest of the stakeholders. In respect of potential conflicts of interest, the Board is satisfied that

there is no undue influence involved in all related party transactions. All such transactions were independently scrutinized by the Audit Committee to ensure that they complied with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the shareholders' mandate on recurrent related party transactions. All potential conflicts of interest were disclosed to the Board and recorded in the minutes with Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling abstaining from all deliberations and decision makings. The Executive Chairman encourages free expression of opinions and ideas contributed by the other Directors.

There is a clear segregation of responsibilities between the Executive Chairman and the President to ensure a balance of power and authority. The Executive Chairman provides leadership to the Board and guidance to the Group. The President is subject to the control of the Board.

The Executive Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for:

- leading the Board in setting the vision, values and standards of the Company;
- maintaining a relationship of trust with and between the Executive and Non-Executive Directors;
- ensuring that accurate and relevant information are given to all Directors on a timely basis. The Executive Chairman's role is to ensure that members of the Board are properly briefed on issues arising at its meetings and that available information on the issues is presented;
- ensuring members of the Board work together with the management in a constructive manner to address strategies, business operations, financial performance and risk management issues;
- ensuring the integrity and effectiveness of the governance process of the Board; and
- ensuring effective communication with shareholders and relevant stakeholders.

The Executive Chairman acts as facilitator at Board meetings to ensure that no Board member, whether Executive or Non-Executive, dominates discussion and that appropriate discussion takes place as well as relevant opinion among Board members is forthcoming. Any Board member in consultation with the Executive Chairman, is free to include any issues or matters in the Board meeting agenda for discussion and decision.

The President leads management in formulating comprehensive medium to long-term business strategies and plans so as to achieve the Group's business plans on capital requirements, growth, turnover and profitability to meet shareholders' expectation. He also spearheads the Group's synergy initiatives, directs and reviews the overall business activities of the various Business and Support Divisions so as to ensure that the integrated efforts of these Divisions contribute to the optimum utilization of corporate resources and expertise in the attainment of the Group's long-term objectives.

The President is supported by his team of management on the day-to-day operations. The responsibilities of the management are:

- Formulating, recommending and implementing the strategic objectives of the Company;
- Translate the approved strategic plans into operational and financial action plans;
- Manage the Company's human, physical and financial resources to achieve the Company's objectives;
- Operate within the delegated authority limits set by the Board;
- Assume the day-to-day responsibilities for the Group's conformance with relevant laws and regulations, its compliance framework and all other aspects of the day-to-day running of the Group;
- Develop, implement and manage the Company's risk management and internal control systems within the risk appetite and framework;
- Develop, implement and update policies and procedures;
- Keep pace with industry and economic trends in the Company's operating environment; and;
- Provide the Board with accurate, timely and clear information to enable the Board to perform its responsibilities.

In relation to the Independent Non-Executive Directors, they are actively engaged in the following functions:-

- Independent performance monitoring of the operations of the Group;
- Advising and monitoring corporate governance framework, policies and practices;
- Monitoring risk management issues as well as internal controls; and
- Providing independent insights and value add to management proposals as well as protecting the interests of the minority shareholders.

The Independent Non-Executive Directors regularly engage in discussion, with senior management, Group Internal Audit Department ("GIAD"), Group 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.

The Board also delegates certain responsibilities to the Board Committees, all of which operate within their defined terms of reference. Notwithstanding this, the Board remains responsible for its fiduciary duties.

1.2 Clear Roles and Responsibilities of the Board in discharging fiduciary and leadership functions

The Group is led and controlled by an effective Board which assumes, amongst others, the following principal roles and responsibilities in discharging its stewardship role, and fiduciary and leadership functions:

- Setting the vision, mission, objectives, goals and strategic plans for the Group with a view to maximizing shareholders' value as well as ensuring long term sustainability of the Group's performance.
- Monitoring the progress of the Company's strategies, budgets, plans and policies.
- Monitoring the progress of the Group's businesses to evaluate whether the businesses are properly managed to achieve its targeted returns.

The Board constructively challenges and contributes to the development of the Company and the Group's strategic directions. It has in place an annual business plan process at the beginning of the year whereby management presents to the Board the recommended strategic and business plans of the core divisions for the following year. The Board will, at this business plan meeting, review, deliberate and challenge the management's views for the optimum outcome.

CORPORATE GOVERNANCE STATEMENT

The Board also reviews and approves the budget and sets the key performance indicators ("KPIs") for the Company and the Group. The Board subsequently at its quarterly meetings, monitors the implementation of the strategic business plans by the management to ensure sustainable growth and optimization of returns for the Company and the Group.

On 20 January 2016 and 21 January 2016, the President together with his management team presented the Business Plans 2016 of the Company and the core divisions for the Board's deliberation and approval. At the meeting, the Board was also briefed on the proposed sustainability framework of the Group. This was in line with the new Main Market Listing Requirements of Bursa Securities which emphasised on sustainability reporting. The Board reviewed and subsequently endorsed the sustainability framework.

The President and the Chief Financial Officer reported to the Board the quarterly financial results of the Group and compared them against the business plan targets at the Board meetings held on 26 February 2016, 27 May 2016, 29 August 2016 and 25 November 2016. The Board is kept informed of the key strategic initiatives, its development and significant operating issues.

- Identifying principal risks of the Group and ensuring the implementation of appropriate systems to mitigate and manage these risks.

The Board through the Group Risk Management Department, sets, where appropriate, objectives, performance targets and policies to manage the key risks faced by the Group. A Risk Management Policy, which has been approved by the Board, is in place to guide the risk management team. The Board in its quarterly meetings, reviews and comments on the risk management report which specifies the identified key risks covering all functions of the Group and their mitigations.

Details of the risk management framework are set out in the Statement of Risk Management and Internal Control on pages 142 to 145 of this Annual Report.

- Reviewing the adequacy and integrity of the Group's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

Through the Audit Committee, the Board oversees the internal control systems of the Group. The Audit Committee is assisted by GIAD in reviewing and monitoring the adequacy and integrity of the Group's internal control systems. The Head of GIAD, at the Audit Committee's quarterly meetings, reports the audit findings identified from the internal audit activities

conducted by his team. The Audit Committee then deliberates on the actions taken by the management to address issues highlighted in the audit findings.

Minutes of the meetings of the Audit Committee were presented to the Board at its meetings. The Chairman of the Audit Committee reported to the Board on all the principal risks and internal controls' related matters and recommendations deliberated by the Audit Committee.

Details of the internal control are set out in the Statement of Risk Management and Internal Control on pages 142 to 145 of this Annual Report.

- Considering management's recommendations on key issues including acquisitions, material investment and divestments, restructuring, funding and significant capital expenditure.
- Human resources planning and talent development in particular, management succession planning.

The Board, through the Nomination Committee, oversees the management succession planning. The Board also through the Remuneration Committee, develops the Executive Directors' performance scorecard based on the strategic objectives which were aligned to the business plan and corporate goals set by the Board.

1.3 Code of Conduct

The Board has a formalized code of conduct and business ethics policy ("Code") which provides an ethical framework to guide actions and behaviours of all Directors and its employees while at work. A copy of the Code is available at the Company's website.

The Code reflects the increasing need for effective corporate governance compliance measures in the conduct of the Group's business domestically and worldwide. It emphasizes and advances the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness that are critical to the success and well-being of the Group.

The objective of the Code is to provide guidance on the standards of behaviour expected of all Directors and employees of the Group, and where applicable, counterparts and business partners. The standards of behaviour are derived from the Group's Core Values and Business Principles. For all intent and purposes, all Directors and employees shall always observe and ensure compliance with all applicable laws and regulations to which they are bound to observe in the discharge of their duties.

In line with good corporate governance practices, the management and Board of the Company encourage all employees and stakeholders of the Group to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses involving the Group's resources.

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

The whistleblowing procedure is intended to be used as an ultimate remedy, if no other means are available to address the matter. For the employees, if they wish to raise a specific concern, they are encouraged to try to solve the matter through existing procedures and discuss the matter first with their line supervisor(s) or head of department or profit centre manager before using the whistleblowing procedure.

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

Whistleblowing hotlines

Tel : +603 5639 8025
E-mail : whistleblowing@sunway.com.my
Fax : +603 5639 8027

The faxes and e-mails to these channels will be directed to the Head of GIAD and the Chairman of the Audit Committee.

If the reporting individual is unsure of the type of evidence needed for the GIAD to begin an investigation, the employee is encouraged to make use of the "Whistleblowing Report Form" provided in the Company's portal under the Governance Portal. The employee may send this form via local postal service if he/she wishes to remain anonymous.

The Head of GIAD will maintain a record of the complaints and track their receipt, investigation and resolution. GIAD will investigate each claim independently based on standard internal audit practices and fraud response procedures. Upon completion of each investigation, GIAD will prepare a report to the Chairman of the Audit Committee for further action. The Head of GIAD shall prepare a summary report and present it to the Audit Committee on a quarterly basis.

1.4 Promoting Sustainability

The Board is committed to building a sustainable business by acknowledging the importance of environmental, social and governance aspects on the Group's businesses. Details of the Sustainability Report are set out on pages 110 to 117 of this Annual Report.

1.5 Access to Information and Advice

Unless there are urgent matters, the Board normally meets quarterly to review financial, operational and business performances. The meetings are scheduled in advance in the third quarter of the preceding year for the Board members to plan their schedules. Notices and agenda of meetings duly endorsed by the Executive Chairman together with the relevant board papers are normally given at least one (1) week prior to the meetings for the Directors to study and evaluate the matters to be discussed. Occasionally, Board meetings or Committee meetings may be held at short notice, when decisions of a time-critical nature need to be made.

In response to technological advancement, the Group had invested in a software to implement paperless meetings where board papers are uploaded onto a secure platform and is accessible via laptop, tablet devices and mobile phone. The Directors will be able to download and have access to the electronic board papers conveniently and immediately wherever they might be.

The board papers provided include inter alia, financial results, business plan and budget, progress report on the Company's developments, risk management and internal control reports, minutes of meetings of Board Committees, regulatory/statutory updates and other operational and financial issues for the Board's information and/or approval. Whenever required, senior management are also invited to attend Board Meetings to present matters in respect of their area of responsibilities or recommendations for the Board's consideration or discussion.

In the Board Meetings, the Board members are updated on the Group's performance and developments, businesses as well as regulatory changes. The Board members also reviewed and deliberated on corporate proposals by assessing their feasibility, risks and financial impact.

The respective Chairman of the Board Committees would brief the Board members on agendas or issues discussed at the meetings of the Board Committees as well as the action plans to rectify or mitigate any issues highlighted. The Board members would be constantly updated on the progress and development of the said issues at the subsequent meetings.

A Director who has an interest in any proposal or transaction, either direct or indirect, which is being presented to the Board for approval, will declare his or her interest and abstain from deliberation and voting of the same at the Board meeting.

The minutes of the Board meetings are circulated to the Board members for their perusal and comments prior to confirmation by the Board at the following Board meeting. Thereafter, the Chairman of the Board meeting would sign the minutes as a correct record of the proceedings of the said meeting.

CORPORATE GOVERNANCE STATEMENT

All Directors are entitled to information pertaining to the Company and the Group. In addition, all Directors have direct access to the advice and services of the Company Secretaries. 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 President and/or senior management should there be any explanations or clarifications needed on any aspects of the Group's operations or management issues.

1.6 Company Secretaries

The Company Secretaries are qualified to act as company secretary under Section 235(2) of the Companies Act 2016.

The Board has unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Company Secretaries attend all Board meetings and, together with the Directors, are responsible for the proper conduct of the meetings according to applicable rules and regulations. The Company Secretary regularly updates the Board on new statutes, regulations and directives issued by regulatory authorities.

The Company Secretaries ensure that deliberations at Board and Board Committee meetings are properly documented, and subsequently communicated to the relevant management for their further actions. The Companies Secretaries constantly keep themselves updated of the regulatory changes and corporate governance developments by attending relevant conferences and training programmes. The Board is satisfied with the support rendered by the Company Secretaries in discharging its functions.

1.7 Board Charter

A Board Charter has been formulated to guide the Board in the effective discharge of its roles and responsibilities as well as to define the functions delegated to management and Board Committees. Details of the Board Charter are available at the Company's website.

PRINCIPLE 2 : STRENGTHEN COMPOSITION

2.1 Establishment of Nomination Committee

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The Chairman of this Committee is Mr Lim Swe Guan. The other members of the Committee are Mr Wong Chin Mun, Datuk Seri Yam Kong Choy and Tan Sri Dato' Dr Lin See Yan. Tan Sri Dato' Dr Lin See Yan was appointed as a member of the Committee on 27 February 2017.

The main role of the Nomination Committee is to ensure that the Board comprises Directors with appropriate skills, knowledge, expertise and experience, as well as to ensure a proper balance of Executive Directors and Independent Non-Executive Directors.

In discharging its responsibilities, the Nomination Committee has developed a set of criteria used for recruitment and for annual Board assessment. In evaluating the suitability of the Board members, the Nomination Committee considers, inter alia, the competency, experience, commitment, contribution and integrity of the candidates. In the case of candidates proposed for appointment as Independent Non-Executive Directors, the Nomination Committee would also assess the candidate's independence in accordance with Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of Bursa Securities.

The terms of reference of the Nomination Committee are set out at the Company's website.

During the financial year, five (5) meetings were held to deliberate on the following matters:-

- (a) At the meeting held on 26 February 2016, the Nomination Committee deliberated on the following:
 - (i) Reviewed the terms of reference as well as the roles and responsibility of the Nomination Committee. The Nomination Committee was of the view that the terms of reference remained relevant and therefore, no revision was required.
 - (ii) Reviewed the results of the Board effectiveness assessment, Board Committees assessment, Audit Committee assessment, assessment of Independent Non-Executive Directors and Director's peers review for financial year 2015. On the whole, the Nomination Committee was satisfied with the results of the assessments.
 - (iii) The Committee reviewed and was satisfied with the existing structure and composition of the Board committees. However, the Committee was of the opinion that the number of Independent Directors needed to be increased to form a majority in the Board in view that the Chairman of the Board is a Non Independent Non-Executive Director.
 - (iv) The Nomination Committee evaluated and was satisfied with the competencies and time commitment of the Board members as well as the independence of the Independent Directors. The Independent Directors had individually confirmed their continued independence in accordance with the Main Market Listing Requirements of Bursa Securities.
 - (v) Having analysed the training requirements, Directors were encouraged to attend specific training programmes in order to keep themselves abreast with the changing regulatory environment.

- (vi) Assessed the performances of the following retiring Directors for re-election or re-appointment at the Sixth Annual General Meeting of the Company held on 16 June 2016:

- Mr Lim Swe Guan was subject to retirement by rotation pursuant to Article 107(1) of the Company's Articles of Association.
- Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Tan Sri Datuk Seri Razman M Hashim, Tan Sri Dato' Dr Lin See Yan, Dato' Chew Chee Kin and Mr Wong Chin Mun who were over the age of 70 years, were subject to re-appointment pursuant to Section 129 of the Companies Act, 1965.

All the above Directors offered themselves for re-election. The Nomination Committee having evaluated their performances, recommended them for re-election and re-appointment at the Sixth Annual General Meeting of the Company held on 16 June 2016. The resolutions to re-elect the said Directors were subsequently approved by the shareholders.

- (b) At the meeting held on 21 March 2016, the Nomination Committee reviewed and endorsed the Nomination Committee report to be included in the Company's Annual Report 2015.
- (c) At the meeting held on 29 August 2016, the Nomination Committee reviewed and approved the methodology for evaluation of Board Effectiveness, Board Committees effectiveness as well as assessment of the Independent Non-Executive Directors and Directors' Peers Review.
- (d) The Nomination Committee received updates on management succession plan every year. In 2016, the discussion on management succession planning was held on 25 November 2016. The Chief Human Resources Officer presented the potential successors to key management positions in the organization for deliberation. The Nomination Committee received assurance that all candidates appointed to the senior management positions were of sufficient calibre and there was a plan in place to provide orderly succession of senior management.

The Group Human Resource Department has a systematic program to identify, train/mentor the next echelon of future leaders. The Committee conducts an annual talent review with the Chief Human Resources Officer as well as reviewing succession planning for key management positions across all business units. The identified successors for top management will be presented to the Committee for review and endorsement on annual basis. Currently, all top management positions have successors in one or more of these stages in the pipeline i.e. ready now, ready soon or ready later.

- (e) Approval of the schedule of Nomination Committee Meetings for 2017.

The Nomination Committee held five (5) meetings during the financial year 2016 and the details of attendance of the Committee Members are as follows:-

NAME OF COMMITTEE MEMBERS	NUMBER OF MEETINGS ATTENDED
Lim Swe Guan	5/5
Wong Chin Mun	5/5
Datuk Seri Yam Kong Choy	5/5
Tan Sri Dato' Dr Lin See Yan	Not applicable

Note: Tan Sri Dato' Dr Lin See Yan did not attend any of the Meetings as he was only appointed as a member of the Committee on 27 February 2017.

2.2 Develop, Maintain and Review Criteria for Recruitment and Annual Assessment of Directors

Recruitment

A formal policy on selection process and assessment criteria for appointment of a new director is in place. The policy details the processes and the criteria for selection and assessment of potential candidates for election to the Board. It also sets out the criteria for assessment of the appropriateness of the board mix and composition. The policy was approved and adopted by the Board on the recommendation of the Nomination Committee.

Based on the policy, the Board has delegated the responsibility for recommending a potential candidate to fill a board vacancy to the Nomination Committee but the ultimate decision on the appointment of a candidate is solely that of the Board as a whole.

The Nomination Committee will screen the initial selection of the candidates, performing the requisite assessment of the said candidates before recommending to the Board for approval. This is to ensure that the candidate possesses the appropriate skills, competencies, experience, integrity and time to effectively discharge their role as a director. Besides that, the Nomination Committee will also take into consideration diversity of the Board's composition which inter alia, includes gender, ethnicity, age, etc.

No nomination was received by the Committee during the financial year 2016.

CORPORATE GOVERNANCE STATEMENT

Re-election and Re-appointment

The Company's Articles of Association provides that 1/3 of the Board is subject to retirement by rotation at each Annual General Meeting. Each director shall retire once at least in each three (3) years but shall be eligible for re-election. The directors to retire in each year are those who have been longest in office since their last election or appointment.

Pursuant to Article 107 of the Company's Articles of Association, Sarena Cheah Yean Tih will retire by rotation at the coming Seventh Annual General Meeting of the Company. She has agreed to be re-elected as Director of the Company.

As per the shareholders' approval obtained at the previous Annual General Meeting, Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Tan Sri Datuk Seri Razman M Hashim, Tan Sri Dato' Dr Lin See Yan, Dato' Chew Chee Kin and Wong Chin Mun who are over the age of 70 years, shall vacate office as Directors of the Company at the conclusion of the forthcoming Annual General Meeting and being eligible, they have offered themselves for re-appointment at the said Annual General Meeting.

The Nomination Committee has assessed the performances of these Directors and has made recommendation to the Board for their re-election/re-appointment at the coming Annual General Meeting.

In order to assist the shareholders in their decision, sufficient information on the Directors such as their personal profile, record of attendance of meetings and the shareholdings of each Director (where applicable) are disclosed in this Annual Report.

Annual Assessment

The Nomination Committee is entrusted with the responsibility of carrying out the evaluation process of the Board's performance as a whole as well as the performance of its Committees. The annual evaluation of Board effectiveness is conducted internally by way of self and peer assessment covering areas such as Board composition, Board roles and responsibilities, legal and regulatory compliance, trainings required, conduct at meetings, engagement and communication with management and stakeholders. The Nomination Committee also undertakes annual assessment of the effectiveness of various Board Committees. The assessments are used to identify the Board's strengths and shortcomings as well as to recommend areas for improvement.

The results of the assessments are compiled into a report for deliberation and recommendation at the Nomination Committee's meeting. The Nomination Committee will then report the matter to the Board for further deliberation. The deliberations of the Nomination Committee and the Board are duly minuted in the respective meetings.

2.3 Remuneration Policy

The Group recognizes 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, information prepared by independent consultants and survey data on the remuneration practices of comparable peers were taken into consideration in determining the remuneration package for Executive Directors and directors' fees for Non-Executive Directors.

During the year end review, the Board will review and approve the final performance ratings of Executive Directors based on their approved ratings. The Board will then determine and approve the quantum of bonus payment in accordance with business justifications and the bonus framework of the Company. The pay decision is also decided taking into consideration external market data i.e. 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 Group uses "Managing for Excellence" software tools for facilitating the evaluation of Executive Directors encompassing balanced scorecard for each individual Executive Director which is conducted on half yearly basis. The Executive Directors' bonus and salary increment are based on their scorecard with measurable key performance indicators ("KPIs") and a bonus framework designed by an external consultant. Each Executive Director's performance was assessed based on his/her achievement of his/her KPIs set beginning of the year.

The total remuneration package of Executive Directors shall made up of various components, primarily consisting of fixed monthly salary, performance bonus, incentive pay, employee share option as well as benefits-in-kind. The Executive Directors shall not be entitled to directors' fees and meeting allowances for their services. The performance and remuneration package of the Executive Directors are subject to evaluation of the Remuneration Committee.

For Independent Non-Executive Directors, the level of remuneration reflects their experience, level of responsibilities and industry's benchmark as well as complexity of the Group's businesses. The remuneration of Independent Non-Executive Directors consist of fixed directors' fees per annum and meeting allowances for every Board or Board Committee meeting attended.

The fees for the Independent Non-Executive Directors are not linked to the financial results of the Company. Independent Non-Executive Directors are not entitled to any performance bonus or any incentive arrangements. For purpose of ensuring independence of the Independent Non-Executive Directors, they are not eligible for employees' share option scheme.

The Board as a whole resolves on the fees for the Independent Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. The fees payable to the Independent Non-Executive Directors are subject to the approval of shareholders at the Annual General Meeting. Currently, the Independent Non-Executive Directors are entitled to directors' fees of RM120,000 per individual per year and the meeting allowance is set at RM1,000 per individual per meeting.

In addition to the directors' fees, the Chairman and members of the Audit Committee are entitled to Audit Committee's fees in respect of their governance and overseeing

responsibilities in relation to the Company's financial reporting, internal control system, risk management system as well as internal and external audit functions. The amount of Audit Committee's fees is benchmarked against public listed companies of similar size and industry. The Audit Committee's fees are subject to the shareholders' approval. The fees will be reviewed as and when the need arises. The Audit Committee's fees are payable annually together with the payment of the directors' fees.

Currently, the Audit Committee's fees are set at RM6,000 per annum for the Chairman and RM3,000 per annum for each member.

The details of the Directors' remuneration during the financial year 2016 are as follows:-

	EXECUTIVE DIRECTORS RM	NON-EXECUTIVE DIRECTORS RM	TOTAL RM
Fees	100,000 [#]	495,000 [*]	580,000
Other Emoluments	7,500	77,000 [^]	99,500
Salaries and other Remuneration	16,534,910	-	16,534,910
Bonus	21,316,800	-	21,316,800
Benefits-in-kind	103,236	-	103,236
Total:	38,062,446	572,000	38,634,446

Notes:

[#] Directors' fees received from a subsidiary of the Company which is listed on the Main Market of Bursa Securities.

^{*} The directors' fees are inclusive of Audit Committee's fees and are subject to the shareholders' approval at the forthcoming Seventh Annual General Meeting of the Company. The Audit Committee's fees are payable at the same time with the directors' fees.

[^] Comprises meeting allowances and any other payments made.

The number of Directors whose remuneration falls under the following bands is as follows:-

RANGE OF REMUNERATION	EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	TOTAL
Below RM200,000	-	4	4
RM500,000 to RM550,000	1	-	1
RM1,600,000 to RM1,650,000	1	-	1
RM6,800,000 to RM6,850,000	1	-	1
RM29,050,000 to RM29,100,000	1	-	1
Total:	4	4	8

Note: The details of directors' remuneration of individual directors are not shown for personal security reasons.

CORPORATE GOVERNANCE STATEMENT

Remuneration Committee

The Board has established a Remuneration Committee to ensure that remuneration arrangements support the strategic aims of the Group's businesses and to enable the recruitment, motivation and retention of Executive Directors.

The Remuneration Committee comprises mainly Independent Non-Executive Directors, namely Datuk Seri Yam Kong Choy as Chairman, Mr Wong Chin Mun, Mr Lim Swe Guan and Tan Sri Dato' Dr Lin See Yan as members. The other member of the Committee is Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling. Tan Sri Dato' Dr Lin See Yan was appointed as a member of the Committee on 27 February 2017.

The Remuneration Committee with the assistance of Chief Human Resource Officer, evaluated the performances of the Executives Directors and recommended to the Board, their proposed remuneration. Based on the performance appraisals, the Remuneration Committee determines the performance bonus for the Executives Directors. The Remuneration Committee also reviews the remuneration package of the Executive Directors to ensure that it commensurates with their scope of responsibilities and performance achieved. It also deliberated and recommended the renewal of the terms of employment contracts for Executive Directors, with the aim of ensuring that the Company attracts and retains the Directors needed to run the Group successfully.

The terms of reference of the Remuneration Committee are set out at the Company's website.

During the financial year, three (3) meetings were held to deliberate and approve the following matters:-

- (a) On 26 February 2016, the Remuneration Committee reviewed and discussed the 2015 year-end performance appraisal of the Executive Directors. The actual results achieved by them were compared to their targeted KPIs. Non achievement of KPIs were explained and justified. Based on the performance scorecard, the Remuneration Committee recommended their annual increments and performance bonuses for the Board's approval.
- (b) On 29 August 2016, the Remuneration Committee reviewed and discussed the mid-year KPIs and mid-year performance appraisal of the Executive Directors.

- (c) On 25 November 2016, the Remuneration Committee reviewed and discussed the performance appraisal of the Executive Directors as of September 2016. The review was for the purpose of determining the payment of interim bonuses. The actual 9-month results versus its budgets were tabled to the Committee for deliberation. Based on the 9-month performance scorecard, the Remuneration Committee recommended the interim bonuses for the Executive Directors for approval by the Board.

When it comes to deliberation on Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling's remuneration, he abstains from all deliberation and decision making.

The Chief Human Resource Officer and Senior Manager – Human Resource Services attended the said meetings at the invitation of the Committee.

Employees' Share Option Scheme ("ESOS") Committee

The ESOS was established in 2013 as an incentive plan for the employees to participate more actively in the operations of the Group and encourage them to contribute to the future growth of the Group. It is also to motivate, reward and to retain the eligible employees for their contribution to the Group.

The ESOS Committee comprising Mr Wong Chin Mun as Chairman, Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Dato' Chew Chee Kin, Ms Sarena Cheah Yean Tih and Ms Foo Shiang Wyne, is responsible for implementing, allocating and administering the ESOS in accordance with such powers and duties conferred upon it under the By-Laws of the ESOS. The terms of reference of the ESOS Committee are set out at Sunway website.

During the financial year, three (3) meetings were held to consider the following matters:-

- (a) Approval of the proposed new allocation of options to the eligible employees of Sunway Berhad Group pursuant to the Company's ESOS 2013/2019 and authority to the management to fix the option price.
- (b) Approval of the proposed vesting of the fourth tranche of the options granted to the existing eligible employees of Sunway Berhad Group pursuant to the Company's ESOS 2013/2019.
- (c) Approval of the applications to continue holding unexercised vested options by the employees of the Group who had been transferred to companies which are outside the Group.

PRINCIPLE 3 : REINFORCE INDEPENDENCE

3.1 Assessment of Independent Directors

The Board measures the independence of its Directors based on the criteria as stipulated by Paragraph 1.01 and Practice Note 13 of the Main Market Listing Requirements of Bursa Securities. The Directors should be independent and free from any business or other relationships that could interfere with the exercise of independent judgment or the ability to act in the best interest of the Group. The Independent Directors must be able to express their opinions to the Board free of concern about their position or the position of any third party.

The Nomination Committee had conducted an annual assessment on the Independent Non-Executive Directors and its results were presented to the Board. The Independent Non-Executive Directors have also provided annual confirmation of their independence to the Nomination Committee and the Board. The Board was generally satisfied with the level of independence demonstrated by the Independent Non-Executive Directors as well as their ability to act in the best interest of the Company.

Any Director who has or may have a conflict of interest, either direct or indirect, in any matter or transaction concerning the Group, is required to notify the Board and the Company Secretary of such interest.

3.2 Tenure of Independent Directors

In accordance with Recommendation 3.2 of the CG Code, the Board had adopted a policy whereby an Independent Non-Executive Director who has reached the threshold of 9 years tenure will be redesignated as Non-Independent Non-Executive Director, unless he or she has obtained shareholders' approval to be retained in the Board as Independent Non-Executive Director.

3.3 Shareholders' approval for re-appointment as Independent Non-Executive Directors after a tenure of 9 years

Presently, none of the Independent Non-Executive Directors has reached the 9-year cumulative tenure in the Company. Hence, no shareholders' approval will be sought for this purpose at the forthcoming Seventh Annual General Meeting of the Company.

3.4 Separation of position of Chairman and Chief Executive Officer ("CEO")

The positions of Chairman and President are held by two (2) different individuals. The Chairman is responsible for leading the Board in the oversight management of the Company and ensuring the integrity and effectiveness of the governance process of the Board. The President focuses on the business and manages the day-to-day operations of the Company and implements the Board's decision. The separate roles and responsibilities of the Chairman and CEO are clearly defined in the Board Charter.

3.5 Composition of the Board

The Board of the Company comprises more than one third independent directors and is chaired by an Executive Director. It comprises eight (8) members, four (4) of whom are Independent Non-Executive Directors and the balance four (4) are Non-Independent Executive Directors. The Board has intention to increase the number of Independent Non-Executive Directors to 5 in order to ensure that they comprise majority in numbers.

The Board composition reflects a mix of suitably qualified and experienced professionals in the fields of accountancy, banking and finance, economics, real estate development and property management. This combination of different professions, experiences and skills working together enables the Board to effectively lead and control the Company. A brief profile of each Director is presented on pages 80 to 89 of this Annual Report.

Pursuant to Recommendation 2.2 of the CG Code, the Board had adopted a diversity and inclusion policy. The Group is committed in encouraging diversity and inclusion in the workplace. The Group aims to create a culture that respects and values each other's differences, promotes equality and diversity, and encourages individuals to grow and develop in order to realize their full potential. Diversity and inclusion are closely tied to the Group's core values of integrity, humility and excellence which are embedded into every facet of the Group's businesses and goals. Nonetheless, the Board will also prioritise selection criteria based on an effective mix of competencies, skills as well as relevant experiences and knowledge in order to strengthen the Board.

In accordance with the best practices in corporate governance, Mr Wong Chin Mun was appointed as Senior Independent Non-Executive Director on 23 April 2014, to whom concerns relating to the affairs of the Group may be directed at. He serves as the point of contact between the Independent Non-Executive Directors and the Executive Directors on matters that may be deemed sensitive and the designated contact to whom the shareholders may direct their concerns or queries.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 4 : FOSTER COMMITMENT

4.1 Time Commitment

Unless due to emergency situation, all the Board members are expected to attend all meetings organised for the year.

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities. All Directors have given their full commitment to the Board Meetings by attending all the Board meetings held during 2016. Their meeting attendance at Board and Board committees' meetings is evidenced by the attendance record set out in the table below.

In order to ensure that the Directors have sufficient time to fulfil their roles and responsibilities effectively, the Board has agreed that one of the criteria for potential new directors is that they must not hold more than five (5) directorships in public listed companies. This is also in compliance with Paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. This enables them to discharge their duties effectively by ensuring that their commitment, resources and time are more focused.

Under Recommendation 4.1 of the CG Code, the Board should stipulate the expectation of time commitment of members who accept a new directorship. It is incorporated in the Company's Board Charter that a Director is required to seek prior consent from the Chairman of the Board before he or she accepts any new directorship outside the Group. The Company Secretary will monitor the number of directorships and the changes, if any, of each Director and report to the Board during the Board meetings.

4.2 Training

The Board recognizes the importance of training and development for the Directors to enhance their skills and knowledge to meet the challenges of the Board. The role to review the training and development needs of the Directors has been delegated to the Nomination Committee.

During the financial year, all the Directors had attended various training programmes and seminars organised by the relevant regulatory authorities and professional bodies to broaden their knowledge and to keep abreast with the relevant changes in law, regulations and the business environment. An in-house briefing by an appointed legal firm on the new Companies Act 2016 had also been organized for the benefits of the Directors.

The training programmes, seminars and workshops attended by the Directors during the financial year were, inter alia, on areas relating to corporate leadership and governance, finance, property market, economic trends, strategic planning, risk management, latest technologies, sustainable development and implementation of new regulations by the Government.

DIRECTORS	BOARD MEETING	AUDIT COMMITTEE MEETING	NOMINATION COMMITTEE MEETING	REMUNERATION COMMITTEE MEETING	ESOS COMMITTEE MEETING
EXECUTIVE DIRECTORS					
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	7/7	N/A	N/A	3/3	2/3
Tan Sri Datuk Seri Razman M Hashim	7/7	N/A	N/A	N/A	N/A
Dato' Chew Chee Kin	7/7	N/A	N/A	N/A	3/3
Sarena Cheah Yean Tih, S.M.S.	7/7	N/A	N/A	N/A	3/3
INDEPENDENT NON-EXECUTIVE DIRECTORS					
Wong Chin Mun	7/7	5/5	5/5	3/3	3/3
Lim Swe Guan	7/7	5/5	5/5	3/3	N/A
Datuk Seri Yam Kong Choy	7/7	5/5	5/5	3/3	N/A
Tan Sri Dato' Dr. Lin See Yan	7/7	5/5	N/A	N/A	N/A

Note: Tan Sri Dato' Dr Lin See Yan did not attend the Nomination and Remuneration Committee Meetings held in 2016 as he was only appointed as a member of the said Committees on 27 February 2017.

Training Programmes, Seminars and Workshops attended by Directors

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Ao	<ul style="list-style-type: none"> Jeffrey Cheah Distinguished Speakers Series - Is a Good Decision Based on Emotion or Reason? (Sunway University) 	18 March 2016
	<ul style="list-style-type: none"> Jeffrey Cheah Distinguished Speakers Series - The ASEAN Economic Community: A Reality Check (Sunway University) 	5 May 2016
	<ul style="list-style-type: none"> Jeffrey Cheah Distinguished Speakers Series - Thinking About Ethics: Is a Good Professional Necessarily a Good Person? (Sunway University) 	15 August 2016
	<ul style="list-style-type: none"> Jeffrey Cheah Distinguished Speakers Series - Leadership For A Fractured World: How to Cross Boundaries, Build Bridges and Lead Change (Sunway University) 	27 October 2016
Tan Sri Datuk Seri Razman M Hashim	<ul style="list-style-type: none"> Enterprise Risk Management (Trace Management Services Sdn Bhd & Institute of Enterprise Risk Practitioners) 	23 February 2016
	<ul style="list-style-type: none"> The New Companies Bill 2015 (Gan Partnership) 	17 August 2016
	<ul style="list-style-type: none"> 19th National Housing & Property Summit 2016 - Revitalising the Housing & Property Industry: What Next for the Housing & Property Sector? (Asian Strategy & Leadership Institute) 	8 September 2016
Dato' Chew Chee Kin	<ul style="list-style-type: none"> Sunway Construction Managers Conference 2016 (Sunway Construction Sdn Bhd) 	7 May 2016
	<ul style="list-style-type: none"> Bursa Malaysia CG Breakfast Series for Directors: "Future of Auditor Reporting - The Game Changer for Boardroom" (Bursa Malaysia Berhad) 	27 June 2016
	<ul style="list-style-type: none"> The New Companies Bill 2015 (Gan Partnership) 	17 August 2016
Sarena Cheah Yean Tih, S.M.S.	<ul style="list-style-type: none"> Southeast Asia's Premier Digital Conference (Catcha Group) 	8 June 2016 to 9 June 2016
	<ul style="list-style-type: none"> Audit Committee Workshop I: Fraud Risk Management (Malaysian Institute of Accountants) 	10 August 2016
	<ul style="list-style-type: none"> Audit Committee Workshop J: The Nominating Committee (NC) (Malaysian Institute of Accountants) 	10 August 2016
	<ul style="list-style-type: none"> Advanced 3-D Negotiation (Harvard Club of Malaysia) 	15 August 2016 to 16 August 2016
	<ul style="list-style-type: none"> The New Companies Bill 2015 (Gan Partnership) 	17 August 2016
	<ul style="list-style-type: none"> 19th National Housing & Property Summit 2016: - Revitalising the Housing & Property Industry - What Next for the Housing & Property Sector?* 	8 September 2016
	<ul style="list-style-type: none"> FINTECH-Digital Banking and the 4th Industrial Revolution (RAM Holdings Berhad) 	30 September 2016

* Attended as speaker

^ Attended as panellist

CORPORATE GOVERNANCE STATEMENT

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Wong Chin Mun	<ul style="list-style-type: none"> Lean Manufacturing in Some Malaysian Companies (Vistage Malaysia Sdn Bhd) 	22 January 2016
	<ul style="list-style-type: none"> 2016 Vistage ChairWorld Conference <ul style="list-style-type: none"> "Search Inside Yourself - Next Level of Chairing" Workshop Future of Technology & the Future of Business Visualise Your Dream & Embark on the Path to Make the Dream a Reality (Vistage International, USA)	31 January 2016 to 2 February 2016
	<ul style="list-style-type: none"> Bursa Malaysia CG Breakfast Series for Directors <ul style="list-style-type: none"> Future of Auditor Reporting - The Game Changer for Boardroom (Bursa Malaysia Berhad)	9 March 2016
	<ul style="list-style-type: none"> Sustainability Engagement Series for Directors/ Chief Executive Officers (Bursa Malaysia Berhad) 	1 June 2016
	<ul style="list-style-type: none"> ASEAN Economic Community (AEC) and Trans-Pacific Partnership Agreement (TPPA) (Vistage Malaysia Sdn Bhd) 	17 June 2016
	<ul style="list-style-type: none"> The New Companies Bill 2015 (Gan Partnership) 	17 August 2016
	<ul style="list-style-type: none"> The Ultimate Sales Boost - How to Double your Sales in 2017 (Vistage Malaysia Sdn Bhd) 	7 September 2016
	<ul style="list-style-type: none"> Financial Management of a Business (Vistage Malaysia Sdn Bhd) 	9 September 2016
Lim Swe Guan	<ul style="list-style-type: none"> Directors-In-Dialogue Forum <ul style="list-style-type: none"> Boards at Risk (TMS Academy)	2 March 2016
	<ul style="list-style-type: none"> Asiapac Property Leaders Summit (APREA) 	26 September 2016 to 27 September 2016
Tan Sri Dato[*] Dr. Lin See Yan	<ul style="list-style-type: none"> Dialogue on the Eleventh Malaysia Plan 2015-2020 & Malaysia Education Blueprint 2015-2025: <ul style="list-style-type: none"> The Enterprising Nation: Education for Development (The Centre for Poverty and Development Studies, Faculty of Economics and Administration, University of Malaya and HELP University)	28 January 2016
	<ul style="list-style-type: none"> East Asia in 2016: Searching for Solutions to Domestic Socio-Economic Problems, Big-Power Rivalry and Climate Change <ul style="list-style-type: none"> Northeast Asian Situation* (Jeffrey Cheah Institute on Southeast Asia)	24 March 2016
	<ul style="list-style-type: none"> The European Economy: Policies, Prospects and Problems (Jeffrey Cheah Institute on Southeast Asia) 	23 April 2016
	<ul style="list-style-type: none"> CEO Series 2016: "Forward Economic Outlook & Global Winning Real Estate Strategies in an Uncertain Market" <ul style="list-style-type: none"> Ultra-low Interest Rates & Other Key Global Factors Influencing Malaysia's Economic Outlook 2H 2006: Impact Towards the Banking, Construction and Property Development Sector* (REHDA Institute)	18 August 2016
	<ul style="list-style-type: none"> Banking & Digital Economy Summit 2016: "Digital Reimagined - From Finance to Fintech" <ul style="list-style-type: none"> The Economic Outlook: Looking Beyond the Buzzwords & How are you Affected* The BIG Banking Conversation^ (Silverlake Axis Limited)	9 September 2016

* Attended as speaker

^ Attended as panellist

NAME OF DIRECTORS	COURSE TITLE / ORGANISER	DATE
Datuk Seri Yam Kong Choy	<ul style="list-style-type: none"> Looking into the Crystal Ball - Property Market 2016: What to Expect? <i>(REHDA)</i> 	9 March 2016
	<ul style="list-style-type: none"> Breakfast Talk: Driving Performance Through Human Governance <i>(Securities Industry Development Corporation (SIDC), Securities Commission Malaysia & Putra Business School)</i> 	22 March 2016
	<ul style="list-style-type: none"> 2016 Global and Malaysian Economic Outlook - Another Sluggish Growth Year Though Low Risk of a Global Economic Recession <i>(Paramount Corporation Berhad)</i> 	11 May 2016
	<ul style="list-style-type: none"> New Companies Bill <i>(Paramount Corporation Berhad)</i> 	11 May 2016
	<ul style="list-style-type: none"> Shaping the ASEAN Agenda for Inclusion & Growth <i>(World Economic Forum)</i> 	1 June 2016
	<ul style="list-style-type: none"> The Fourth Industrial Revolution & Sustainable Growth: What Next? <i>(Ernst & Young)</i> 	2 June 2016
	<ul style="list-style-type: none"> MAICSA Annual Conference 2016 - Sustainability Shaping the Future* <i>(MAICSA)</i> 	9 August 2016
	<ul style="list-style-type: none"> 2016 CEO Series - Forward Economic Outlook & Global Winning Real Estate Strategies in an Uncertain Market <i>(REHDA Institute)</i> 	18 August 2016
	<ul style="list-style-type: none"> The 19th National Housing & Property Summit 2016 - Revitalising the Housing & Property Industry - What Next for the Housing & Property Sector?^ <i>(Asian Strategy & Leadership Institute)</i> 	8 September 2016
	<ul style="list-style-type: none"> NOVUS Malaysia Convention 2016 - Challenges of the Young Professionals for the Built Environment: "My Way" Success Never by Chance* <i>(CIDB Malaysia & The Chartered Institute of Building)</i> 	15 October 2016
	<ul style="list-style-type: none"> The Inaugural Conference and Launch of the Jeffrey Sachs Center on Sustainable Development - Moving Decisively Forward on Sustainable Development Now <i>(Sunway University)</i> 	9 December 2016

* Attended as speaker

^ Attended as panellist

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 5 : UPHOLD INTEGRITY IN FINANCIAL REPORTING

5.1 Compliance with applicable Financial Reporting Standards

The Directors are required by the Companies Act 2016 (formerly the Companies Act, 1965) ("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 Securities.

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.

In preparing the Financial Statements, the Directors have:

- Adopted appropriate accounting policies and applied them consistently;
- Made judgments and estimates that are reasonable and prudent; and
- 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 open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

5.2 Assessment of suitability and Independence of External Auditors

The Board maintains, via the Audit Committee, an active, transparent and professional relationship with the External Auditors, Messrs BDO. The Audit Committee meets the External Auditors at least twice a year to discuss their audit plans, audit findings and the Group's financial statements. During the financial year 2016, the Audit Committee met three (3) times with the External Auditors on 26 February 2016, 21 March 2016 and 25 November 2016. The Audit Committee also meets with the External Auditors without the presence of the Executive Director and the management on 26 February 2016 and 25 November 2016. This encourages a greater exchange of independent and open dialogue between both parties.

The Company has in place a Policy on Selection of External Auditors and a Non-Audit Services Policy. The objectives of the policies are to outline the criteria and procedures for the Audit Committee to assess and select the External Auditors and to monitor the provision of non-audit services by the External Auditors.

During the year, the Audit Committee assessed the suitability, effectiveness and independence of the External Auditors and ensured that the provision of other non-audit services by the External Auditors was not in conflict with their audit function. The annual assessment of the External Auditors encompassed areas such as objectivity and independence, competency, quality of services, communication and interaction, audit planning, delivery, fees, and adequacy of resources. The outcome of the assessment was tabled to the Audit Committee on 21 March 2016. There were no major concerns from the results of the External Auditors Assessment. The Audit Committee was generally satisfied with the performance of the External Auditors for the financial year ended 31 December 2015. Therefore, the Audit Committee had recommended for the shareholders' approval at the Sixth Annual General Meeting of the Company held on 16 June 2016, the proposed re-appointment of BDO as External Auditors for the financial year 2016.

The External Auditors will rotate their engaging partner in charge of the audited financial statements of the Company and the Group once every five (5) years to maintain their independence from the Group. Nevertheless, the current audit engagement partner has held the position for only two (2) years.

In addition, the External Auditors will be invited to attend the Company's Annual General Meeting/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 Audit Committee had also considered the non-audit services provided by the External Auditors during the financial year. Details of the audit and non-audit fees paid to the External Auditors for the financial year ended 31 December 2016 are shown in the table below.

FEES PAID TO EXTERNAL AUDITORS OR ITS AFFILIATES	FYE 2016		TOTAL (RM'000)
	COMPANY (RM'000)	GROUP (RM'000)	
Statutory audit and related fees	241	3,327	3,568
Non-audit fees	-	36	36
Total	241	3,363	3,604

The non-audit fees of RM36,000 were amongst others, for preparation of accountant reports for prospectus purposes, project account summary report, etc. The Audit Committee had concluded that these services did not compromise the External Auditors' independence and objectivity as the amount paid were not significant as compared to the total fees paid to the External Auditors.

Additional disclosure on the detailed works carried out by the Audit Committee for the reporting financial year are set out in the Audit Committee's Report on pages 137 to 141 of this Annual Report.

PRINCIPLE 6 : RECOGNISE AND MANAGE RISK

6.1 Sound framework to manage risks

The Company is committed to integrating risk management practices into all business processes and operations to drive consistent, effective and accountable action, and management practices. The Board assumes overall responsibility for maintaining a sound system of risk management and internal controls that provides reasonable assurance of effective operations and legal compliance including both internal policies and standard operating procedures. The Board has adopted a Risk Management Policy as a formal acknowledgement of its commitment to risk management.

The Board is assisted by Group Risk Management Department in identifying, mitigating and monitoring the critical risks highlighted by the Business Divisions. GIAD assists the Audit Committee in reviewing, evaluating and monitoring the effectiveness of the Group's governance, risk management and internal control processes.

The Statement of Risk Management and Internal Control set out on pages 142 and 145 of the Annual Report, provides an overview of the state of risk management and internal controls within the Group.

6.2 Internal Audit Function

The Board has established an internal audit function by setting up a GIAD within the Group. GIAD reports functionally to the Audit Committee and administratively to the Executive Chairman or his designate. GIAD has full, free and unrestricted access to all the Company's and Group's activities, policies, records, properties and personnel at all levels and agents, in pursuance of its objectives.

GIAD's functions and summary of its activities are set out in the Audit Committee's Report on pages 137 to 141 of this Annual Report.

PRINCIPLE 7 : ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

7.1 Corporate Disclosure Policy

The Company has in place a Corporate Disclosure Policy which serves as a guide to enhance awareness among the employees of corporate disclosure requirements. The policy outlines the Company's approach toward the determination and dissemination of material information, the circumstances under which the confidentiality of information will be maintained, response to market rumours and adverse or inaccurate publicity and restrictions on insider trading.

The Company has put in place an internal policy on confidentiality to ensure that confidential information is handled properly by Directors, employees and relevant parties to avoid leakages and improper use of such information. The Board is mindful that information which is expected to be material must be announced immediately.

7.2 Leverage on Information Technology for Effective Dissemination of Information

The Company's website at www.sunway.com.my, incorporates a section for "Investor Relations" which provides all relevant information on the Group such as quarterly results and audited financial statements, Board Charter, minutes of general meetings, general announcements, investor presentations, share price and financial information. The information is easily accessible by the public. Annual report and circulars to shareholders are also made available at this website for review.

PRINCIPLE 8 : STRENGTHEN RELATIONSHIP BETWEEN THE COMPANY AND SHAREHOLDERS

8.1 Encourage Shareholder Participation at General Meetings

As part of the effort in strengthening its relationship with the shareholders, the Company is committed to continuously disclose and disseminate comprehensive and timely information to its shareholders as well as to the general investing public. The Board believes that by maintaining consistent and extensive communication with its shareholders, its mutual relationship with its shareholders would be strengthened. This would also enhance the shareholders' understanding of the Group as well as their ability in making informed investment decisions.

The annual report of the Company is also another main channel of communication between the Group and its shareholders as well as stakeholders. The annual report communicates comprehensive information on the financial results and activities undertaken by the Group. The annual report in the form of CD-ROM together with an executive summary would be sent to the shareholders.

The Board also recognizes the importance of shareholders' participation in general meetings and encourages such participation. The Annual General Meeting of the Company provides the principal forum for dialogue and interaction between the Board and the shareholders. The participation of shareholders, both individuals and institutionals at general meetings on clarification of pertinent and relevant information is encouraged.

In 2016, the Company served notice of its Sixth Annual General Meeting 47 days before the meeting, well in advance of the "21-day requirement under the Companies Act, 1965" and the Main Market Listing Requirements of Bursa Securities. The additional time given to the shareholders had allowed them to have sufficient time to scrutinise the Annual Report 2015 and to make necessary arrangements to attend the meeting. The Chairman provided ample time for the Q&A sessions in the Annual General Meeting. All suggestions and comments given by the shareholders were noted by management for consideration. The Company also distributed together with the notice of the Annual General Meeting, information on administrative details such as details of the meeting, shareholders' entitlement to attend the meeting, their right to appoint proxy and information as to who may act as a proxy, etc.

CORPORATE GOVERNANCE STATEMENT

In addition, any written queries raised by the Minority Shareholder Watchdog Group would be presented to the shareholders at the Annual General Meeting together with the Group's response.

8.2 Encourage Poll Voting

In line with the recent amendments to the Main Market Listing Requirements of Bursa Securities, the Company will, at its forthcoming Seventh Annual General Meeting, implement poll voting for all the resolutions set out in the notice of the meeting. In order to expedite the verification and counting of the votes, the poll voting will be conducted via electronic means. The Company has appointed an independent external scrutineer to validate all the votes at the coming meeting.

8.3 Effective Communication and Proactive Engagements

The Board values constant dialogue and is committed to clear communication with its shareholders and investors. In this respect, as part of the Group's active investor relations programme, discussions and dialogues are held with fund managers, financial analysts, shareholders and the media to convey information about the Group's performance, corporate strategy and other matters affecting shareholders' interests. The Group has an established internal corporate disclosure policy and an investor relations team to address all communications with its shareholders, the media and the investing public.

During the financial year, the Group had conducted quarterly press and analysts updates and held meetings with investors and research analysts. The Group had also participated in domestic and overseas roadshows, and investor conferences in Malaysia, Singapore and Hong Kong.

In addition to published annual reports (both in hard copy or in CD ROM media) and quarterly reports announced to Bursa Securities, the Group has established a website at **www.sunway.com.my** from which investors and shareholders can access for information.

The Company also provides a separate executive summary together with its annual report, highlighting key financial information to facilitate shareholders' easy access to such key information. Besides announcing through Bursa Securities' website, all significant corporate developments involving the Group are made known through press releases to the media.

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information. The Group has in place an insider trading policy to safeguard confidentiality of its material and price-sensitive information.

The Group's website has a section dedicated to shareholders and investor relations which provides detailed information on the Group's businesses and latest developments. Any enquiries on investor related matters may be directed to this e-mail address, **irsunwayberhad@sunway.com.my** or may also be conveyed to the following persons:-

1. Mr Chong Chang Choong
Chief Financial Officer
Tel No : (603) 5639 8187
Fax No : (603) 5639 9566
E-mail : chongcc@sunway.com.my
2. Ms Mandy Lim
Manager – Corporate Finance
Tel No : (603) 5639 8674
Fax No : (603) 5639 9566
E-mail : mandylml@sunway.com.my

COMPLIANCE WITH THE CG CODE

The Group has complied with the principles and recommendations as outlined in the Malaysian Code on Corporate Governance 2012 except the following recommendations:

- The positions of Chairman and chief executive officer should be held by different individuals, and that the Chairman must be non-executive member of the Board; and
- If the Chairman is not an independent director, then the Board should comprise a majority of independent directors to ensure balance of power and authority on the Board.

The rationale for non-compliance has been explained in page 1 of this Statement. Notwithstanding the non-compliance, the Board through the Nomination Committee, is in the process of identifying and appointing an additional Independent Director so that the number of Independent Directors would form a majority of the Board.

This Corporate Governance Statement was approved by the Board of Directors on 27 March 2017.



TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO
Executive Chairman

AUDIT COMMITTEE REPORT

The Board of Sunway Berhad 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 2016.

COMPOSITION

The AC comprises four (4) members, all of whom are Independent Non-Executive Directors. This meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"). Members of the AC during the financial year ended 31 December 2016 comprised the following Directors:-

1. Wong Chin Mun – Chairman
(Senior Independent Non-Executive Director)
2. Tan Sri Dato' Dr Lin See Yan
(Independent Non-Executive Director)
3. Datuk Seri Yam Kong Choy
(Independent Non-Executive Director)
4. Lim Swe Guan
(Independent Non-Executive Director)

Mr Wong Chin Mun is a Fellow of Australian Society of Certified Practising Accountants and a member of Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of MMLR of Bursa Securities.

MEETINGS AND ATTENDANCE

The AC held five (5) meetings in 2016. The attendance records of the AC members are shown below:-

NAME	NUMBER OF MEETINGS ATTENDED
Wong Chin Mun (Chairman)	5/5
Tan Sri Dato' Dr Lin See Yan	5/5
Datuk Seri Yam Kong Choy	5/5
Lim Swe Guan	5/5

The President and Chief Financial Officer were invited to attend all the meetings to provide clarification on audit issues as well as the Group's financial and business operations. The Head of Group Internal Audit Department ("GIAD") attended all the meetings to table the internal audit reports and annual audit plan. The External Auditors, Messrs BDO, were present at three (3) of the total meetings held. Senior Management officers from the respective business units were invited to attend the meetings as and when necessary to brief the AC on specific issues raised in the internal audit reports on matters relating to their areas of responsibility.

TERMS OF REFERENCE

The scope of responsibilities of the AC is outlined in its terms of reference which is set out at Sunway website at www.sunway.com.my.

SUMMARY OF ACTIVITIES

During the financial year ended 31 December 2016, the AC carried out the following activities in the discharge of its functions and duties:-

1. Overseeing Financial Reporting

- (a) At the AC Meetings held on 26 February 2016, 27 May 2016, 29 August 2016 and 25 November 2016, the AC reviewed and discussed with Management, the respective quarterly management accounts and quarterly financial results, taking into consideration that the necessary processes and controls were in place in the preparation of the financial reports.

At each of the meetings, the Chief Financial Officer presented the financial reports and confirmed to the AC, the following matters:

- i) The accounting policies and methods of computation adopted by the Group were consistent with those adopted in the previous audited financial statements except for the adoption of new or amended accounting standards that were effective for the financial year 2016;
- ii) There were no significant and unusual issues other than those reported in the financial statements;
- iii) The Company and the Group continue to operate as going concern; and
- iv) The accounting standards, regulatory and other legal requirements had been complied with in the preparation of the financial statements.

The AC focused its attention on the accuracy of the reported financial figures and explanations to material variances or movements during the relevant quarters. The AC's recommendations on the unaudited quarterly financial results were presented for approval at the subsequent Board meetings for release to Bursa Securities.

On 21 March 2016, the AC together with the External Auditors and Management, deliberated on the audited financial statements for the financial year ended 31 December 2015. Having satisfied itself that the audited financial statements and directors' report complied with the relevant accounting standards and legal requirements, the AC duly recommended the same for the Board's approval and subsequent tabling at the Sixth Annual General Meeting of the Company held on 16 June 2016.

AUDIT COMMITTEE REPORT

The AC also reviewed and took note of the changes and amendments to the regulations, accounting standards and other regulatory requirements tabled by the Chief Financial Officer that could have a significant financial impact on the Company. Some of the amendments to the Malaysian Financial Reporting Standards discussed were the amendments to MFRS 112: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses, amendments to MFRS 107: Cash Flow Statements – Disclosure Initiative and MFRS 16 : Leases.

2. Assessing Risks and Control Environment

- (a) The AC reviewed the adequacy and effectiveness of the risk management framework and the appropriateness of Management's responses to key risk areas and proposed recommendations for improvements to be implemented.
- (b) The Management reported to the AC on a half yearly basis, all identified risks that were recorded in a risk management scorecard which facilitated systematic review and monitoring of the risk areas.
- (c) On 26 February 2016, the AC also reviewed and deliberated on matters relating to internal control as highlighted by the External Auditors in the course of their statutory audit of the financial statements for the financial year ended 31 December 2015. At the meeting, the External Auditors reported that there were no significant weaknesses in the Group's internal control systems.

3. Evaluating the Internal and External Audit Process

(a) Internal Audit

- (i) The AC approved GIAD's 2016 Audit Plan at the meeting held on 26 February 2016. The 2016 Audit Plan was developed using a risk based audit methodology where business units and processes were selected for audit based on risk assessments carried out periodically by GIAD. The AC reviewed the adequacy and relevance of the scope and resources allocated for the plan and subsequently, approved the plan and its proposed audit timetable and the budgeted man-hours.

The 2016 Audit Plan was also reviewed on a quarterly basis taking into account any developments which had an impact on the audit coverage.

GIAD's audit engagements for 2016 were mainly carried out in the following key business components:-

- Property Development Projects
- Trading & Manufacturing
- Healthcare
- Leisure & Hospitality
- Major overseas subsidiaries
- Information Technology (IT) Systems

- (ii) The AC reviewed the results of audit engagements carried out by GIAD at every AC 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, GIAD updated the AC on the progress of the 2016 Audit Plan and results of ad-hoc assignments including audit investigations.

- (iii) At the meeting held on 21 March 2016, the Internal Audit Function Evaluation Report was tabled for AC to assess the performance of GIAD. The AC assessed the effectiveness of the internal audit function in terms of scope and compliance with relevant regulatory standards as well as its collaboration with the External Auditors. The Committee also assessed the adequacy of resources and core skills and competencies of the staff within GIAD.

The AC was satisfied with the performance of GIAD in 2015 and was of the opinion that the internal audit function was appropriate to its size and the nature and scope of its activities.

- (iv) The AC had on 26 February 2016, met with GIAD without the presence of Management and Executive Board members to facilitate discussions of additional matters in relation to audit issues and internal control weaknesses noted in the course of its audit.

- (v) At the AC Meeting held on 26 February 2016, the Head of GIAD reported to the AC on the actions taken in regards to the improvement areas suggested by Protiviti Pte Ltd ("Protiviti"), an external professional consultant subsequent to its Quality Assessment Review on GIAD in 2015. The AC reviewed and discussed on the improvement areas as well as GIAD's progress in implementing the action plans at the said meeting.

- (vi) At the AC Meeting held on 27 May 2016, GIAD reported to the AC on new initiatives to invest in Data Analytics tools to enhance its data analysis capability as well as improving productivity and efficiency. At the meeting on 25 November 2016, GIAD updated the AC on the progress on Data Analytics and tabled its Data Analytics Plan for 2017. The AC deliberated and subsequently, approved GIAD's strategy to increase dependency on IT Tools to facilitate audits and enhancing productivity and efficiency.

- (vii) At the AC Meeting held on 29 August 2016, AC reviewed and approved the GIAD's Internal Audit Charter to ensure that it is up-to-date and relevant and in compliance with the recommendations of the Corporate Governance Guide issued by Bursa Securities. The AC requested that the Internal Audit Charter be reviewed on yearly basis. At the same meeting, the Head of GIAD reported that all the internal auditors had signed the annual declaration of compliance to the Code of Ethics of the Institute of Internal Auditors in carrying out their duties.

(b) External Audit

- (i) The AC met with the External Auditors, Messrs BDO on the following dates:

- The AC had on 26 February 2016, reviewed and deliberated with Management and the External Auditors, the Audit Report by the External Auditors in respect of their audit for the financial year ended 31 December 2015.

In the aforesaid meeting, the External Auditors confirmed their professional independence in relation to the audit engagement for the financial year ended 31 December 2015. The External Auditors also reported their audit status versus the audit plan. The AC was briefed on the key audit and accounting issues which they had identified during the course of their audit and the justifications provided by 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 had on 21 March 2016, discussed with the External Auditors on the final draft of the audited financial statements of the Company for the financial year ended 31 December 2015.

The External Auditors was of the opinion that the Company's audited financial statements gave a true and fair view of the financial position of the Company and its group in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965.

- The AC had on 25 November 2016, reviewed and discussed with the External Auditors, the Group Audit Planning Memorandum for the financial year ended 31 December 2016 which outlined the scope of work for the statutory audit for the financial year ended 31 December 2016.

At the aforesaid Meeting, the External Auditors explained their audit approach and system of evaluation including areas of audit emphasis and scope. New Malaysian Financial Reporting Standards (MFRS) which would affect the financial reporting of the Company for the financial year ended 31 December 2016 were highlighted. It was also noted that there would be significant change in the presentation of the Auditors' Report for the financial year ended 31 December 2016 arising from the International Standards on Auditing - ISA 700 (Revised) and ISA 720 (Revised).

- (ii) The AC had private sessions with the External Auditors to discuss any issues and reservations arising from their audit without the presence of management staff and the executive board members on 26 February 2016 and 25 November 2016. No major concerns were highlighted and the External Auditors had also confirmed that they had received full cooperation from Management and unrestricted access to the Company's records.

- (iii) The AC had, at its meeting held on 21 March 2016, reviewed the audit and non-audit fees of the External Auditors for the financial year 2015.

Out of the non-audit fees of RM1.24 million, RM1.2 million was fee paid to Messrs Ernst & Young, the previous External Auditors of the Company which had acted as the Reporting Accountant for the listing of Sunway Construction Group Berhad on the Main Market of Bursa Securities.

The AC having considered the nature and scope of the non-audit fees, was satisfied that there was no conflict of interest and it would not impair the independence of the present External Auditors.

In the AC Meeting held on 25 November 2016, the External Auditors presented their proposed audit fee for 2016.

- (iv) The AC undertook an annual assessment on the quality of audit of the External Auditors which encompassed the performance, quality of communication, independence, objectivity and professionalism of the External Auditors. The results of the evaluation was tabled to the AC at its meeting held on 21 March 2016. The AC and Management were satisfied with the performance and audit quality of the External Auditors for the financial year ended 31 December 2015.

Based on the annual performance and independent assessment conducted by the AC on the External Auditors, it was satisfied with the performance of the External Auditors for the financial year ended 31 December 2015. As such, it had subsequently recommended to the Board that the External Auditors be re-appointed as the Company's External Auditors for the next financial year subject to the shareholders' approval. The External Auditors had also provided their policies and written confirmation to the AC on their independence and the measures undertaken to control the quality of their work.

- (v) The AC reviewed and deliberated on the disposal of a parcel of vacant land which was located adjacent to Sunway Carnival Shopping Mall in Seberang Jaya, Penang by Commercial Parade Sdn Bhd, a subsidiary of the Company, to RHB Trustees Berhad (as Trustee for Sunway Real Estate Investment Trust) for a total consideration of RM17.2 million. It was a related party transaction.

The disposal consideration was arrived at after taking into consideration the market value of the said land as valued by an independent valuer, Messrs C H Williams Talhar & Wong.

AUDIT COMMITTEE REPORT

After considering all aspects of the said disposal, the AC was of the opinion that it was in the best interest of the Group and was not detrimental to the interests of the minority shareholders of the Company and that the terms of the disposal were fair, reasonable and made on normal commercial terms. It was then recommended to the Board for approval.

4. Reviewing Related Party Transactions & Conflict of Interest Situations

(a) The AC had at its meetings held on 26 February 2016, 27 May 2016, 29 August 2016 and 25 November 2016, deliberated on any Management's potential conflict of interest, related party transactions and recurring related party transactions. All related party transactions and recurring related party transactions were found to have complied with the following criteria:-

- i) Carried out in compliance with the MMLR of Bursa Securities as well as relevant rules and regulations;
- ii) Transactions/arrangements were carried out on an arms' length basis and under normal commercial terms;
- iii) Transactions/arrangements were in the best interest of the Company;
- iv) Interested parties abstained from deliberation and voting;
- v) Adequate disclosure via Bursa announcements, quarterly reports and annual report; and
- vi) Prior approval by the shareholders, where applicable.

With the assistance of GIAD, the AC had satisfied itself on the adequacy, appropriateness and compliance of the procedures established to monitor recurrent related party transactions.

The AC also took note that there were no management conflict of interest situations for operational matters (including any transaction, procedure or course of conduct) as reported by the President at the quarterly meetings.

(b) On 26 February 2016, the AC reviewed and approved the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions and the proposed authority for the purchase of own shares by the Company as well as the statements by the AC in respect of the proposed shareholders' mandate for recurrent related party transactions.

5. Other Matters

(a) On 21 March 2016, the AC reviewed and recommended for the Board's approval, the Corporate Governance Statement, AC Report and Statement on Risk Management and Internal Control for inclusion into the Company's Annual Report 2015.

The AC had also reviewed and recommended for the Board's approval, the Annual Report 2015 of the Company.

(b) At its meetings held on 27 May 2016 and 25 November 2016, the AC was briefed on the amendments in the MMLR of Bursa Securities and the new Companies Act 2016 respectively.

(c) The AC was satisfied that there were no breaches of the MMLR of Bursa Securities as reported by the Company Secretary at the quarterly meetings during the financial year.

(d) At its meeting held on 27 May 2016, the AC was briefed by GIAD and the Chief Information Officer (CIO) on the cyber security risks and threats to the Group. The AC was assured that the necessary controls and mitigating factors had been put in place to counter such risks. Cyber security risks were recognised as one of the major risks of the Group and were included in the Group's risk management framework. At the meeting on 25 November 2016, AC was also briefed by GIAD's IT Audit on the Guidelines on Management of Cyber Risk published by the Securities Commission. Subsequently, the AC had requested the CIO to update the Board on the said risks under its risk management report.

(e) The AC members had visited the Group's major investments in China namely property development projects in Tianjin Eco City, Tianjin and spun pile production facilities in Zhuhai from 18 to 21 October 2016 for better understanding of the Group's active investments in China. They had also reported their views on the said investments at the AC Meeting held on 25 November 2016. Their views and opinions were subsequently reported to the Board at the Board Meeting held on the same day.

(f) The AC had at its meeting held on 26 February 2016, reviewed the report prepared by GIAD on the verification of allocation of share options to the Group's eligible employees in compliance with the criteria set out in the By-Laws of the Company's Employees' Share Option Scheme.

(g) Minutes of the previous AC Meetings were tabled at the subsequent Board Meetings by the AC Chairman. Significant issues and concerns discussed during the AC Meetings together with the recommendations were highlighted and reported to the Board.

PERFORMANCE EVALUATION

The assessment on the performance and effectiveness of the AC are undertaken by the Board annually. The AC members also undertook a Self and Peer Evaluation to assess whether the AC members had carried out their duties and responsibilities in accordance with its terms of reference.

Based on the assessment, the Board was satisfied that the AC was effective in discharging its duties and responsibilities as required under the AC's terms of reference.

CONTINUING EDUCATION

The details of training programmes and seminars attended by each AC member during the financial year ended 31 December 2016 are set out in the Corporate Governance Statement under "Directors' Training".

INTERNAL AUDIT FUNCTION AND SUMMARY OF ACTIVITIES

The Group's Internal Audit ("IA") function is an integral part of the assurance framework and it is performed in-house and undertaken by GIAD. The mission of GIAD is to enhance and protect Sunway Berhad Group's organisational value by providing risk-based and objective assurance, advice and insight. GIAD helps the Group to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. GIAD reports functionally to the AC and administratively to the Executive Chairman.

GIAD is a member of the Malaysian Chapter of the Institute of Internal Auditors ("IIA") and adopts the International Standards for the Professional Practice of Internal Auditing ("IIA Standards") laid down in the International Professional Practices Framework issued by the IIA. GIAD successfully completed its external Quality Assessment Review in 2015 and continues to meet or exceed the IIA Standards in all key aspects. GIAD carried out its activities based on a risk-based annual audit plan approved by the AC. The AC reviews annually the adequacy of the scope, function and resources of the IA, to ensure that the responsibilities of GIAD are fully discharged.

The internal audit reports arising from the audit assignments carried out in 2016 were issued to the respective business unit management for their responses and Management were made responsible to ensure that the agreed corrective actions to be taken to address the reported risks and weaknesses were taken promptly within the required timeframes. Follow-up audit engagements were carried out by GIAD to ensure that the key corrective actions were implemented appropriately. The internal audit reports were subsequently tabled to the AC for its review. The Head of GIAD has unrestricted access to the AC and reports directly to the AC Chairman. In its current structure, the GIAD has been able to provide Directors and senior management with pertinent information about weaknesses in the system of internal control allowing Management to take prompt remedial actions.

In August 2016, GIAD had launched its Code of Ethics ("COE") based on the universally accepted COE issued by the IIA. All the team members of GIAD had signed a declaration of compliance to the Code of Ethics of the IIA in carrying out their duties.

During the financial year ended 31 December 2016 and as at the date of this report, GIAD had 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 providing results of the assessments of internal controls, identifying key areas of concerns as well as highlighting recommendations for improvements and carried out follow-up audits;
- (d) Acted on suggestions made by the AC and/or senior management on concerns over operations or controls and significant issues pertinent to the Company and of the Group.
- (e) Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels;
- (f) Reported to the AC on review of the adequacy, appropriateness and compliance with the procedures established to monitor recurrent related party transactions.
- (g) Reviewed risk exposures of new IT systems implemented to assess the controls that should be in place to mitigate the risks identified prior to implementation.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2016 including staff payroll costs and overheads amounted to RM4.41 million.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("the Board") is pleased to present the Statement of 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 6 of the Malaysian Code on Corporate Governance 2012, with guidance from the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

THE BOARD'S RESPONSIBILITY

The Board continues its commitment and responsibility towards effective risk management and internal control. In doing so, the Board embeds risk management into activities, initiatives and processes of Sunway and its subsidiaries ("the Group"). The framework has been set in place by the Board to identify, evaluate, mitigate and monitor key risks faced by the Group.

The Board recognises that the framework is designed to mitigate rather than to eliminate, 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.

The Board reviews this process on a half yearly basis and is of the opinion that risk management and internal control framework for the year under review and up to the date of approval of this statement is adequate and effective. The Board has also received assurance from the President and Chief Financial Officer ("CFO") that the Group's risk management and internal control framework is 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 divisions and operating subsidiaries prepare and present its outlook, expectations, budgets, performance and targets for the forthcoming year.

The President communicates the Board's expectations to Management teams and employees during management meetings, managers' conferences and forums while the heads of the operating subsidiaries and departments are empowered with the responsibility of planning, monitoring, reporting and managing their respective operations.

Components of the Internal Control System

1. Policies & Procedures

The Group's internal control system encompasses formalised and documented internal policies, standards and procedures to ensure compliance with internal controls, relevant laws and regulations. It enables all divisions and operating subsidiaries to effectively and efficiently, operate and respond proactively to potential business, operational, financial, compliance and other risks in achieving the Group's goals and objectives. These documents are regularly reviewed to ensure relevance and applicability and are published in the Group's intranet for employees' reference.

2. Audits

The Group Internal Audit Department ("GIAD") carries out internal audits on divisions and operating 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 ISO, OHSAS and ACHS are audited as scheduled by auditors of relevant certification bodies. Results of these audits are reported to management.

3. Employee Engagement and Performance

Key performance indicators, based on balanced scorecards are used to track and measure employee's performance while employee engagement surveys are conducted to gain feedback on effectiveness and efficiency of the Group to aid continuous improvement of employee competency, in line with the Group's goals and objectives.

4. Employee Conduct

Available for staff access in the Group's intranet portal, this is governed by a series of policies which define the core values of the Group – Integrity, Humility and Excellence.

- a) The Group's Code of Conduct and Business Ethics provides an ethical framework to guide actions and behaviours 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.

- b) The Staff Handbook provides information on employment terms and conditions in addition to compensation, leaves, health benefits, education assistance, discounts, expectations and career path to name a few. Also included in the policy is the Group's Personal Data Protection Notice on the collection and handling of personal information in accordance with the Malaysian Personal Data Protection Act 2010.
- c) 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 further action. Whistle blowing avenues include a direct line telephone number, e-mail or written mail to the Head of GIAD. The AC has overall responsibility in overseeing the implementation of this policy for the Group.

5. Risk Management

The Group's risk management framework is benchmarked against the ISO31000:2009 Risk Management – Principles and Guidelines and is designed to embed Enterprise Risk Management ("ERM") into key activities, initiatives and processes of the Group. This enables the Group to identify, assess and mitigate risks that may prevent the Group from achieving its objectives. In doing so, the stakeholders are assured that their interest is protected. During the financial year, the Group constantly reinforces its risk management framework to remain relevant and effective given the present business environment.

The framework is enterprise-wide and outlines policies and practices for effective risk mitigation. It allows the Group to:

- establish clear functional responsibilities and accountabilities within committee structures for management of risks;
- enhance and improve corporate governance with a clear, concise and robust structure for the Group;
- determine risk appetite and risk tolerance based on measurable parameters related to critical risks that may impact the strategy, performance and reputation of the Group;
- set risk policies and limits consistent with the risk appetite and tolerance of the Group; and
- ensure appropriate skills and resources are applied to risk management.

Continuous risk assessment is fundamental to the Group's risk management process. Operating subsidiaries are tasked with reporting major risks on a quarterly basis to management as it aims for a holistic approach towards risk management. The respective operating subsidiaries being risk owners of their immediate sphere are responsible to develop the appropriate response strategies to mitigate the risks.

In providing assurance to the Board on the Group's adequacy and effectiveness of risk management, Group Risk Management Department ("GRMD"), under the purview of the CFO Office 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 President and CFO, highlighting major risks and mitigating controls carried out. The Board of Directors meet and deliberate on these risks identified at least twice a year while ad-hoc or new critical risks are escalated to the Board immediately for deliberation.

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.

STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

Risk management discipline hence, 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 programme for the Group.

Reporting Structure

The Board will meet and deliberate on the top risks identified at least twice a year while ad-hoc or new critical risks are escalated to the Board immediately for deliberation. 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.

GRMD is accountable for effectiveness of the risk management framework and is independently distinguished from risk owners - the respective heads of operating subsidiaries - being such person with vital insight of respective businesses and able to actively influence the identified risks through decisions and actions.

Consequently, GRMD undertakes the role of assisting operating subsidiaries by identifying, quantifying, managing and mitigating critical risks in addition to monitoring and reporting of action plans prepared by the operating subsidiaries. In line with the Group's governance initiatives, GRMD also collaborates with other support functions such as Group Brand Marketing & Communication, Group Finance, Group Internal Audit, Group Investor Relations, Group IT, Group Legal, Group Procurement, Group Secretarial and Corporate Development.

GRMD 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 environment. Thus, as the Group commits to provide Environmental, Safety & Health ("ESH") standards and practices to enhance stakeholders' value, GRMD'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, ISO 14001 and the Australian Council of Healthcare Standards ("ACHS") to name a few.

Apart from the above, GRMD participates in other value-adding exercises such as:

1. Review existing Sunway Standard Operating Principles ("SSOP").

The review of the Group's SSOPs is conducted by GRMD together with key relevant personnel from respective divisions or operating subsidiaries, covering credit control, sales and marketing, procurement, products and services and operative guidelines.

2. Assist in day-to-day operations for operating subsidiaries

Upon instruction from management, GRMD assists in fulfilling daily operative requirements to ensure minimal business interruption or delays that could hamper the achievement of goals and objectives.

3. Assist in conducting regulatory research.

Such research is conducted to ensure that the Group's projects and businesses (existing or new) remain compliant to laws and regulations.

4. Assist in conducting tender for divisions and operating subsidiaries.

GRMD participates in tender processes to form an independent party to ensure fairness in observance of due process, decision making and tender awards.

Key Risk Factors

For the financial year under review, GRMD has identified the following risks for the Group. These were presented to the Board which includes the Group President and CFO where controls, mitigating plans and monitoring mechanisms were highlighted.

1. Business / Market Risk

Risks associated with an uncertain economy such as weaker trade and higher risk aversion sentiments resulting in reduction or moderation of investments and businesses.

Mitigation:

Direct mitigation for such macro risk is nigh impossible. The Group, however, holds leadership positions in a multitude of industries, chiefly driven by its core businesses of property and construction. Acquisition and investment proposals are therefore thoroughly examined and analysed prior to Board submission along with due diligence.

2. Currency Risk

Risks arising from volatile foreign currency and exchange rates.

Mitigation:

To transfer foreign currency and exchange costs to customers could adversely impact present and potential customers. In mitigation, foreign currency hedging is performed to minimise the Group's exposure to this risk. A flexible pricing strategy is adopted to ensure and improve affordability and quality of the Group's products and services. The Group has also strategised its purchases to include foreign and local suppliers to ensure flexibility without sacrificing quality.

3. Subdued Property Market

This risk concerns the Group as decline in market conditions have a direct repercussion in revenue. Lacklustre economic growth has adversely affected demand for properties as well as oversupply of office space.

Mitigation:

In response to this, the Group has carved its mitigation plans to improve promotional and incentive efforts as well as value added services to enhance the competitive advantage of the Group's developments. Planning and phasing of new developments will continue to be demand-driven, value integrated with a balance of progress and sustainability to enable higher take up rates.

4. Cyber & IT Risk

This risk, if left unattended, could result in the unauthorised disclosure of sensitive business information, resulting in financial or reputational loss. It could also result in the disruption of critical business processes.

Mitigation:

To mitigate this risk, various policies, resources, processes and systems have been developed and deployed. The Group-wide Information Security policy, called the SISP (Sunway Information Security Policies), was developed in accordance with ISO/IEC 27002 (2005) standards. In addition, continuous initiatives are in place to enhance cyber defense capabilities and IT resiliency of the Group.

5. Human Capital

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

Mitigation:

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

6. Reputation

Risks where the Group's reputation could be potentially damaged by one or more events, resulting in negative publicity and impairing public confidence towards the Group such as litigation suits and adverse events, even if the Group is not found liable.

Mitigation:

The Group's operating subsidiaries continue to observe this risk which may rise from a myriad of events. Mitigating controls include documented escalation mechanism to respond effectively and efficiently to ensure minimal business disruption and reputational impact.

7. Project Completion

As the Group strives to maintain its position among the country's top property developers and Sunway Construction Group Berhad as Malaysia's largest listed pure play construction company by revenue, this risk is perennial and holds a significant weight in risk analysis.

Mitigation:

However, the Group has successfully negated such risks for the financial period with effective and constant project monitoring and supervision, in addition to efficient procurement of necessary resources to mitigate potential delays and claims.

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 President 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 shareholder value and business sustainability will remain a core practice for the Group.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITOR

The external auditor has reviewed this Statement of 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 RPG 5 (Revised 2015) 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 of Risk Management and Internal Control was approved by the Board of Directors on 27 March 2017.



TAN SRI DATO' SERI DR JEFFREY CHEAH FOOK LING, AO
EXECUTIVE CHAIRMAN

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 PROPOSALS

- (a) On 28 October 2013, Sunway Berhad ("Sunway" or "the Company") had announced that it has received authorization from the Securities Commission ("SC") to establish a commercial paper/medium term note programme for the issuance of commercial papers ("CPs") and/or medium term notes ("MTNs") of up to RM2.0 billion in nominal value ("CP/MTN Programme") via SC's letter dated 25 October 2013.

During the financial year ended 31 December 2016, Sunway had 68 issuance of CPs and 2 issuance of MTNs totalling RM7,581,000,000/- and RM350,000,000/- respectively under the CP/MTN Programme at various interest rates and had repaid RM7,873,000,000/- of CPs. As at 31 December 2016, the total outstanding CPs and MTNs amounted to RM618,000,000/- and RM600,000,000/- respectively.

The proceeds raised from the CP/MTN Programme were utilized to finance investment activities, capital expenditure, working capital requirements and/or other general corporate purposes.

- (b) On 22 August 2014, Sunway had announced that Sunway Treasury Sukuk Sdn Bhd ("Sunway Treasury Sukuk"), a wholly owned subsidiary of Sunway Treasury Sdn Bhd which in turn is a wholly owned subsidiary of Sunway, has received authorization from SC to establish an Islamic commercial paper/medium term note programme for issuance of Islamic commercial papers ("ICPs") and/or Islamic medium term notes ("IMTNs") under the Shariah principle of Mudharabah of up to RM2.0 billion in nominal value ("Sukuk Programme") via SC's letter dated 21 August 2014.

During the financial year ended 31 December 2016, Sunway had 129 issuance of ICPs and 3 issuance of IMTNs totalling RM14,195,000,000/- and RM400,000,000/- respectively under the Sukuk Programme at various interest rates and had repaid RM14,035,000/- of ICPs. As at 31 December 2016, the total outstanding ICPs and IMTNs amounted to RM1,335,000,000/- and RM470,000,000/- respectively.

The proceeds raised from the Sukuk Programme were utilized to finance investment activities, capital expenditure, working capital requirements and/or other general corporate purposes.

2. OPTIONS OVER ORDINARY SHARES

(a) Employees' Share Option Scheme

- (i) During the financial year ended 31 December 2016, a total of 10,666,254 options over the ordinary shares were exercised pursuant to the Company's Employees' Share Option Scheme 2013/2019 ("ESOS"). A total of 6,159,000 and 34,317,000 options over ordinary shares were also granted and vested during the financial year.
- (ii) The total number of options granted, vested, exercised and outstanding vested under the ESOS as at 31 December 2016 are set out in the table below:-

Description	Number of Options as at 31 December 2016	
	Total	Directors
(a) Granted	154,268,515	23,800,000
(b) Exercised	52,907,726	6,075,000
(c) Vested	125,934,915	23,720,000
(d) Outstanding vested	73,027,189	17,645,000

- (iii) Percentage of options applicable to Directors and Senior Management under the ESOS are as follows:-

Directors and Senior Management	During the financial year 2016 (%)	Since commencement up to 31 December 2016 (%)
(a) Aggregate maximum allocation	5.28	24.05
(b) Actual granted	5.28	24.05
(c) Actual vested	29.90	30.07

The Company did not grant any options over the ordinary shares pursuant to the ESOS to the Non-Executive Directors.

3. AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2016, the total audit and non-audit fees incurred for services rendered to the Company and the Group by the external auditors, or a firm affiliated to the external auditors are as follows:-

	Group (RM)	The Company (RM)
Audit fees	3,326,841	240,700
Non-audit fees	35,500	-
Total:	3,362,341	240,700

4. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed, there were no other material contracts (not being contracts entered into in the ordinary course of business) entered into by Sunway and/or its subsidiaries involving directors' and major shareholders' interests during the financial year ended 31 December 2016:-

- (a) Sale and Purchase Agreement dated 20 June 2016 between Commercial Parade Sdn Bhd ("CPSB"), a subsidiary of Sunway and RHB Trustees Berhad [as Trustee for Sunway Real Estate Investment Trust ("SunREIT")] for the disposal of a parcel of vacant land held under Pajakan Negeri 1814, Lot 5493, Mukim 1, Seberang Perai Tengah, Pulau Pinang which is adjacent to Sunway Carnival Shopping Mall situated in Seberang Jaya, Penang to RHB Trustees Berhad [as Trustee for SunREIT] for a total consideration of RM17,200,000/- ("SPA").

Relationship of related parties

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is a Director of Sunway and was a Director of Sunway REIT Management Sdn Bhd (as Manager for SunREIT) as at the date of the SPA. Sarena Cheah Yean Tih is a Director of Sunway, Sunway REIT Management Sdn Bhd (as Manager for SunREIT) and CPSB.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Evan Cheah Yean Shin, Active Equity Sdn Bhd and Sungei Way Corporation Sdn Bhd are major shareholders of Sunway and major unitholders of SunREIT.

5. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

The details of the recurrent related party transactions are disclosed in Note 52 of the Notes to the Financial Statements.

INVESTOR RELATIONS

Operationally important to Sunway Berhad, Sunway's Investor Relations ("IR") team drives the core exercise of engaging existing and potential investors via multiple initiatives and meetings to facilitate steady dissemination of information on the company's performance, strategies and prospects in both favourable and uncertain times.

Such undertaking is imperative in establishing transparency, instilling confidence, whilst maintaining close rapport with astute investors, analysts and shareholders, allowing them to make informed and timely investment decisions.

EXTENSIVE COVERAGE

Sunway has amassed a strong following from analysts from both local and foreign financial institutions since its listing in 2011. As at 28 February 2017, Sunway is covered by 13 analysts, with 8 having a "Buy" call on the company. The average target price of the Sunway Berhad share on even date stood at RM3.51.

The research institutions covering Sunway include:

- Affin Hwang Investment Bank
- AllianceDBS Research
- AmInvestment Bank
- CIMB Investment Bank
- Hong Leong Investment Bank
- J.P. Morgan
- Kenanga Research
- Maybank Investment Bank
- MIDF Research
- Nomura Securities
- RHB Research Institute
- TA Securities
- UOB Kay Hian

KEY INITIATIVES AND ACTIVITIES

Sunway is mindful of the IR role which requires transparent, timely and two-way communication with shareholders and the investing community, all whilst upholding regulatory guidelines for information disclosure. Listed below are the key initiatives carried out in 2016.

In-house Meetings

Sunway hosted a total of 24 one-on-one and small group meetings with analysts, fund managers and investors in 2016 (2015:47). These meetings provide a platform for meaningful interaction where investors can seek more in-depth understanding on the Group's performance and future plans directly from senior management. The company also benefits by being able to attain first-hand insights on the perspectives of the investing community, narrowing the communication gap.

Large Group Meetings and Conferences

Bolstered by a robust track record, Sunway has always been a firm favourite at regional investor conferences. In 2016, the Group participated in a total of 6 conferences held in Singapore, Hong Kong and Malaysia (2015: 11), utilising the opportunities to showcase the merits of its investment case and share operational developments with the investment community.

On a local note, investment banks also organised dedicated non-deal roadshows and corporate luncheons, in which Sunway was invited to share its most recent updates and future prospects. The audience were usually made up of local investors who were more acquainted with the business concern.

Date	Organiser	Event	Venue
07 January 2016	DBS Vickers	Pulse of Asia Conference	Singapore
12 - 13 April 2016	Bursa Malaysia & Maybank	Invest Malaysia 2016	Malaysia
10 June 2016	Nomura	Nomura Investment Forum Asia 2016	Singapore
10 - 11 November 2016	Daiwa / AffinHwang	Daiwa Investment Conference	Hong Kong
21 November 2016	J.P. Morgan	J.P. Morgan Asia Rising Dragons Forum	Malaysia
22 November 2016	J.P. Morgan	J.P. Morgan Asia Rising Dragons Forum	Singapore

Site Visits

In 2016, the IR team had taken part in a total of 5 site visits (2015:8), endeavouring to further showcase the Group's value proposition as a prominent property-construction conglomerate. It is necessary that investors gain visual perspectives for themselves to better understand the integration and connectivity offered by Sunway's development projects and the highly strategic location of the Group's land bank.

The investing community's interest in Sunway Iskandar sustained throughout 2016, with 3 site visits coordinated for analysts to follow through on its ongoing developments and impending launches. Analysts and investors were on site to witness the development progress of the 1,800-acre township which now includes the Sunway Iskandar International School opened in the beginning of 2017, and the upcoming completion of the Coastal Highway Southern Link (CHSL) which will shorten the commute time for those travelling from Singapore to Sunway Iskandar. Interest towards the Iskandar development has started to pick up following concrete developments on the High Speed Rail project from Singapore to Kuala Lumpur and the proposed Johor-Singapore Rail Transit System, which will drastically improve transport links between the two countries.

OTHER CHANNELS OF COMMUNICATION

Briefing Packs, Flash Notes and Analyst Briefings

All major announcements by the Group, such as the release of quarterly results, new construction orders, new land acquisitions, corporate exercises, and company acquisitions, are usually published on Bursa Malaysia. However, these announcements may contain detailed information that are difficult to grasp. The IR team prepares briefing packs to remedy this, providing a more concise report to specifically address key information that analysts and the media typically require.

Flashnotes were another effective communication tool first introduced by the Group in 2013. It is a one page document, condensed with brief and key messages. From 2015, the Flashnote was also adopted to circulate bulletins such as internal reorganisations, revised sales and launch targets, and new targets for the coming year.

The IR team also arranges and conducts analyst briefings when necessary, to share more details on major events happening within the Group. In October 2016, Sunway organised an analyst briefing to update the investing community on the Group's launches, targets and project status. In substance, the briefing packs, Flashnotes and analyst briefings are designed to help analysts create top-of-mind recall, which in turn stimulate sound investment decisions.



INVESTOR RELATIONS

Quarterly Financials and Award Winning Annual Report

Sunway also provides quarterly financial reports and annual report to keep shareholders and investors updated with the details of the financial and operational performance of the company. While the reports have minimum statutory content, Sunway believes in transparent and comprehensive reporting and has thus shared voluntary additional disclosures to provide better insights into the Group. Such dedication and commitment has long been recognised at the National Annual Corporate Report Awards (NACRA). In 2016, Sunway received the Industry Excellence Award in the Properties and Hotels Category for the tenth consecutive year, retaining an accolade it has won since 2006.

IR Portal and E-Mail

Resolute in disseminating pressing bulletin to all shareholders in a timely manner, the IR team diligently manages and updates Sunway's IR web portal within the Group's website at **www.sunway.com.my**. Alternatively, the portal can also be accessed directly via **<http://www.sunway.com.my/investor-relations/>**.

The website also exhibits the Group's quarterly and annual financial information, financial calendar and an interactive stock chart. The IR team strives to ensure that reports are uploaded onto the portal within 48 hours after major announcements, which makes it a crucial source of information especially for those with limited access to newsfeeds.

The investing community can contact the Group's management or IR team through IR contact details as published on the IR portal or via e-mail to **irsunwayberhad@sunway.com.my**.

Award Winning Investor Relations Function

The nexus to successful IR lies within the trust gained from the investing public. This is an incremental process that necessitates the IR team's commitment to regular communication with stakeholders, through timely disclosures, detailed analysis of previous performances and narratives on strategies and prospects moving forward.

In 2016, the IR team's efforts were recognised at the 6th Malaysian Investor Relations Association ("MIRA") Awards. The team was shortlisted in a total of 6 categories including Best Company for Investor Relations (Mid Cap), Best IR Professional (Mid Cap), Best Chief Financial Officer for IR (Mid Cap), Best IR Website (Mid Cap), Best Knowledge & Insights of Investor Relations Team and Best Quality of Annual Reports/ Formal Disclosures. Sunway Construction Group Berhad, the newly listed subsidiary of the Group, won an impressive three top awards at its debut at the awards ceremony.

The annual event endorses and celebrates the achievements of top IR performers from Malaysian listed entities, and is a testament of the Group's unceasing efforts in bridging the communication gap between management and the investing community.

RHB Malaysia Results Review

30 May 2016

Sunway

Expect Stronger Earnings In The Coming Quarters

We believe Sunway's potential asset disposal could be a share price catalyst going forward. While its annualised 1Q16 new sales missed management's target, launches scheduled for 2H16 should help to drive new sales. Also, the company's utilised sales of MYR2bn and construction overheads of MYR5bn should provide sufficient earnings visibility over the next 2-3 years. **Maintain BUY**, with a TP of MYR3.40 (12% upside).

Property | Real Estate

Buy (Maintained)

Target Price: MYR3.40
Price: MYR3.03
Market Cap: USD1.654n
Bloomberg Ticker: SWB MK

Share Data
Avg Daily Turnover (MYR/USD): 279n/5.70n
52-wk Price low/high (MYR): 2.82 - 3.60
Free Float (%): 30
Shares outstanding (n): 1.87n
Exclusion: Full-time

NOMURA

Sunway Bhd SWAY.KL, SWB MK

EQUITY RESEARCH

4Q15: respectable property sales

Quick Note

Fig. 1: 4Q15 results synopsis

Slightly above FY15 core net income target +10%/108% of our mid-company estimates

Above or below

Global Markets Research
26 February 2016

Rating: **Buy**

Target Price: MYR 4.00
Previous Price: MYR 3.01

HongLeong Investment Bank

HLIB Research

14 October 2016

Sunway (BUY ↔; EPS ↔)

INDUSTRY: NEUTRAL
COMPANY: INSIGHTS

Integrated Real Estate Business

Highlights

- We attended Sunway's analyst briefing yesterday and uphold our positive view on the company. Key takeaways as below:
- Revised sales target of RM900m due to difference in timing of launching... With the deferred launching of Sunway Geo Residences 3 (GDV: RM400m), Sunway Iskandar (GDV: RM400m) and conversion of Velocity Offices (GDV: RM200m) into property investment assets, effective sales target in FY16 will be adjusted slightly from RM1.1tn

Jason Tan, CFA
jytan@hlb.hongleong.com.my
(603) 2158 1168

Price: RM3.06
Price Target: RM3.72 (↔)
Share price: RM3.06

Key Data
KGI: 1,000.0
Expected share price return: 21.5%
Expected dividend return: 1.5%
Expected total return: 23.0%

Share price

Research by kenanga

Quick Bites

07 September 2016

Sunway Berhad

Executive Condos in Sengkang...

By Adrian Ng | adrian.ng@kenanga.com.my | Sarah Lim | sarahlim@kenanga.com.my

MARKET PERFORM ↔

Price: RM3.10
Target Price: RM3.23 ↑

Yesterday, SUNWAY announced that they along with their joint-venture partner in Singapore have won a tender bid for a parcel of land measuring 5.18ac in Anchorvale Lane at Sengkang for a total consideration of SGD246.8m. We are mildly positive with the land tender win as it provides continuity to its development and

Share Price Performance

J.P.Morgan

Asia Pacific Equity Research

22 November 2016

Sunway Bhd (SWB MK)

Overweight

Price: RM3.06
Price Target: US\$1.40
PT End Date: 30 Jun 2017

3Q16: Operating growth in all key divisions; a low risk play on the HSR theme - maintain OW

Sunway's 3Q16 core net income rose 1% Y/Y, bringing 9M16 core earnings (-7% Y/Y) at 82%/79% of JPM's consensus forecasts for the full year. All key divisions (property development, property investment and

midf RESEARCH

10 October 2016 | Corporate Update

Sunway Berhad

High Speed Rail can be a positive long-term catalyst

Maintain NEUTRAL

Adjusted Target Price (TP): RM3.25 (Previously: RM3.07)

INVESTMENT HIGHLIGHTS

28 November 2016

Securities

AFFIN HWANG CAPITAL

Higher operating profit

Sunway was above market expectations but in line with ours. Net profit fell 22% yoy to RM450m in 9M16 due to lower fair value gain on property investments. Core net profit fell by a lower 4% yoy, mainly due to lower construction earnings. Although Sunway Construction's (Suncon) result was below our expectation, the better performance of other divisions led us to maintain our forecasts. **Maintain BUY** with RM3.50 target price, based on 30% discount to RMV.

Results Note

Sunway

2016 SBL Sector Property

RM3.50 @ 25 November 2016

Construction | Malaysia | Equity Research | August 28, 2016

Shariah Compliant

CIMB

Company Note

Malaysia

Sunway Bhd

Steady billings for construction in 1H16

Annualised 1H16 core net profit was broadly in line with our and Bloomberg consensus estimates.

- Key drivers of 1H16 core net profit were construction progress billings and higher-margin sales mix for property.
- SunCon is not very keen on Pan Borneo Sarawak but targets LRT 3 in 4Q16.
- It is a potential beneficiary of Bus Rapid Transit (BRT 2) if it takes off in 2017.
- Job flows are potential key catalysts in 2H16. Add retained.

Current price: RM3.01
Target price: RM3.52
Previous target: RM3.52
Upside/downside: 17.3%
CMB Consensus: 0.5%
Reseller: SUNWAY KL
Group UK

TA SECURITIES

A MEMBER OF THE TA GROUP

Monday, 28 November 2016

Sunway Berhad

Solid Performance

TP: RM3.26 (+8.7%)
Last Traded: RM3.00
Hold

Review

- Sunway's 9M16 normalised net profit of RM395.5m came to within expectations, accounting for 70% and 75% of our consensus' full-year forecasts respectively.

Share Information

Issued Size: 1,869.0n
Book Name: Sunway
ISIN Code: S211
Listing: Main Market
Share Cap (n): 1,869.0n
Dividend Cap (RM/Share): 0.0000

February 29, 2016

Maybank IB Research

Sunway (SWB MK)

A good year

HOLD

Share Price: MYR 3.01
12m Price Target: MYR 3.31 (+10%)
Research Price Target: MYR 2.2n

Results above expectation

Sunway's FY15 results came in above our expectation but within consensus estimates. FY15 locked-in sales was MYR12m or 22% above its sales target for FY15. Despite a weak property market outlook, Sunway sets a higher sales target of MYR1.1b for FY16 (+21% YOY). We rate our

Statistics

Share Price: 3.01
52w High/Low (MYR): 3.88/2.10
52w Avg Turnover (USDm): 6.7
Free Float (%): 34.6
Market Capital (n): 1.87n

UOB Kay Hian

Regional Morning Notes

Tuesday, 30 August 2016

COMPANY RESULTS

Sunway (SWB MK)

2Q16: Expanded Strong 2H16

Sunway reported 2Q16 core net profit of RM122.8m (+27.1% q/q, -3.8% y/y) on revenue of RM1.2b (+8.1% q/q, +17% y/y). Collectively, 9M16 net profit came in at RM327.4m (+8.2%), representing 47% of our full-year estimate. The negative growth was due to higher construction division costs incurred for the BRT Line 2 construction. However, we expect 2H16 to be stronger, given the seasonal trend. **Maintain BUY**, with a revised price of RM3.40.

BUY (Maintained)

Share Price: RM3.31
Target Price: RM3.30
Upside: +0.0%

COMPANY DESCRIPTION

A leading construction company and property developer in Malaysia

AmInvestment Bank

SUNWAY

(SWB MK EQUITY, SWAY KL)

05 Jan 2016

To launch over 30% more worth of properties in 2016

BUY (Maintained)

Thomas Soon
soon-guan-chuan@ambankgroup.com
03-2036 2300

Rationale for report: Company update

Investment Grade: BBB

KF

10 May 2016

Buy

Price: RM3.25
Target price: RM3.50
Upside: 7.7%

Sunway

Good start

Sunway's 1Q16 EBIT was up 1% y/y due to better performance from property development and property investment with contributions from new investment assets. However, this was diluted by its lower Sunway Construction stake which listed mid-2015, resulting in normalised net profit declining 20% y/y. All in all, we

Flash Note

Refer to Important Disclosures at the end of this report

Malaysia Equity Research

22 Feb 2016

Sunway (SWB MK): HOLD

Mkt. Cap: US\$1.24bn | 3m Avg. Daily Vol: US\$0.75m
Last Traded Price: RM3.06
Price Target: RM3.25 (8% upside) (Prev: RM3.20)

Shariah Compliant: Yes

Analyst

EXPLORING NEW FRONTIERS

Sunway's Quarry division is a leading quarry and asphalt operator in the country, with 8 quarries and 12 asphalt plants in high growth areas across Peninsular Malaysia. Its core enterprise encompasses the production of aggregates for ready mixed concrete and other construction activities, and asphalt for pavement of roads and highways. To ensure sustainable growth, the division is expanding through new batch plants and quarry operations in strategic locations.

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FINANCIAL STATEMENTS

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LIST OF MATERIAL PROPERTIES





SUNWAY QUARRY AT PAKA, TERENGGANU

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 2016.

Principal activities

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are set out in Note 53 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the financial year	718,598	144,105
Profit attributable to:		
Owners of the parent	585,883	144,105
Non-controlling interests	132,715	-
	718,598	144,105

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 2015:	
Second interim dividend of 6% per ordinary share of RM1 each, paid on 28 April 2016	117,720
In respect of financial year ended 31 December 2016:	
First interim dividend of 5% per ordinary share of RM1 each, paid on 27 October 2016	101,739
	219,459

On 27 February 2017, the Board of Directors declared a second interim single tier dividend comprising a cash dividend of 4 sen per ordinary share of the Company and share dividend distribution of approximately 20.3 million treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company for the financial year ended 31 December 2016. The total estimated dividend payable amounts to approximately RM144,614,000. The dividend will be accounted for in the equity as an appropriation of retained earnings in the financial year ending 31 December 2017.

The Board of Directors do not propose any final dividend for the financial year ended 31 December 2016.

DIRECTORS' REPORT (contd.)

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.

Directors

The names of the Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO
 Tan Sri Datuk Seri Razman M Hashim
 Tan Sri Dato' Dr. Lin See Yan
 Datuk Seri Yam Kong Choy
 Dato' Chew Chee Kin
 Wong Chin Mun
 Lim Swe Guan
 Sarena Cheah Yean Tih

In accordance with Article 107(1) of the Articles of Association of the Company, Sarena Cheah Yean Tih retires by rotation at the forthcoming Annual General Meeting and being eligible, offers herself for re-election.

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, Tan Sri Datuk Seri Razman M Hashim, Tan Sri Dato' Dr. Lin See Yan, Dato' Chew Chee Kin and Wong Chin Mun whose tenure of office would end at the forthcoming Annual General Meeting, shall vacate office at the said Annual General Meeting and being eligible, offer themselves for re-appointment.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than as may arise from the share options granted under the Employees' Share Option Scheme as disclosed in Note 43 to the financial statements.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full-time employee of the Company as shown in Note 11 to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 52 to the financial statements.

DIRECTORS' REPORT (contd.)

Directors' interests

According to the register of Directors' shareholdings, the interests of Directors in office at the end of the financial year in ordinary shares, non-cumulative redeemable preference shares, warrants and options over ordinary shares in the Company and its related corporations during the financial year were as follows:

	Number of ordinary shares of RM1 each			
	As at 1.1.2016	Acquired	Sold	As at 31.12.2016

The Company

Direct interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	81,663,939	11,142,367	-	92,806,306
Tan Sri Datuk Seri Razman M Hashim	1,318,642	134,961	-	1,453,603
Tan Sri Dato' Dr. Lin See Yan	100,000	-	-	100,000
Datuk Seri Yam Kong Choy	55,000	-	-	55,000
Dato' Chew Chee Kin	4,540,558	869,171	-	5,409,729
Sarena Cheah Yean Tih	977,274	97,058	-	1,074,332

Deemed interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO ^a	923,511,631	221,765,725	-	1,145,277,356
Dato' Chew Chee Kin ^b	346,956	303,976	-	650,932
Sarena Cheah Yean Tih ^c	1,003,664,928	232,788,610	-	1,236,453,538

	Number of non-cumulative redeemable preference shares of RM0.01 each			
	As at 1.1.2016	Acquired	Redeemed	As at 31.12.2016

Immediate holding company

Sungei Way Corporation Sdn. Bhd.

Direct interest:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	261,100,000	164,900,000	(376,000,000)	50,000,000
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Deemed interest:

Sarena Cheah Yean Tih ^d	261,100,000	164,900,000	(376,000,000)	50,000,000
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	Number of ordinary shares of RM1 each			
	As at 1.1.2016	Acquired	Sold	As at 31.12.2016

Immediate holding company

Sungei Way Corporation Sdn. Bhd.

Deemed interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO ^e	10,000,000	-	-	10,000,000
Sarena Cheah Yean Tih ^f	10,000,000	-	-	10,000,000

DIRECTORS' REPORT (contd.)

Directors' interests (contd.)

	Number of ordinary shares of RM1 each			
	As at 1.1.2016	Acquired	Sold	As at 31.12.2016
Ultimate holding company				
Active Equity Sdn. Bhd.				
Direct interests:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	102,000	-	-	102,000
Sarena Cheah Yean Tih	12,750	-	-	12,750
Deemed interests:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO ^g	25,500	-	-	25,500
Sarena Cheah Yean Tih ^d	102,000	-	-	102,000

	Number of ordinary shares of RM0.20 each			
	As at 1.1.2016	Acquired	Sold	As at 31.12.2016
Related company				
Sunway Construction Group Berhad				
Direct interests:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	7,723,892	-	-	7,723,892
Tan Sri Datuk Seri Razman M Hashim	106,864	-	-	106,864
Tan Sri Dato' Dr. Lin See Yan	10,000	-	-	10,000
Datuk Seri Yam Kong Choy	5,500	-	-	5,500
Dato' Chew Chee Kin	334,355	-	-	334,355
Sarena Cheah Yean Tih	57,727	-	-	57,727
Deemed interests:				
Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	794,366,588 ^h	42,332,917	(3,069,917)	833,629,588 ⁱ
Dato' Chew Chee Kin ^b	34,695	-	-	34,695
Sarena Cheah Yean Tih	802,019,416 ^j	42,332,917	(3,069,917)	841,282,416 ^k

	Number of ordinary shares			
	As at 1.1.2016	Acquired	Sold	As at 31.12.2016
Related company				
Sunway Global Limited				
Direct interest:				
Dato' Chew Chee Kin	869,684	-	-	869,684

DIRECTORS' REPORT (contd.)**Directors' interests (contd.)**

	Number of warrants 2011/2016			
	As at 1.1.2016	Acquired	Sold/ Converted	As at 31.12.2016

The Company**Direct interests:**

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	11,142,367	-	(11,142,367)	-
Tan Sri Datuk Seri Razman M Hashim	134,961	-	(134,961)	-
Dato' Chew Chee Kin	869,171	-	(869,171)	-
Sarena Cheah Yean Tih	97,058	-	(97,058)	-

Deemed interests:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO ^a	142,390,662	22,805,381	(165,196,043)	-
Dato' Chew Chee Kin ^b	303,976	-	(303,976)	-
Sarena Cheah Yean Tih ^c	153,413,547	22,805,381	(176,218,928)	-

**First grant of options over ordinary shares
(Exercise price of RM2.48 per share)**

Number of options over ordinary shares of RM1 each

		As at 1.1.2016 (Options granted)		Movements during the financial year				Lapsed (Options granted)		As at 31.12.2016 (Options granted)	
				As at 1.1.2016 (Vested options)	Vested on 2.9.2016	Exercised	As at 31.12.2016 (Vested options)				
Granted on 3.9.2013											
The Company											
Direct interests:											
Tan Sri Dato' Seri Dr.Jeffrey Cheah Fook Ling, AO	17,200,000	12,900,000	8,600,000	4,300,000	-	12,900,000	-	12,900,000			
Tan Sri Datuk Seri Razman M Hashim	500,000	250,000	125,000	125,000	-	250,000	-	250,000			
Dato' Chew Chee Kin	4,500,000	3,375,000	2,250,000	1,125,000	-	3,375,000	-	3,375,000			
Sarena Cheah Yean Tih	1,600,000	1,200,000	800,000	320,000	-	1,120,000	(80,000)	1,120,000			

DIRECTORS' REPORT (contd.)

Directors' interests (contd.)

- ^a Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd. and children.
- ^b Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through spouse.
- ^c Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., spouse and parent.
- ^d Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through parent.
- ^e Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd. and children.
- ^f Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd. and parent.
- ^g Deemed interest by virtue of Section 6A of the Companies Act, 1965 held through children.
- ^h Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Jef-San Enterprise Sdn. Bhd., Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd. and children.
- ⁱ Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd. and children.
- ^j Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd., spouse and parents.
- ^k Deemed interests by virtue of Section 6A of the Companies Act, 1965 held through Active Equity Sdn. Bhd., Sungei Way Corporation Sdn. Bhd., Sunway Berhad, Sunway Holdings Sdn. Bhd., spouse and parent.

The options over ordinary shares are pursuant to the Sunway Berhad's Employees' Share Option Scheme 2013/2019.

The Warrants 2011/2016 expired on 17 August 2016.

By virtue of Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling's and Sarena Cheah Yean Tih's substantial interests in the Company and Active Equity Sdn. Bhd., they are deemed to have interest in the shares of all the subsidiaries of the Company and Active Equity Sdn. Bhd. to the extent the Company and Active Equity Sdn. Bhd. have an interest.

The other Directors in office at the end of the financial year did not have any interests in ordinary shares, non-cumulative redeemable preference shares, warrants or options over ordinary shares in the Company or its related corporations during the financial year.

Issue of shares and shares buy-back

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,799,754,850 to RM2,063,066,819 by way of issuance of:

- (i) 252,645,715 ordinary shares of RM1 each pursuant to the exercise of Warrants 2011/2016 at an exercise price of RM2.25 per ordinary share for cash;
- (ii) 10,461,454 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM2.48 per ordinary share for cash;
- (iii) 190,200 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM2.87 per ordinary share for cash;
- (iv) 1,600 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM3.25 per ordinary share for cash; and
- (v) 13,000 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM2.94 per ordinary share for cash.

DIRECTORS' REPORT (contd.)

Issue of shares and shares buy-back (contd.)

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

During the financial year, the Company repurchased 18,890,300 of its issued ordinary shares from the open market at prices ranging from RM2.90 to RM3.16 per share. The total consideration paid for the repurchases was RM56,927,571 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2016, the Company held a total of 38,409,800 ordinary shares as treasury shares out of its total issued and paid up share capital of 2,063,066,819 ordinary shares. Such treasury shares are recorded at a carrying amount of RM120,530,978.

Employees' Share Option Scheme

Sunway Berhad's Employees' Share Option Scheme ("the Scheme") came into effect on 3 September 2013 and is governed by the by-laws approved by the shareholders on 27 June 2013. The Scheme is for eligible employees (including Executive Directors) of the Company and its subsidiaries.

The main features of the Scheme are:

- (a) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer of options under the Scheme;
- (b) Only eligible Executive Directors and employees of the Company and of the Group will be eligible to participate in the Scheme;
- (c) The price payable upon exercise of an option granted under the Scheme shall be the higher of:
 - (i) the 5-day volume weighted average market price of the underlying shares as at the date of the offer, and at the discretion of the committee appointed by the Board to administer the Scheme ("Committee"), with either a:
 - premium; or
 - discount of not more than 10% (or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by Bursa Malaysia Securities Berhad or any other relevant authorities); or
 - (ii) the par value of the Company's shares.
- (d) The duration of the Scheme is 6 years from the date of its commencement;
- (e) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on, inter alia, the eligible employee's position within the Group, fulfillment of the eligibility criteria, work performance and/or such other factors as the Committee deems fit and the offer shall be valid for acceptance by an employee for a period of 30 days from the date of offer; and
- (f) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

Options exercisable in a particular year but not exercised shall be carried forward to subsequent years within the option period provided that no options shall be exercised beyond the date of expiry of the Scheme.

Details of the share options granted, vested and exercised under the Scheme are as follows:

(a) Options granted

Grant no	Grant date	Number of share options '000	Balance as at 1.1.2016/ grant date '000	Movements during the financial year			Balance as at 31.12.2016 '000	Exercise price RM/Option	Exercise period
				Exercised '000	Lapsed/ Expired '000	Rejected '000			
First	3.9.2013	133,564	59,713	(10,458)	(9,264)	-	39,991	2.48	3.10.2013 - 1.9.2019
Second	1.8.2014	15,735	12,765	(190)	(1,178)	-	11,397	2.87	2.9.2014 - 1.9.2019
Third	3.8.2015	10,840	10,175	(2)	(1,438)	-	8,735	3.25	2.9.2015 - 1.9.2019
Fourth	3.8.2016	6,159	6,159	(13)	(150)	(511)	5,485	2.94	2.9.2016 - 1.9.2019

DIRECTORS' REPORT (contd.)

Employees' Share Option Scheme (contd.)

Details of the share options granted, vested and exercised under the Scheme are as follows: (contd.)

(b) Options vested

(i) First grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at 1.1.2016/ vested date '000	Movements during the financial year		Exercisable as at 31.12.2016 '000	Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed/Expired '000			
3.10.2013	29,993	5,310	(2,599)	(2,711)	-	2.48	3.10.2013 - 2.10.2016
2.9.2014	27,853	9,143	(2,785)	(391)	5,967	2.48	2.9.2014 - 1.9.2017
2.9.2015	26,744	15,079	(3,247)	(560)	11,272	2.48	2.9.2015 - 1.9.2018
2.9.2016	22,471	22,471	(1,827)	(316)	20,328	2.48	2.9.2016 - 1.9.2019

(ii) Second grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at 1.1.2016/ vested date '000	Movements during the financial year		Exercisable as at 31.12.2016 '000	Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed '000			
2.9.2014	4,526	3,227	(53)	(262)	2,912	2.87	2.9.2014 - 1.9.2017
2.9.2015	3,894	3,569	(118)	(271)	3,180	2.87	2.9.2015 - 1.9.2018
2.9.2016	3,268	3,268	(19)	(154)	3,095	2.87	2.9.2016 - 1.9.2019

(iii) Third grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at 1.1.2016/ vested date '000	Movements during the financial year		Exercisable as at 31.12.2016 '000	Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed '000			
2.9.2015	4,792	4,319	(1)	(622)	3,696	3.25	2.9.2015 - 1.9.2018
2.9.2016	3,642	3,642	(1)	(295)	3,346	3.25	2.9.2016 - 1.9.2019

(iv) Fourth grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at 1.1.2016/ vested date '000	Movements during the financial year		Exercisable as at 31.12.2016 '000	Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed '000			
2.9.2016	4,936	4,936	(13)	(127)	4,796	2.94	2.9.2016 - 1.9.2019

DIRECTORS' REPORT (contd.)

Employees' Share Option Scheme (contd.)

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the list of option holders and their holdings except for the option holders holding 640,000 options and above, which are as follows:

	Number of options over ordinary shares of RM1 each								
	Options held	Exercise Price	As at 1.1.2016		Movements during the financial year		As at 31.12.2016		
			Options granted	Vested options	Vested on 2.9.2016	Exercised	Vested options	Lapsed (Options granted)	Options granted

The Company

Direct interest:

Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO	First Grant	2.48	12,900,000	8,600,000	4,300,000	-	12,900,000	-	12,900,000
Dato' Chew Chee Kin	First Grant	2.48	3,375,000	2,250,000	1,125,000	-	3,375,000	-	3,375,000
Evan Cheah Yean Shin	First Grant	2.48	1,200,000	800,000	400,000	-	1,200,000	-	1,200,000
Sarena Cheah Yean Tih	First Grant	2.48	1,200,000	800,000	320,000	-	1,120,000	(80,000)	1,120,000
Wong Fook Chai	First Grant	2.48	1,200,000	800,000	320,000	-	1,120,000	(80,000)	1,120,000
Lee Weng Keng	First Grant	2.48	1,000,000	600,000	400,000	-	1,000,000	-	1,000,000
Dato' Ng Tiong Lip	First Grant	2.48	1,200,000	840,000	300,000	(300,000)	840,000	(60,000)	840,000
Chung Soo Kiong	First Grant	2.48	320,000	170,000	150,000	-	320,000	-	320,000
	Second Grant	2.87	225,000	150,000	75,000	-	225,000	-	225,000
	Third Grant	3.25	150,000	75,000	75,000	-	150,000	-	150,000
	Fourth Grant	2.94	-	-	100,000	-	100,000	-	100,000
Lau Beng Long	First Grant	2.48	675,000	450,000	225,000	-	675,000	-	675,000
	Fourth Grant	2.94	-	-	75,000	-	75,000	-	75,000
Chan Hoi Choy	First Grant	2.48	600,000	450,000	150,000	(250,000)	350,000	-	350,000
	Second Grant	2.87	225,000	150,000	75,000	-	225,000	-	225,000
	Fourth Grant	2.94	-	-	75,000	-	75,000	-	75,000
Tan Wee Bee	First Grant	2.48	750,000	525,000	180,000	(200,000)	505,000	(45,000)	505,000
	Third Grant	3.25	150,000	75,000	60,000	-	135,000	(15,000)	135,000

Warrants

During the financial year, 252,645,715 new ordinary shares of RM1 each were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

The warrants expired on 17 August 2016.

Other statutory information

(I) As at the end of the financial year

- (a) Before the income statements, statements of comprehensive income and statements of financial position 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 allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance 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.

DIRECTORS' REPORT (contd.)

Other statutory information (contd.)

(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 allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) In the opinion of the Directors:
 - (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or 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.

Significant events during the financial year

Significant events during the financial year are disclosed in Note 54 to the financial statements.

Significant events subsequent to the end of the reporting period

Details of significant events subsequent to the end of the reporting period are disclosed in Note 54 to the financial statements.

Auditors

The auditors, BDO, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2017.



Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO



Dato' Chew Chee Kin

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling and Dato' Chew Chee Kin, being two of the Directors of Sunway Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 169 to 336 are drawn up in accordance with Financial Reporting Standards and the requirements of the Companies Act, 1965 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 2016 and of their financial performance and cash flows for the financial year then ended.

The information set out in Note 57 on page 337 to the financial statements have been prepared in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 27 March 2017.



Tan Sri Dato' Seri Dr. Jeffrey Cheah Fook Ling, AO

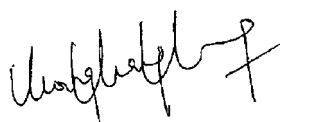


Dato' Chew Chee Kin

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Chong Chang Choong, being the officer primarily responsible for the financial management of Sunway Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 169 to 337 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 Chong Chang Choong
at Petaling Jaya in the State of Selangor
Darul Ehsan on 27 March 2017

Chong Chang Choong

Before me,



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD

(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sunway Berhad, which comprise the statements of financial position as at 31 December 2016 of the Group and of the Company, and the income statements and statements of 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 169 to 336.

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 2016, and of their financial performance and cash flows for the financial year then ended in accordance with Financial Reporting Standards ('FRSs') and the requirements of the Companies Act, 1965 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ('By-Laws') and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

(a) Revenue recognition for property development and construction contracts

We refer to Notes 5 and 42 to the financial statements on the recognition of revenue for property development and construction contracts, which is based on stage of completion method. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

In estimating the total costs to complete, the Group considers the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies. The total cost to complete including sub-contractor costs, varies with market conditions and may also be inaccurately forecasted due to unforeseen events during construction.

Audit response

Our audit procedures included the following:

- (i) assessed estimated total costs to complete through inquiries with operational and financial personnel of the Group;
- (ii) inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (iii) compared contract budgets to actual outcomes to assess reliability of management budgeting process and controls; and
- (iv) inspected correspondences from sub-contractors in relation to variations and claims to corroborate key judgements applied by management.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD (contd.)

(Incorporated in Malaysia)

Key Audit Matters (contd.)

(b) Assessment of liquidated and ascertained damages ("LAD") on construction contracts

Based on Note 42 to the financial statements regarding key estimation uncertainty arising from the assessment of LAD on construction contracts as at 31 December 2016, the Group is of the opinion that no LAD recognition is required at this juncture.

The determination of whether there is any exposure to LAD or otherwise involves significant management judgement based on available facts and circumstances including:

- (i) extension of time submitted to contract customers due to circumstances that were beyond the control of the Group;
- (ii) the likelihood of impact on the outcome of the negotiations with contract customers; and
- (iii) consultations and opinions from legal and technical experts.

Audit response

Our audit procedures included the following:

- (i) inquired in-house operational, financial and legal personnel of the Group to assess the merits of the extension of time submitted to the contract customers;
- (ii) inspected relevant correspondences and reports, including on-going negotiations with contract customers for the late delivery of contract works;
- (iii) verified the evidences of acceptance by contract customers of the work performed by the Group to-date;
- (iv) obtained confirmation from an external legal expert and evaluated the legal opinion on the merits of the circumstances that supported the key judgements applied by management; and
- (v) inquired and inspected correspondences from the external technical experts to corroborate the key judgements applied by management.

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 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 FRSs and the requirements of the Companies Act, 1965 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD (contd.)

(Incorporated in Malaysia)

Responsibilities of Directors for the Financial Statements (contd.)

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company 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:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SUNWAY BERHAD (contd.)**(Incorporated in Malaysia)****Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- (a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- (b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 53 to the financial statements, being accounts that have been included in the consolidated accounts.
- (c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- (d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

The supplementary information set out in Note 57 of the financial statements is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.



BDO
AF : 0206
Chartered Accountants

27 March 2017
Kuala Lumpur



Tang Seng Choon
2011/12/17 (J)
Chartered Accountant

INCOME STATEMENTS

For the financial year ended 31 December 2016

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	5	4,655,592	4,448,390	163,363	724,966
Cost of sales	6	(3,059,529)	(3,000,477)	(46,134)	(44,654)
Gross profit		1,596,063	1,447,913	117,229	680,312
Other income	7	209,668	259,793	11,740	4,455
Administrative expenses		(643,412)	(608,204)	(24,075)	(26,983)
Selling and marketing expenses		(180,045)	(168,985)	-	-
Other expenses		(267,184)	(243,476)	(121)	(246)
Operating profit		715,090	687,041	104,773	657,538
Finance and other distribution income	8	119,919	97,857	90,370	97,140
Finance costs	8	(167,903)	(124,479)	(49,866)	(56,656)
Share of results of associates		124,909	201,832	-	-
Share of results of joint ventures		66,977	68,111	-	-
Profit before tax	9	858,992	930,362	145,277	698,022
Income tax expense	12	(140,394)	(130,939)	(1,172)	(3,342)
Profit for the financial year		718,598	799,423	144,105	694,680
Attributable to:					
Owners of the parent		585,883	732,449	144,105	694,680
Non-controlling interests		132,715	66,974	-	-
		718,598	799,423	144,105	694,680
Earnings per share attributable to owners of the parent (sen per share):					
Basic	13	29.98	41.77		
Diluted	13	29.41	39.16		

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

STATEMENTS OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Profit for the financial year	718,598	799,423	144,105	694,680
Other comprehensive income to be reclassified to profit or loss in subsequent periods:				
Foreign currency translations	(4,903)	104,444	-	-
Gain/(Loss) on fair value changes	-	-	228	(2,317)
Fair value realised on disposal of other investments	-	-	(2,916)	-
Revaluation of property, plant and equipment	3,869	-	-	-
Cash flow hedge reserve - fair value gains/(losses)				
- Fair value gains of derivatives	95,216	404,141	-	43,156
- Amounts recycled to profit or loss	(107,038)	(409,217)	-	(41,925)
Share of revaluation surplus on land of an associate	4,609	-	-	-
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods, net of tax	(8,247)	99,368	(2,688)	(1,086)
Total comprehensive income for the financial year	710,351	898,791	141,417	693,594
Total comprehensive income attributable to:				
Owners of the parent	575,406	835,155	141,417	693,594
Non-controlling interests	134,945	63,636	-	-
	710,351	898,791	141,417	693,594

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Assets					
Non-current assets					
Property, plant and equipment	15	1,879,929	1,333,563	1,466	2,445
Intangible assets	16	32,811	38,407	-	-
Investment properties	17	2,798,405	2,722,348	-	-
Land held for property development	18	1,191,512	1,194,112	-	-
Investments in subsidiaries	19	-	-	4,040,944	4,039,593
Investments in associates	20	1,728,879	1,704,118	-	-
Investments in joint ventures	21	1,501,055	1,477,055	800	800
Goodwill	22	311,840	320,060	-	-
Deferred tax assets	23	70,758	83,714	-	-
Trade receivables	24	30,380	10,521	-	-
Other receivables	25	19,380	17,850	-	-
Derivatives	26	164,711	351,271	-	-
Rock reserves	27	6,394	6,657	-	-
Other investments	28	476	1,164	3,375	52,108
Biological assets	29	825	457	-	-
		9,737,355	9,261,297	4,046,585	4,094,946
Current assets					
Property development costs	30	1,171,286	977,999	-	-
Inventories	31	669,965	693,133	-	-
Trade receivables	24	1,550,998	1,541,097	-	-
Other receivables	25	340,512	282,205	9,413	7,082
Placement in funds	32	2,129,635	1,147,991	838,822	153,200
Cash and bank balances	32	1,950,420	1,482,960	439,275	163,078
Derivatives	26	342,944	55,230	-	-
Amounts due from subsidiaries	33	-	-	1,053,396	1,518,421
Amounts due from associates	34	39,194	6,511	5	-
Amounts due from joint ventures	35	780,559	496,487	1,857	1,134
Tax recoverable		39,085	55,947	85	585
		9,014,598	6,739,560	2,342,853	1,843,500
Total assets		18,751,953	16,000,857	6,389,438	5,938,446

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016 (contd.)

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Equity and liabilities					
Current liabilities					
Borrowings	36	4,858,419	3,068,648	768,000	990,000
Trade payables	37	1,345,643	1,287,044	-	-
Other payables	38	1,092,571	971,438	27,167	19,000
Amounts due to subsidiaries	33	-	-	858	176
Amounts due to associates	34	1,816	4,408	-	-
Amounts due to joint ventures	35	43,991	41,301	-	-
Advances by non-controlling interests of subsidiaries	39	146,702	146,702	-	-
Hire purchase and finance lease liabilities	40	1,626	2,266	-	-
Derivatives	26	5,560	9,874	-	-
Tax payable		30,885	32,470	-	-
		7,527,213	5,564,151	796,025	1,009,176
Non-current liabilities					
Borrowings	36	2,551,996	2,815,211	450,000	250,000
Deferred tax liabilities	23	94,561	90,886	-	-
Other payables	38	334,501	293,172	-	-
Long term liabilities	41	5,682	13,476	-	-
Hire purchase and finance lease liabilities	40	1,126	2,978	-	-
Derivatives	26	3,644	7,709	-	-
		2,991,510	3,223,432	450,000	250,000
Total liabilities		10,518,723	8,787,583	1,246,025	1,259,176

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2016 (contd.)

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Equity and liabilities (contd.)					
Equity attributable to owners of the parent					
Share capital	43	2,063,067	1,799,755	2,063,067	1,799,755
Treasury shares	43	(120,532)	(63,604)	(120,532)	(63,604)
Share premium		3,118,802	2,771,822	3,118,802	2,771,822
Equity contribution from non-controlling interests	44	51,654	51,654	-	-
Merger reserve	45	(1,192,040)	(1,192,040)	-	-
Reserves	46	3,548,771	3,195,129	82,076	171,297
		7,469,722	6,562,716	5,143,413	4,679,270
Non-controlling interests		763,508	650,558	-	-
Total equity		8,233,230	7,213,274	5,143,413	4,679,270
Total equity and liabilities					
		18,751,953	16,000,857	6,389,438	5,938,446

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 2016

	Attributable to owners of the parent										Distributable								
	Non-distributable																		
	Share capital (Note 43)	Treasury shares (Note 43)	Share premium (Note 43)	Equity contribution from non-controlling interests (Note 44)	Merger reserve (Note 45)	Capital reserve (Note 46)	Capital redemption reserve (Note 46)	Statutory reserve (Note 46)	Revaluation reserve (Note 46)	Share option reserve (Note 46)	Equity contribution reserve (Note 46)	Cash flow hedge reserve (Note 46)	Furniture, fittings and equipment reserve (Note 46)	Foreign currency translation reserve (Note 46)	Other reserves, total (Note 46)	Retained earnings (Note 46)	Equity attributable to owners of the parent, total (Note 46)	Non-controlling interests	Equity, total
2016 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	1,799,755	(63,604)	2,771,822	51,654	(1,192,040)	34,137	99,062	879	25,972	75,166	21,712	(9,972)	4,573	141,245	392,774	2,802,355	6,562,716	650,558	7,213,274
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	585,883	585,883	132,715	718,598
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	-	-	8,478	-	-	(11,822)	-	(7,133)	(10,477)	-	(10,477)	2,230	(8,247)
Transfer to furniture, fittings and equipment reserve	-	-	-	-	-	-	-	-	-	-	-	-	3,797	-	3,797	(3,797)	-	-	-
Total comprehensive income	-	-	-	-	-	-	-	-	8,478	-	-	(11,822)	3,797	(7,133)	(6,680)	582,086	575,406	134,945	710,351
Transactions with owners																			
Issuance of ordinary shares pursuant:																			
- to exercise of ESOS	10,666	-	31,173	-	-	-	-	-	-	(15,309)	-	-	-	-	(15,309)	-	26,530	-	26,530
- to exercise of warrants	252,646	-	315,807	-	-	-	-	-	-	-	-	-	-	-	-	-	568,453	-	568,453
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	4,130	-	-	-	-	4,130	-	4,130	-	4,130
Purchase of treasury shares	-	(56,928)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(56,928)	-	(56,928)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,325)	(41,325)
Dividends paid by the Company	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(219,459)	(219,459)	-	(219,459)
Disposal of subsidiaries	-	-	-	-	-	10	-	(80)	-	-	-	-	-	11,537	11,467	-	11,467	14,294	25,761
Redemption of redeemable preference shares in subsidiaries	-	-	-	-	-	-	1,034	-	-	-	-	-	-	-	1,034	(1,034)	-	-	-
Acquisition of equity interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	263,312	(56,928)	346,980	-	-	424	1,034	(53)	-	(11,179)	-	-	-	11,537	1,763	(223,527)	331,600	(21,995)	309,605
At 31 December 2016	2,063,067	(120,532)	3,118,802	51,654	(1,192,040)	34,561	100,096	826	34,450	63,987	21,712	(21,794)	8,370	145,649	387,857	3,160,914	7,469,722	763,508	8,233,230

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016 (contd.)

	Attributable to owners of the parent										Distri- butable	
	Non-distributable											
	Share capital (Note 43)	Treasury shares (Note 43)	Share premium (Note 43)	Equity contribution from non-controlling interests (Note 44)	Merger reserve (Note 45)	Capital reserve (Note 46)	Capital redemption reserve (Note 46)	Statutory reserve (Note 46)	Revaluation reserve (Note 46)	Share option reserve (Note 46)	Equity contribution reserve (Note 46)	Equity attributable to owners of the parent, total
2015 Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2015	1,730,579	(29,275)	2,642,213	51,654	(1,192,040)	34,137	99,062	879	25,972	69,080	21,712	5,936,368
Profit for the financial year	-	-	-	-	-	-	-	-	-	-	-	387,473
Other comprehensive income/(loss), net of tax	-	-	-	-	-	-	-	-	-	-	-	66,974
Transfer to furniture, fittings and equipment reserve	-	-	-	-	-	-	-	-	-	-	-	799,423
Total comprehensive income	-	-	-	-	-	-	-	-	-	-	-	835,155
Transactions with owners												
Issuance of ordinary shares pursuant:												
- to exercise of ESOS	38,490	-	84,836	-	-	-	-	-	-	(18,701)	-	104,625
- to exercise of warrants	30,686	-	44,773	-	-	-	-	-	-	-	-	75,459
Share options granted under ESOS	-	-	-	-	-	-	-	-	-	24,787	-	24,787
Purchase of treasury shares	-	(34,329)	-	-	-	-	-	-	-	-	(34,329)	(34,329)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(16,509)
Dividends paid by the Company *	-	-	-	-	-	-	-	-	-	(691,733)	-	(691,733)
Share acquired by non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	214,014
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	44,930
Acquisition of equity interest from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners	69,176	(34,329)	129,609	-	-	34,137	99,062	879	25,972	75,166	21,712	(208,807)
At 31 December 2015	1,799,755	(63,604)	2,771,822	51,654	(1,192,040)	34,137	99,062	879	25,972	75,166	21,712	6,562,716
												650,558
												7,213,274

* Dividends paid by the Company included distribution of Distribution Shares held by the Company to its entitled shareholders by way of dividend-in-specie amounting to RM35,002,000 as disclosed in Note 14 to the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2016 (contd.)

Company	Non-distributable					Distributable		
	Share capital (Note 43) RM'000	Treasury shares (Note 43) RM'000	Share premium RM'000	Share options reserve (Note 46) RM'000	Cash flow hedge reserve (Note 46) RM'000	Fair value reserve (Note 46) RM'000	Retained earnings (Note 46) RM'000	Equity, total RM'000
As 1 January 2015	1,730,579	(29,275)	2,642,213	65,910	(1,231)	5,233	93,438	4,506,867
Profit for the financial year	-	-	-	-	-	-	694,680	694,680
Other comprehensive income, net of tax	-	-	-	-	1,231	(2,317)	-	(1,086)
Total comprehensive income	-	-	-	-	1,231	(2,317)	694,680	693,594
Issuance of ordinary shares pursuant:								
- to exercise of ESOS	38,490	-	84,836	(18,701)	-	-	-	104,625
- to exercise of warrants	30,686	-	44,773	-	-	-	-	75,459
Purchase of treasury shares	-	(34,329)	-	-	-	-	-	(34,329)
Share options granted under ESOS	-	-	-	24,787	-	-	-	24,787
Dividends paid*	-	-	-	-	-	-	(691,733)	(691,733)
At 31 December 2015	1,799,755	(63,604)	2,771,822	71,996	-	2,916	96,385	4,679,270
Profit for the financial year	-	-	-	-	-	-	144,105	144,105
Other comprehensive income, net of tax	-	-	-	-	-	(2,688)	-	(2,688)
Total comprehensive income	-	-	-	-	-	(2,688)	144,105	141,417
Issuance of ordinary shares pursuant:								
- to exercise of ESOS	10,666	-	31,173	(15,309)	-	-	-	26,530
- to exercise of warrants	252,646	-	315,807	-	-	-	-	568,453
Purchase of treasury shares	-	(56,928)	-	-	-	-	-	(56,928)
Share options granted under ESOS	-	-	-	4,130	-	-	-	4,130
Dividends paid	-	-	-	-	-	-	(219,459)	(219,459)
At 31 December 2016	2,063,067	(120,532)	3,118,802	60,817	-	228	21,031	5,143,413

* Dividends paid included distribution of Distribution Shares held by the Company to its entitled shareholders by way of dividend-in-specie amounting to RM35,002,000 as disclosed in Note 14 to the financial statements.

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 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities				
Profit before tax	858,992	930,362	145,277	698,022
Adjustments for:				
Finance and other distribution income	(119,919)	(97,857)	(90,370)	(97,140)
Finance costs	167,903	124,479	49,866	56,656
Dividend income	-	-	(109,834)	(676,869)
Distribution of income from real estate investment trust	-	-	(435)	(2,734)
Allowance for impairment of trade receivables and other receivables	14,488	3,263	-	-
Depreciation and amortisation	137,153	117,347	1,041	1,012
Fair value gain on:				
- derivatives	(2,363)	(8)	-	-
- investment properties	(56,206)	(63,143)	-	-
- investment properties under construction	(15,059)	(24,218)	-	-
Fair value loss on:				
- derivatives	1,040	1,290	-	-
- investment properties	10,472	22,364	-	-
(Gain)/Loss on disposal of:				
- disposal group classified as held for sale	-	(22,947)	-	-
- property, plant and equipment	(1,465)	(1,238)	(12)	(4)
- a subsidiary	(19,173)	-	-	-
- other investments	(94)	-	(1,269)	-
Impairment losses on:				
- property, plant and equipment	190	-	-	-
- land held for property development	146	-	-	-
- intangible assets	7,754	-	-	-
- goodwill	9,289	-	-	-
Cash flow hedge recycled to profit or loss	(107,038)	(409,217)	-	(41,925)
Net unrealised foreign exchange losses/(gains):				
- hedged items	107,038	409,217	-	41,925
- others	(2,416)	(3,280)	7	(6)
Reversal of allowance for impairment of trade receivables	(10,385)	(12,470)	-	-
Net cash generated from/(used in) operating activities carried forward	980,347	973,944	(5,729)	(21,063)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2016 (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net cash generated from/(used in) operating activities brought forward	980,347	973,944	(5,729)	(21,063)
Reversal of allowance for impairment of				
- other receivables	(200)	(69)	-	-
- amounts due from associates	(18,900)	-	-	-
- other investments	(131)	-	-	-
Share of results of:				
- associates	(124,909)	(201,832)	-	-
- joint ventures	(66,977)	(68,111)	-	-
Share options granted under ESOS	3,980	24,787	1,526	8,470
Net movements in unrealised loss/(profit) arising from construction project	15,378	(5,408)	-	-
Write down of inventories to net realisable value	1,262	623	-	-
Write up of inventories to net realisable value	(51)	(10,478)	-	-
Write off of:				
- bad debts	992	4,120	-	-
- biological assets	-	88	-	-
- inventories	3,022	523	-	-
- property, plant and equipment	29	2,971	-	-
Operating profit/(loss) before working capital changes	793,842	721,158	(4,203)	(12,593)
Changes in working capital:				
Property development costs	(178,868)	109,110	-	-
Land held for property development	(49,010)	(27,339)	-	-
Inventories	20,540	132,303	-	-
Trade receivables	(35,861)	(175,183)	-	-
Other receivables	(83,743)	(53,465)	(2,331)	(3,385)
Trade payables	47,893	156,010	-	-
Other payables	35,682	79,430	8,167	(11,645)
Long term payables	(7,794)	(67,984)	-	-
Cash generated from/(used in) operations	542,681	874,040	1,633	(27,623)
Interest received	115,592	97,609	90,370	97,140
Dividends received from				
- joint ventures and associates	118,482	111,571	14,234	12,017
- subsidiaries	-	-	95,600	629,850
Distribution of income from real estate investment trust	-	-	435	2,734
Tax refunded	5,928	29,637	527	-
Tax paid	(114,604)	(173,307)	(1,199)	(3,742)
Net cash from operating activities	668,079	939,550	201,600	710,376

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2016 (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from investing activities				
Acquisitions of:				
- biological assets	(890)	(21)	-	-
- equity interest from non-controlling interests	2,443	(43,021)	(1,351)	-
- intangible assets	(8,215)	(16,943)	-	-
- investment properties and investment under construction	(156,199)	(563,306)	-	-
- land held for property development	(26,238)	(306,411)	-	-
- other investments	-	-	(4,715)	(10,017)
- property, plant and equipment	(364,179)	(412,887)	(138)	(739)
- subsidiaries for cash, net of cash acquired	(2,962)	(44,837)	-	(140,001)
Proceeds from disposal of:				
- asset held for sale	-	133,934	-	-
- biological assets	-	7	-	-
- equity interest in subsidiaries	-	491,431	-	-
- intangible assets	174	35	-	-
- land held for development	17,693	-	-	-
- other investments	913	688	52,029	-
- property, plant and equipment	63,626	18,683	88	45
Additional interests acquired:				
- joint ventures	(62,178)	(122,301)	-	-
- associates	(4,634)	(75,127)	-	-
Net cash outflows of disposal of subsidiaries	(193)	-	-	-
Advances (to)/from:				
- subsidiaries	-	-	468,311	(18,876)
- associates and joint ventures	(195,337)	(454,776)	(728)	645
Withdrawals from/(Deposits placed with) licensed banks and other financial institutions with maturity of over 3 months	82,647	124,580	(54,933)	87,160
Net cash flows from fund placements	(981,644)	(817,319)	(685,622)	(112,110)
Net cash used in investing activities	(1,635,173)	(2,087,591)	(227,059)	(193,893)

STATEMENTS OF CASH FLOWS

For the financial year ended 31 December 2016 (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities				
Drawdown of:				
- term loans	2,073,716	1,319,770	-	-
- revolving credits	126,960	113,000	-	-
- commercial papers	1,079,607	2,035,000	484,000	345,000
- medium term notes	350,000	174,686	350,000	100,000
- other bank borrowings	307,097	274,248	-	-
Repayments of:				
- hire purchase and finance lease liabilities	(2,527)	(4,970)	-	-
- term loans	(1,357,142)	(1,129,542)	-	(479,649)
- revolving credits	(88,355)	(301,482)	(80,000)	-
- commercial papers	(816,000)	(515,000)	(776,000)	-
- medium term notes	-	(5,293)	-	-
- other bank borrowings	(245,920)	(196,643)	-	-
Interest paid	(167,903)	(124,479)	(49,866)	(56,656)
Proceeds from issuance of ordinary shares pursuant:				
- to exercise of warrants	568,453	75,459	568,453	75,459
- to exercise of ESOS	26,530	104,625	26,530	104,625
Advances from non-controlling interests of subsidiaries	-	4,196	-	-
Dividends paid	(219,459)	(656,731)	(219,459)	(656,731)
Dividends paid to non-controlling interests in subsidiaries	(41,325)	(16,509)	-	-
Shares buyback	(56,928)	(34,329)	(56,928)	(34,329)
Net cash from/(used in) financing activities	1,536,804	1,116,006	246,730	(602,281)
Net cash from operating activities	668,079	939,550	201,600	710,376
Net cash used in investing activities	(1,635,173)	(2,087,591)	(227,059)	(193,893)
Net cash from/(used in) financing activities	1,536,804	1,116,006	246,730	(602,281)
Net increase/(decrease) in cash and cash equivalents	569,710	(32,035)	221,271	(85,798)
Effects of exchange rate changes on cash and cash equivalents	6,552	(12,981)	(7)	-
Cash and cash equivalents at beginning of financial year	1,247,894	1,292,910	163,058	248,856
Cash and cash equivalents at end of financial year (Note 32)	1,824,156	1,247,894	384,322	163,058

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 2016

1. Corporate information

Sunway 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 principal place of business and registered office of the Company are located at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of management services.

The principal activities of the subsidiaries are set out in Note 53 to the financial statements.

The immediate and ultimate holding companies of the Company are Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd. respectively, both of which are incorporated in Malaysia.

The financial statements for the financial year ended 31 December 2016 were authorised for issue in accordance with a resolution by the Board of Directors on 27 March 2017.

2. Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards ("FRS") and the requirements of the Companies Act, 1965 in Malaysia. However, Note 57 to the financial statements set out in page 337 has been prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ('MIA Guidance') and the directive of Bursa Malaysia Securities Berhad.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand ("RM'000"), unless otherwise stated.

The new FRSs and amendments to FRSs adopted during the financial year are set out in Note 56(a) to the financial statements.

3. Segment information

For management purposes, the Group is organised into business units based on their products and services. In addition, the businesses are also considered from a geographical perspective. The Group's reportable segments are as follows:

- (i) Property development - development of residential and commercial properties.
- (ii) Property investment - management, operation and letting of properties, operation of theme parks, rendering recreational club facilities, travel agent and time sharing businesses, management and operation of hotels, investment in real estate investment fund.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

3. Segment information (contd.)

- (iii) Construction - construction of building and civil works and provision of mechanical, electrical and piling works.
- (iv) Trading and manufacturing - trading and manufacturing of construction and industrial products, building materials and importing and distribution of pharmaceutical products.
- (v) Quarry - quarrying, manufacturing and supplying of premix, manufacturing of ready-mixed concrete and production of building stones.
- (vi) Investment holdings - management and letting of properties, provision of financial services to companies within the Group, as well as holding of investment in the shares of subsidiaries, associates and other investments.
- (vii) Others - management and operation of a medical centre, manufacturing of vitrified clay pipes, concrete pipes, interlocking pavers, pretensioned spun concrete piles, precast micro injection piles, reinforced concrete piles, euro tiles, blocks and concrete products, provision of secretarial and share registration services, provision of management services, underwriting of insurance, lease and hire purchase financing, interior design and renovation.

Except as indicated above, no operating segments has been aggregated to form the above reportable segment.

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 corporate assets, liabilities and expenses.

Segment revenue and expenses include transfers between business segments that are eliminated on consolidation. Segment results exclude the effects of transfers between business segments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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:

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Investment holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Note	Total RM'000
At 31 December 2016										
Revenue										
Sales to external customers	1,203,024	692,131	1,137,413	833,349	207,379	4,986	577,310	-	-	4,655,592
Inter-segment revenue	6,756	174,860	1,251,696	201,954	18,667	810,636	101,771	(2,566,340)	A	-
Total revenue	1,209,780	866,991	2,389,109	1,035,303	226,046	815,622	679,081	(2,566,340)		4,655,592
Results										
Operating profit	273,382	162,406	124,869	51,002	26,725	7,455	69,251	-	-	715,090
Finance and other distribution income	25,601	4,223	15,571	1,301	60	243,815	12,083	(182,735)		119,919
Finance costs	(24,350)	(142,432)	(6,375)	(16,672)	(1,789)	(151,469)	(7,551)	182,735		(167,903)
Share of results of associates	6	120,727	-	-	-	-	4,176	-		124,909
Share of results of joint ventures	53,511	13,466	-	-	-	-	-	-		66,977
Profit before tax	328,150	158,390	134,065	35,631	24,996	99,801	77,959	-	-	858,992
Income tax expense	(57,484)	(27,018)	(26,049)	(10,648)	(5,854)	(5,052)	(8,289)	-		(140,394)
Net profit for the year	270,666	131,372	108,016	24,983	19,142	94,749	69,670	-	-	718,598
Non-controlling interests	(77,879)	(4,345)	(49,339)	(1,095)	(243)	(386)	572	-		(132,715)
Attributable to owners of the parent	192,787	127,027	58,677	23,888	18,899	94,363	70,242	-		585,883

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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.):

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Investment holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Note	Total RM'000
At 31 December 2016 (contd.)										
Assets										
Segment assets	5,875,103	3,408,935	1,649,568	653,892	184,284	1,964,526	895,309	-		14,631,617
Investments in associates	26,836	1,641,069	-	242	-	-	60,732	-		1,728,879
Investments in joint ventures	1,388,868	112,187	-	-	-	-	-	-		1,501,055
Unallocated assets										890,402
Total assets										18,751,953
Liabilities										
Segment liabilities	1,035,459	568,474	1,040,863	237,345	111,419	7,152,641	203,085	-		10,349,286
Unallocated liabilities										169,437
Total liabilities										10,518,723
Other segment information										
Capital expenditure	2,597	443,673	19,010	14,650	24,281	835	203,343	-	B	708,389
Depreciation and amortisation	1,617	38,895	39,119	7,057	10,724	2,437	37,304	-		137,153

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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.):

At 31 December 2015										
Revenue	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Investment holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Note	Total RM'000
Sales to external customers	1,195,682	638,932	1,222,119	650,002	242,147	4,564	494,944	-	-	4,448,390
Inter-segment revenue	12	125,011	694,739	112,553	5,333	955,141	73,883	(1,966,672)	A	-
Total revenue	1,195,694	763,943	1,916,858	762,555	247,480	959,705	568,827	(1,966,672)		4,448,390
Results										
Operating profit/(loss)	207,675	214,638	159,042	31,998	39,519	(14,670)	48,839	-	-	687,041
Finance and other distribution income	20,917	6,986	8,351	419	347	205,885	17,696	(162,744)		97,857
Finance costs	(21,546)	(120,054)	(3,578)	(8,282)	(623)	(128,645)	(4,495)	162,744		(124,479)
Share of results of associates	4	200,424	-	(1)	-	-	1,405	-		201,832
Share of results of joint ventures	55,597	13,651	(1,137)	-	-	-	-	-		68,111
Profit before tax	262,647	315,645	162,678	24,134	39,243	62,570	63,445	-		930,362
Income tax expense	(52,171)	(26,498)	(14,427)	(9,876)	(8,561)	(7,342)	(12,064)	-		(130,939)
Net profit for the year	210,476	289,147	148,251	14,258	30,682	55,228	51,381	-		799,423
Non-controlling interests	(34,954)	(6,442)	(25,253)	(1,031)	(253)	(368)	1,327	-		(66,974)
Attributable to owners of the parent	175,522	282,705	122,998	13,227	30,429	54,860	52,708	-		732,449

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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.):

	Property development RM'000	Property investment RM'000	Construction RM'000	Trading and manufacturing RM'000	Quarry RM'000	Investment holdings RM'000	Others RM'000	Adjustments/ eliminations RM'000	Note	Total RM'000
At 31 December 2015 (contd.)										
Assets										
Segment assets	4,303,830	3,514,222	1,402,502	704,152	195,367	1,626,940	436,523	-		12,183,536
Investments in associates	6	1,622,738	-	107	-	-	81,267	-		1,704,118
Investments in joint ventures	1,364,100	112,955	-	-	-	-	-	-		1,477,055
Unallocated assets										636,148
Total assets										16,000,857
Liabilities										
Segment liabilities	1,516,279	26,845	945,271	178,220	52,062	5,729,581	174,668	-		8,622,926
Unallocated liabilities										164,657
Total liabilities										8,787,583
Other segment information										
Capital expenditure	17,960	506,496	39,752	21,690	25,009	1,843	104,950	-	B	717,700
Depreciation and amortisation	2,187	16,817	44,471	8,508	14,594	2,301	28,469	-		117,347

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

3. Segment information (contd.)

Geographical segments

The following table provides an analysis of the Group's revenue, profit/(loss) before tax, net profit/(loss), profit/(loss) attributable to owners of the parent and assets by geographical segment:

	Revenue RM'000	Profit/(loss) before tax RM'000	Net profit/ (loss) RM'000	Net profit/(loss) attributable to owners of the parent RM'000	Segment assets RM'000
At 31 December 2016					
Malaysia	4,043,027	762,402	632,181	523,576	13,620,845
Singapore	395,407	74,414	66,996	55,714	326,294
China	86,525	14,594	14,147	15,385	410,565
India	-	(17,813)	(17,814)	(17,814)	1,039
Australia	42,154	256	256	(4,983)	94,312
Abu Dhabi	-	19,384	19,384	10,560	27,587
Other countries	88,479	5,755	3,448	3,445	150,975
	4,655,592	858,992	718,598	585,883	14,631,617
At 31 December 2015					
Malaysia	3,898,475	850,949	732,655	684,278	11,018,537
Singapore	353,282	99,241	89,745	78,486	527,689
China	74,348	(23,550)	(23,620)	(20,462)	321,948
India	55	(19,612)	(19,644)	(19,291)	21,095
Australia	41,480	4,709	6,093	20	103,040
Abu Dhabi	-	8,509	8,509	3,484	63,229
Other countries	80,750	10,116	5,685	5,934	127,998
	4,448,390	930,362	799,423	732,449	12,183,536

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

3. Segment information (contd.)

Note Nature of eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Capital expenditures consist of:

	2016 RM'000	2015 RM'000
Property, plant and equipment	364,214	413,426
Intangible assets	8,215	16,943
Biological assets	890	21
Investment properties	335,070	287,310
	708,389	717,700

4. Capital and financial risk management

(a) Capital management

The primary objective of the Group's and the Company's capital management is the maintenance of a strong credit rating and healthy capital ratio, in order to support the Group's businesses and maximising shareholders' value.

The Group 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 non-core assets, which provides low returns are also made to optimise the capital structure of the Group.

The Group and the Company monitor capital utilisation using the gearing ratio. This ratio is used to assess the appropriateness of the Group's debt level, hence its capital structure. The ratio is calculated as net debt divided by total equity. Net debt includes total borrowings net of cross currency swap less cash and bank balances and placement in funds.

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Borrowings		7,410,415	5,883,859	1,218,000	1,240,000
Less: Cross currency swap		(500,351)	(402,698)	-	-
Net borrowings after cross currency swap	36	6,910,064	5,481,161	1,218,000	1,240,000
Less:					
Cash and bank balances	32	(1,950,420)	(1,482,960)	(439,275)	(163,078)
Placement in funds	32	(2,129,635)	(1,147,991)	(838,822)	(153,200)
Net debt/(cash)		2,830,009	2,850,210	(60,097)	923,722
Total equity		8,233,230	7,213,274	5,143,413	4,679,270
Total capital and net debt		11,063,239	10,063,484	5,083,316	5,602,992
Gearing ratio		34%	40%	N/A*	20%

* Gearing ratio is not presented as the Company is in net cash position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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 year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

Interest rate risk

The Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Group's and the Company's interest-bearing financial assets are mainly short term in nature and have been mostly placed in fixed deposits and funds.

The Group's and the Company's interest rate risk arises primarily from interest bearing borrowings. The Group manages its interest rate exposure by monitoring a mix of fixed and floating rate borrowings. The Group also entered into interest rate swap contracts to hedge the floating rate interest payable on certain borrowings. At the reporting date, approximately 86% (2015: 79%) of the Group's borrowings after cross currency swap are at fixed rates of interest.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 24, 32, 33, 35 and 36 to the financial statements.

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 countries in which certain foreign subsidiaries operate. The currencies giving rise to this risk are primarily Singapore Dollar ("SGD"), United States Dollar ("USD"), Chinese Renminbi ("RMB") and Australian Dollar ("AUD"). Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

Approximately 13% (2015: 12%) of the Group's sales are denominated in foreign currencies whilst almost 13% (2015: 13%) 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 bank balances denominated in foreign currencies for working capital purposes. At the reporting date, such foreign currency balances amounted to RM258 million (2015: RM189 million).

Material foreign currency transactions exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts and cross currency swap contracts.

The Group and the Company entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which were entered into to minimise the interest cost. These cross currency swap contracts have expiry periods within 1 month to 40 months.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Foreign currency risk exposure

The currency risk exposure profiles for each class of financial instruments are as follows:

Group	SGD		USD		RMB		AUD		Others	
	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000
At 31 December 2016										
Financial assets in foreign currencies										
Cash and bank balances	125,553	-	10,358	-	25,691	-	71,572	-	25,127	-
Trade and other receivables	126,353	-	3,112	-	60,881	151	8,002	-	41,153	-
Financial liabilities in foreign currencies										
Trade and other payables	(71,924)	-	(2,812)	-	(42,424)	-	(7,979)	-	(37,494)	-
Borrowings	(364)	(283,140)	(1,915,725)	(888,990)	(42,168)	-	(1,838)	-	(741)	-
Less: hedged portion	-	234,820	1,893,535	888,990	-	-	-	-	-	-
Borrowings - unhedged portion	(364)	(48,320)	(22,190)	-	(42,168)	-	(1,838)	-	(741)	-
Net exposure	179,618	(48,320)	(11,532)	-	1,980	151	69,757	-	28,045	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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		USD		RMB		AUD		Others	
	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000	<1 year RM'000	>1 year RM'000
At 31 December 2015										
Financial assets in foreign currencies										
Cash and bank balances	63,055	-	7,901	-	24,552	-	67,264	-	26,078	-
Trade and other receivables	102,880	-	3,736	-	37,410	-	6,347	-	27,933	-
Financial liabilities in foreign currencies										
Trade and other payables	(52,570)	-	(8,091)	-	(36,039)	-	(8,069)	-	(36,573)	-
Borrowings	(132)	(274,248)	(469,670)	(1,919,138)	(45,290)	-	(1,749)	(490)	(780)	-
Less: hedged portion	-	230,064	469,670	1,897,623	-	-	-	-	-	-
Borrowings - unhedged portion	(132)	(44,184)	-	(21,515)	(45,290)	-	(1,749)	(490)	(780)	-
Net exposure	113,365	-	3,546	-	25,923	-	65,542	-	17,438	-
Company										
At 31 December 2016/2015										

The currency risk exposure profile of the Company is not presented as its exposure to foreign currencies was not material at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

Foreign currency risk (contd.)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's and the Company's profit net of tax to a reasonably possible change in the foreign exchange rates against the functional currency of the Company, with all other variables held constant.

Profit net of tax	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
SGD/RM				
- strengthen 1% (2015: 2%)	1,047	1,154	-	-
- weaken 1% (2015: 2%)	(1,047)	(1,154)	-	-
USD/RM				
- strengthen 1% (2015: 2%)	(145)	(237)	-	-
- weaken 1% (2015: 2%)	145	237	-	-
RMB/RM				
- strengthen 1% (2015: 2%)	13	(244)	-	-
- weaken 1% (2015: 2%)	(13)	244	-	-
AUD/RM				
- strengthen 2% (2015: 3%)	1,089	1,223	-	-
- weaken 2% (2015: 3%)	(1,089)	(1,223)	-	-

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 has been disclosed in Notes 26, 33, 34, 35, 36, 37, 38 and 39 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

4. Capital and financial risk management (contd.)

(b) Financial risk management objectives and policies (contd.)

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 arise primarily from trade and other receivables. For other financial assets (including investment securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The credit risk concentration profiles have been disclosed in Note 24 to the financial statements.

5. Revenue

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development:				
- sale of properties under development	1,030,573	1,081,976	-	-
- sale of completed properties	124,293	107,436	-	-
Construction contracts	941,303	1,222,119	-	-
Sale of goods and services	2,369,179	1,885,750	-	-
Rental income	168,885	130,305	-	-
Property management fees	7,653	7,766	-	-
Lease and hire purchase	637	3,748	-	-
Time sharing fees	3,433	3,203	-	-
Dividend income from:				
- Subsidiaries	-	-	95,600	664,852
- A joint venture	-	-	14,234	12,017
Distribution of income from real estate investment trust	-	-	435	2,734
Management fees from:				
- Subsidiaries	-	-	50,195	42,806
- Joint ventures	9,636	6,087	2,899	2,557
	4,655,592	4,448,390	163,363	724,966

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

5. Revenue (contd.)

Revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction would flow to the Group, and the amount of revenue and the cost incurred or to be incurred in respect of the transaction can be reliably measured and specific recognition criteria have been met for each of the activities of the Group as follows:

(a) Property development:

Property development revenue is recognised in respect of all development units that have been sold. Revenue recognition commences when the sale of the development unit is effected, upon the commencement of development and construction activities and when the financial outcome can be reliably estimated. The attributable portion of property development cost is recognised as an expense in the period in which the related revenue is recognised. The amount of such revenue and expenses recognised is determined by reference to the stage of completion of development activity at the reporting date. The stage of completion is measured by reference to the proportion that property development costs incurred for work performed to date bear to the estimated total property development cost.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that is probable to be recoverable and the property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Any expected loss on a development project is recognised as an expense immediately, including costs to be incurred over the defects liability period.

Significant judgement is required in determining the stage of completion, the extent of the property development cost incurred, the estimated total property development revenue and costs, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Construction contracts

Revenue from construction contracts is accounted for by the stage of completion method as disclosed in Note 42 to the financial statements.

(c) Sale of goods and services, rights of enjoyment and club subscription fees

Revenue from sale of goods is recognised when significant risk and rewards of ownership of the goods has been transferred to the customer and where the Group does not have continuing managerial involvement over the goods, which coincides with the delivery of goods and acceptance by customers.

Revenue in respect of the rendering of services is recognised when the services are performed.

Entrance fees collected for rights of enjoyment of facilities are recognised when tickets are sold.

Club subscription fees are recognised on the accrual basis.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

5. Revenue (contd.)

(e) Property management fees

Revenue from property management fees are recognised as income as and when the services are performed.

(f) Interest on lease and hire purchase

Interest on lease and hire purchase are recognised as income on the effective yield basis method.

(g) Time share revenue

Membership fees are recognised over the membership period.

Annual maintenance fees are recognised on the accrual basis based on fees chargeable to members upon execution and renewal of the membership.

(h) Dividend income and distribution of income from real estate investment trust

Dividend income and distribution of income from real estate investment trust are recognised when the right of the Group to receive payment is established.

(i) Management fees

Management fees from the management of real estate investment funds activity and the provision of management services to subsidiaries are recognised on the accrual basis.

6. Cost of sales

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Property development costs:				
- current year (Note 30)	(654,201)	(696,371)	-	-
- over/(under) recognised in prior years	309	(864)	-	-
Cost of completed properties sold	(93,465)	(85,499)	-	-
Construction contract costs	(724,147)	(968,236)	-	-
Cost of goods sold and services rendered	(1,583,737)	(1,246,287)	(46,134)	(44,654)
Lease and hire purchase	(3,000)	(1,050)	-	-
Cost of time sharing business operations	(1,288)	(2,170)	-	-
	(3,059,529)	(3,000,477)	(46,134)	(44,654)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

7. Other income

Included in other income are the following:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fair value gain:				
- investment properties (Note 17)	56,206	63,143	-	-
- investment properties under construction (Note 17)	15,059	24,218	-	-
- derivatives	2,363	8	-	-
Gain on disposal of:				
- assets held for sale	-	22,947	-	-
- property, plant and equipment	1,742	1,568	12	4
- subsidiaries (Note 19)	19,173	-	-	-
- other investments	94	-	1,269	-
Rental income				
- equipment	1,577	16,164	-	-
- land and buildings	3,950	5,603	-	-
- others	12,536	13,167	-	-
Bad debts recovered	990	1,072	-	-
Reversal of allowance for impairment				
- trade receivables (Note 24)	10,385	12,470	-	-
- other receivables (Note 25)	200	69	-	-
- amounts due from associates	18,900	-	-	-
- other investments	131	-	-	-
Write up of inventories to net realisable value (Note 31)	51	10,478	-	-
Foreign exchange gain				
- realised	7,551	10,954	132	4,272
- unrealised	7,859	8,874	-	17

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

8. Finance and other distribution income and finance costs

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Finance and other distribution income				
Finance and other distribution income from:				
- Advances to subsidiaries	-	-	57,989	81,301
- Advances to joint ventures	10,423	4,028	-	-
- Accretion of interest	4,327	248	-	-
- Deposits with licensed banks	17,807	8,065	66	151
- Placement in funds	85,518	82,298	32,315	15,688
- Others	1,844	3,218	-	-
	119,919	97,857	90,370	97,140
Finance costs				
Interest expense in relation to:				
- Hire purchase and finance lease liabilities	(219)	(274)	-	-
- Bank overdrafts	(116)	(137)	-	-
- Revolving credits	(13,540)	(14,365)	(1,684)	(3,379)
- Commercial papers and medium term notes	(108,418)	(59,642)	(48,182)	(40,647)
- Term loans	(35,713)	(30,612)	-	(12,630)
- Bankers' acceptances	(4,291)	(6,967)	-	-
- Bills discounting	(250)	(1,157)	-	-
Unwinding of discount	(1,371)	(8,134)	-	-
Others	(3,985)	(3,191)	-	-
	(167,903)	(124,479)	(49,866)	(56,656)

(a) Interest income

Interest income from short term deposits and advances is recognised on the accrual basis, using the effective interest method, unless recoverability is in doubt, in which case, it is recognised on receipt basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

9. Profit before tax

Other than those disclosed elsewhere in the financial statements, the following amounts have been included in arriving at profit before tax:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Auditors' remuneration:				
- statutory audits	3,327	3,128	241	222
- other services	36	1,244	-	-
Hire of plant and machinery	1,100	1,061	-	-
Foreign exchange loss:				
- realised	6,122	7,358	65	7
- unrealised	5,443	5,594	7	11
- unrealised (hedged items)	107,038	409,217	-	41,925
Cash flow hedge reserve recycled to profit or loss	(107,038)	(409,217)	-	(41,925)
Fair value loss on:				
- investment properties (Note 17)	10,472	22,364	-	-
- derivatives	1,040	1,290	-	-
Write down of inventories to net realisable value (Note 31)	1,262	623	-	-
Loss on disposal of property, plant and equipment	277	330	-	-
Write off of:				
- bad debts	992	4,120	-	-
- biological assets	-	88	-	-
- inventories (Note 31)	3,022	523	-	-
- property, plant and equipment	29	2,971	-	-
Rental expense:				
- land and buildings	99,186	74,912	-	-
- lease rental	2,029	735	-	-
- plant and equipment	1,288	748	-	-
- others	2,123	187	-	-
Direct operating expenses arising from investment properties that generated rental income	23,090	17,488	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

10. Employee benefits expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Wages, salaries and bonuses	602,877	540,872	42,923	38,247
Social security contributions	5,216	4,832	130	97
Contributions to defined contribution plan	67,065	57,268	7,305	5,465
Share options granted under ESOS	3,980	24,787	1,526	8,470
Other benefits	85,154	80,594	4,223	1,081
	764,292	708,353	56,107	53,360

Included in employee benefits expense of the Group and of the Company are Executive Directors' remuneration amounting to RM39,513,000 (2015: RM32,008,000) and RM15,207,000 (2015: RM15,195,000) as further disclosed in Note 11 to the financial statements.

11. Directors' remuneration

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Directors' remuneration:				
Fees	100	100	-	-
Emoluments	37,859	26,577	13,653	9,864
Share options granted under ESOS	1,554	5,331	1,554	5,331
Total Executive Directors' remuneration (excluding benefits-in-kind) (Note 10)	39,513	32,008	15,207	15,195
Estimated money value of benefits-in-kind	103	130	76	130
Total Executive Directors' remuneration including benefits-in-kind	39,616	32,138	15,283	15,325
Non-Executive Directors' remuneration:				
Fees	495	455	495	455
Other emoluments	77	95	77	95
Total Non-Executive Directors' remuneration	572	550	572	550
Total Directors' remuneration including benefits-in-kind	40,188	32,688	15,855	15,875

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

11. Directors' remuneration (contd.)

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	
	2016	2015
Executive Directors:		
RM200,000 - RM550,000	1	1
RM1,400,000 - RM1,650,000	1	1
RM5,350,000 - RM6,850,000	1	1
RM19,500,000 - RM29,100,000	1	1
Non-Executive Directors:		
Below RM200,000	4	4

12. Income tax expense

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Current income tax:				
Malaysian income tax	120,599	139,969	1,775	3,684
Foreign tax	8,710	11,187	-	-
	129,309	151,156	1,775	3,684
Under/(Over) provision in prior years:				
Malaysian income tax	(6,034)	11,992	(603)	(342)
Foreign tax	288	1,875	-	-
	(5,746)	13,867	(603)	(342)
	123,563	165,023	1,172	3,342
Deferred tax (Note 23):				
Relating to origination and reversal of temporary differences	14,004	(25,185)	-	-
Under/(Over) provision in prior years	2,827	(8,899)	-	-
	16,831	(34,084)	-	-
Total income tax expense	140,394	130,939	1,172	3,342

- (a) Domestic current income tax is calculated at the Malaysian statutory tax rate of 24% (2015: 25%) of the estimated assessable profit for the year.
- (b) Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

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	
	2016 RM'000	2015 RM'000
Profit before tax	858,992	930,362
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	206,158	232,591
Different tax rates in other countries	(7,110)	(1,286)
Deferred tax recognised at different tax rates	(5,218)	(13,707)
Income not subject to tax	(27,431)	(24,489)
Expenses not deductible for tax purposes	26,798	21,491
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances, unabsorbed tax allowances and other temporary differences	(9,347)	(21,563)
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances, unabsorbed tax allowances and other deductible temporary differences	10,333	421
Deferred tax assets recognised on previously unrecognised tax losses, unabsorbed capital allowances, unabsorbed tax allowances and other deductible temporary differences	(4,818)	(1)
Effect of share of profit of associates	(29,978)	(50,458)
Effect of share of profit of joint ventures	(16,074)	(17,028)
(Over)/Under provision of income tax in prior years	(5,746)	13,867
Under/(Over) provision of deferred tax in prior years	2,827	(8,899)
Income tax expense for the year	140,394	130,939

	Company	
	2016 RM'000	2015 RM'000
Profit before tax	145,277	698,022
Taxation at Malaysian statutory tax rate of 24% (2015: 25%)	34,866	174,506
Income not subject to tax	(35,356)	(174,215)
Expenses not deductible for tax purposes	2,158	3,376
Deferred tax assets not recognised in respect of current year's tax losses, unabsorbed capital allowances and other deductible temporary differences	107	17
Over provision of income tax in prior years	(603)	(342)
Income tax expense for the year	1,172	3,342

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

12. Income tax expense (contd.)

- (d) Tax savings during the financial year arising from:

	Group	
	2016 RM'000	2015 RM'000
Utilisation of current year tax losses	835	6,922
Utilisation of previously unrecognised tax losses	2,094	3,318
	2,929	10,240

13. Earnings per share

- (a) Basic

	Group	
	2016	2015
Profit attributable to owners of the parent (RM'000)	585,883	732,449
Weighted average number of ordinary shares in issue ('000)	1,954,426	1,753,632
Basic earnings per share (sen)	29.98	41.77

- (b) Diluted

	Group	
	2016	2015
Profit attributable to owners of the parent (RM'000)	585,883	732,449
Weighted average number of ordinary shares in issue ('000)	1,954,426	1,753,632
Effect of dilution of share options and warrants ('000)	37,965	116,632
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,992,391	1,870,264
Diluted earnings per share (sen)	29.41	39.16

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

14. Dividends paid and proposed

	Group	
	2016 RM'000	2015 RM'000
Dividends on ordinary shares declared and paid:		
Second interim single tier dividend for 2015: 6% per share (2014: 6%)	117,720	103,847
First interim dividend for 2016: 5% per share (2015: 5%)	101,739	89,169
Distribution of ordinary shares of RM0.20 each in Sunway Construction Group Berhad ("Distribution Shares") held by the Company by way of dividend-in-specie on a basis of 1 Distribution Share for every 10 existing ordinary shares of RM1 each held in the Company	-	35,002
Special cash dividend for 2015: 26% per share	-	463,715
	219,459	691,733
Dividends declared on ordinary shares but not recognised at end of the financial year:		
Second interim single tier dividend for 2016: 4 sen per share (2015: 6%)	81,039	117,720
Second interim single tier dividend via a share dividend distribution of approximately 20.3 million treasury shares on the basis of 1 treasury share for every 100 existing ordinary shares held in the Company	63,575	-
	144,614	117,720

Dividends on ordinary shares declared on 27 February 2017 (2015: 26 February 2016) are to be paid on 28 April 2017 (2015: 28 April 2016) and accordingly, the amounts have not been recognised as a liability as at the end of each reporting date.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

15. Property, plant and equipment

Group	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Quarry development expenditure RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2016										
Cost										
At beginning of financial year	42,519	554,850	46,784	15,347	1,048,168	74,534	191,959	40,818	433,271	2,448,250
Additions	278	40,268	-	10,639	61,082	6,688	55,040	2,860	187,359	364,214
Disposals/write-offs	(7,450)	(4,735)	(16,792)	(1,302)	(86,066)	(8,925)	(12,671)	(2,763)	(17,966)	(158,670)
Reclassifications	(3,723)	331,226	-	26,918	(92,888)	-	154,656	-	(416,189)	-
Transfer to investment properties (Note 17)	-	(20,732)	-	-	-	-	-	-	-	(20,732)
Transfer from investment properties under construction (Note 17)	-	383,604	-	-	-	-	-	-	-	383,604
Transfer from intangible assets (Note 16)	-	-	-	-	-	-	1,938	-	-	1,938
Transfer to intangible assets (Note 16)	-	-	-	-	(21)	-	(639)	-	-	(660)
Acquisition of subsidiaries	-	8,369	4,200	-	1,737	804	1,123	-	-	16,233
Disposal of subsidiaries	-	-	-	-	(25,557)	(468)	(282)	-	-	(26,307)
Exchange differences	-	2,896	(215)	(727)	(1,416)	231	1,050	-	-	1,819
At end of financial year	31,624	1,295,746	33,977	50,875	905,039	72,864	392,174	40,915	186,475	3,009,689
Accumulated depreciation										
At beginning of financial year	-	123,245	6,041	4,179	673,275	50,849	143,155	10,769	-	1,011,513
Depreciation charge for the year	-	21,304	542	6,392	61,709	8,481	31,191	639	-	130,258
Disposals/write-offs	-	(108)	(1,811)	(2,305)	(33,021)	(6,114)	(10,450)	(837)	-	(54,646)
Reclassifications	-	(7,221)	(48)	12,750	(117,693)	6	112,206	-	-	-
Transfer to investment properties (Note 17)	-	(2,368)	-	-	-	-	-	-	-	(2,368)
Transfer from intangible assets (Note 16)	-	-	-	-	-	-	1,859	-	-	1,859
Transfer to intangible assets (Note 16)	-	-	-	-	-	-	(366)	-	-	(366)
Acquisition of subsidiaries	-	1,096	-	-	135	631	938	-	-	2,800
Disposal of subsidiaries	-	-	-	-	(22,312)	(391)	(265)	-	-	(22,968)
Exchange differences	-	1,267	(21)	224	(514)	188	1,004	-	-	2,148
At end of financial year	-	137,215	4,703	21,240	561,579	53,650	279,272	10,571	-	1,068,230
Accumulated impairment losses										
At beginning of financial year	-	26,443	-	18	76,325	135	253	-	-	103,174
Impairment loss for the year	-	190	-	-	-	-	-	-	-	190
Disposals/write-offs	-	-	-	-	(41,662)	(135)	(37)	-	-	(41,834)
At end of financial year	-	26,633	-	18	34,663	-	216	-	-	61,530
Net carrying amount	31,624	1,131,898	29,274	29,617	308,797	19,214	112,686	30,344	186,475	1,879,929

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

15. Property, plant and equipment (contd.)

Group (contd.)	Freehold land RM'000	Buildings RM'000	Leasehold land RM'000	Renovations RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Equipment, furniture and fittings RM'000	Quarry development expenditure RM'000	Capital work-in-progress RM'000	Total RM'000
At 31 December 2015										
Cost										
At beginning of financial year	31,624	511,294	22,143	8,227	1,044,618	66,934	163,253	35,960	188,071	2,072,124
Additions	-	10,201	8,280	6,143	78,459	7,738	17,130	11,836	273,639	413,426
Disposals/write-offs	-	(56,757)	-	(110)	(66,755)	(13,246)	(2,305)	(6,978)	(11,036)	(157,187)
Reclassifications	-	3,081	14,158	851	(1,163)	(54)	530	-	(17,403)	-
Transfer from property development cost (Note 30)	-	22,683	-	-	-	-	-	-	-	22,683
Transfer to inventories	-	-	-	-	(38,311)	-	-	-	-	(38,311)
Transfer to intangible assets (Note 16)	-	-	-	-	-	-	(4,077)	-	-	(4,077)
Acquisition of subsidiaries	10,895	42,987	-	-	3,286	11,434	8,445	-	-	77,047
Exchange differences	-	21,361	2,203	236	28,034	1,728	8,983	-	-	62,545
At end of financial year	42,519	554,850	46,784	15,347	1,048,168	74,534	191,959	40,818	433,271	2,448,250
Accumulated depreciation										
At beginning of financial year	-	124,046	4,472	2,694	644,516	48,419	114,098	9,114	651	948,010
Depreciation charge for the year	-	4,707	1,079	1,365	67,968	8,413	17,903	8,629	-	110,064
Disposals/write-offs	-	(14,180)	-	(75)	(48,573)	(14,782)	(1,444)	(6,974)	(651)	(86,679)
Reclassifications	-	(38)	-	-	46	-	(8)	-	-	-
Transfer to inventories	-	-	-	-	(6,791)	-	-	-	-	(6,791)
Transfer to intangible assets (Note 16)	-	-	-	-	-	-	(2,333)	-	-	(2,333)
Acquisition of subsidiaries	-	2,304	-	-	2,379	7,508	6,847	-	-	19,038
Exchange differences	-	6,406	490	195	13,730	1,291	8,092	-	-	30,204
At end of financial year	-	123,245	6,041	4,179	673,275	50,849	143,155	10,769	-	1,011,513
Accumulated impairment loss										
At beginning of financial year	-	66,246	-	18	74,639	115	257	-	5,755	147,030
Disposals/write-offs	-	(39,803)	-	-	(4,524)	-	(10)	-	(5,755)	(50,092)
Exchange differences	-	-	-	-	6,210	20	6	-	-	6,236
At end of financial year	-	26,443	-	18	76,325	135	253	-	-	103,174
Net carrying amount	42,519	405,162	40,743	11,150	298,568	23,550	48,551	30,049	433,271	1,333,563

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

15. Property, plant and equipment (contd.)

	Equipment, furniture and fittings RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
Company				
At 31 December 2016				
Cost				
At beginning of financial year	1,719	2,730	693	5,142
Additions	138	-	-	138
Disposals	(28)	(164)	-	(192)
At end of financial year	1,829	2,566	693	5,088
Accumulated depreciation				
At beginning of financial year	776	1,921	-	2,697
Depreciation charge for the year	508	533	-	1,041
Disposals	(15)	(101)	-	(116)
At end of financial year	1,269	2,353	-	3,622
Net carrying amount	560	213	693	1,466
At 31 December 2015				
Cost				
At beginning of financial year	980	2,848	693	4,521
Additions	739	-	-	739
Disposals	-	(118)	-	(118)
At end of financial year	1,719	2,730	693	5,142
Accumulated depreciation				
At beginning of financial year	333	1,429	-	1,762
Depreciation charge for the year	443	569	-	1,012
Disposals	-	(77)	-	(77)
At end of financial year	776	1,921	-	2,697
Net carrying amount	943	809	693	2,445

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

15. Property, plant and equipment (contd.)

(a) Classification of leasehold land

The Group has assessed and classified land use rights of the Group as finance leases based on the extent to which risks and rewards incidental to ownership of the land resides with the Group arising from the lease term. Consequently, the Group has classified the unamortised upfront payment for land use rights as finance leases in accordance with FRS 117 *Leases*.

(b) All items of property, plant and equipment are initially recorded at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold land	45 - 94 years
Buildings	2%
Renovations	10%
Plant and machinery	5% - 20%
Motor vehicles	10% - 20%
Equipment, furniture and fittings	5% - 33%

Freehold land has an unlimited useful life and therefore is not depreciated. Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Quarry development expenditure consists of expenditure incurred to construct infrastructure to facilitate the quarry operations. Quarry development expenditure is amortised over the extractable rock reserves period, ranging from 3 to 80 years.

The useful lives and residual values of property, plant and equipment are estimated based on common life expectancies and commercial factors applied in the various respective industries.

Changes in expected level of usage, occupancy rates and economic development could impact the economic useful lives and the residual values of these assets, and hence future depreciation charges on such assets could be revised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

15. Property, plant and equipment (contd.)

- (c) The net carrying amount of property, plant and equipment held under hire purchase and finance lease liabilities is as follows:

	Group	
	2016 RM'000	2015 RM'000
Motor vehicles	329	4,435
Equipment, furniture and fittings	2	109
Plant and machinery	3,900	467
	4,231	5,011

- (d) During the financial year, the Group and the Company made the following cash payments to purchase property, plant and equipment:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Additions of property, plant and equipment	364,214	413,426	138	739
Additions via hire purchase and finance lease liabilities	(35)	(539)	-	-
Cash outflow for acquisition of property, plant and equipment	364,179	412,887	138	739

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

16. Intangible assets

	Software RM'000	Trademark RM'000	Operating right RM'000	Total RM'000
Group				
At 31 December 2016				
Cost				
At beginning of financial year	38,112	135	28,263	66,510
Additions	8,171	44	-	8,215
Transfer to property, plant and equipment (Note 15)	(1,938)	-	-	(1,938)
Transfer from property, plant and equipment (Note 15)	660	-	-	660
Written off	(5)	-	-	(5)
Disposals	(969)	-	-	(969)
Exchange differences	54	-	-	54
At end of financial year	44,085	179	28,263	72,527
Accumulated amortisation				
At beginning of financial year	27,449	104	550	28,103
Amortisation charge for the year	5,154	14	942	6,110
Transfer to property, plant and equipment (Note 15)	(1,859)	-	-	(1,859)
Transfer from property, plant and equipment (Note 15)	366	-	-	366
Written off	(5)	-	-	(5)
Disposals	(795)	-	-	(795)
Exchange differences	42	-	-	42
At end of financial year	30,352	118	1,492	31,962
Accumulated impairment loss				
Impairment loss for the year	-	-	7,754	7,754
Net carrying amount	13,733	61	19,017	32,811

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

16. Intangible assets (contd.)

	Software RM'000	Trademark RM'000	Operating right RM'000	Total RM'000
Group (contd.)				
At 31 December 2015				
Cost				
At beginning of financial year	27,557	-	-	27,557
Additions	6,500	2	10,441	16,943
Transfer from property, plant and equipment (Note 15)	4,074	3	-	4,077
Transfer from inventories	-	-	17,822	17,822
Disposals	(68)	-	-	(68)
Acquisition of subsidiaries	-	130	-	130
Exchange differences	49	-	-	49
At end of financial year	38,112	135	28,263	66,510
Accumulated amortisation				
At beginning of financial year	19,461	-	-	19,461
Amortisation charge for the year	5,765	3	550	6,318
Transfer from property, plant and equipment (Note 15)	2,333	-	-	2,333
Disposals	(33)	-	-	(33)
Acquisition of subsidiaries	-	101	-	101
Exchange differences	(77)	-	-	(77)
At end of financial year	27,449	104	550	28,103
Net carrying amount	10,663	31	27,713	38,407

Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight line basis over the estimated economic useful lives.

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 3 to 5 years.

Operating right

Operating right relates to the exclusive right granted by a third party to operate and manage the park and ride facilities in Sunway. Operating right has finite useful life and is amortised over its estimated useful life of 30 years.

An impairment loss of RM7,754,000 was recognised on operating right of the Group during the financial year due to declining business operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties

	Group	
	2016 RM'000	2015 RM'000
Investment properties	2,679,658	1,829,995
Investment properties under construction	118,747	892,353
	2,798,405	2,722,348

Investment properties

	Group	
	2016 RM'000	2015 RM'000
At valuation		
At beginning of financial year	1,829,995	1,522,363
Additions from subsequent expenditure	314	2,140
Transfers from:		
- property, plant and equipment (Note 15)	18,364	-
- property development costs (Note 30)	-	17,165
- investment properties under construction	785,218	268,986
Fair value adjustments:		
- gains*	56,206	63,143
- losses	(10,472)	(22,364)
Exchange differences	33	229
Reversal of overprovision of development costs in prior years	-	(21,667)
At end of financial year	2,679,658	1,829,995

* Pursuant to this, the fair value gains on investment properties are derived from gross fair value gains amounting to RM59,963,000 (2015: RM78,417,000) and an adjustment of RM3,757,000 (2015: 15,274,000).

The investment properties consist of the following:

	Group	
	2016 RM'000	2015 RM'000
Long term leasehold land	358,345	502,800
Freehold land	234,474	118,924
Buildings	2,086,839	1,208,271
	2,679,658	1,829,995

The carrying amounts of the properties as at 31 December 2016 and 31 December 2015 were based on valuation carried out by C H Williams Talhar & Wong Sdn. Bhd.. Fair value is determined primarily based on income, investment and comparison approaches. The fair value measurements of the investment properties are based on the highest and best use, which does not differ from their actual use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

Investment properties under construction

	At cost RM'000	At valuation RM'000	Total RM'000
Group			
At 31 December 2016			
At beginning of financial year	27,145	865,208	892,353
Additions from subsequent expenditure	46,201	288,555	334,756
Transfers from/(to):			
- property, plant and equipment (Note 15)	-	(383,604)	(383,604)
- property development costs (Note 30)	-	45,401	45,401
- investment properties	-	(785,218)	(785,218)
Fair value gain	-	15,059	15,059
At end of financial year	73,346	45,401	118,747

The investment properties under construction consist of the following:

	At cost RM'000	At valuation RM'000	Total RM'000
At 31 December 2016			
Long term leasehold land	14,043	-	14,043
Buildings	59,303	45,401	104,704
	73,346	45,401	118,747

	At cost RM'000	At valuation RM'000	Total RM'000
At 31 December 2015			
At beginning of financial year	20,586	827,471	848,057
Additions from subsequent expenditure	2,665	282,505	285,170
Transfers from/(to):			
- property development cost (Note 30)	3,894	-	3,894
- investment properties	-	(268,986)	(268,986)
Fair value gain	-	24,218	24,218
At end of financial year	27,145	865,208	892,353

The investment properties under construction consist of the following:

	At cost RM'000	At valuation RM'000	Total RM'000
At 31 December 2015			
Long term leasehold land	14,043	-	14,043
Freehold land	-	103,847	103,847
Buildings	13,102	761,361	774,463
	27,145	865,208	892,353

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (a) Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date and changes in fair value are included in profit or loss. Fair value gain would be adjusted after taking into consideration of the difference in recognising the rental income on a straight-line basis over the lease term and rental income billed to the tenant in the current financial year.

If the Group determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably determinable when construction is complete, the Group shall measure that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). Once the Group is able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, the Group shall measure that property at its fair value.

External valuers are involved for valuation of significant assets. Selection criteria of external valuers include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the external valuers of the Group, which valuation techniques and inputs to use for each case and compares changes in fair value with relevant external sources to determine whether the change is reasonable. Management also verifies major inputs by agreeing information in the valuation to contracts and other relevant documents.

- (b) The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment properties:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
At 31 December 2016				
Investment properties:				
Commercial properties	-	56,340	1,235,205	1,291,545
Education properties	-	84,051	701,163	785,214
Leisure properties	-	1,357	12,750	14,107
Residential properties	-	432,170	-	432,170
Other properties	-	202,023	-	202,023
	-	775,941	1,949,118	2,725,059

At 31 December 2015

Investment properties:				
Commercial properties	-	11,800	1,258,782	1,270,582
Education properties	-	79,992	707,387	787,379
Leisure properties	-	1,474	13,467	14,941
Residential properties	-	420,749	-	420,749
Other properties	-	201,552	-	201,552
	-	715,567	1,979,636	2,695,203

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (b) The Group measures fair values using the fair value hierarchy that reflects the significance of the inputs used in making the measurements. The following table provides the fair value measurement hierarchy of the Group's investment properties: (contd.)

Fair value reconciliation of investment properties measured at Level 3

	Leisure RM'000	Commercial RM'000	Education RM'000	Total RM'000
At 1 January 2016	13,467	1,258,782	707,387	1,979,636
Re-measurement recognised in profit or loss	(1,406)	9,386	(6,226)	1,754
Additions from subsequent expenditure	689	287,592	-	288,281
Revalued during the year	-	17,650	-	17,650
Transfer from/(to):				
- property development costs (Note 30)	-	45,401	-	45,401
- property, plant and equipment (Note 15)	-	(383,604)	-	(383,604)
At 31 December 2016	12,750	1,235,207	701,161	1,949,118

	Leisure RM'000	Commercial RM'000	Education RM'000	Others RM'000	Total RM'000
At 1 January 2015	12,267	1,017,571	645,202	11,646	1,686,686
Re-measurement recognised in profit or loss	1,200	21,501	(20,696)	-	2,005
Additions from subsequent expenditure	-	241,384	99,974	-	341,358
Reversal of overprovision	-	(21,674)	(17,093)	(11,646)	(50,413)
At 31 December 2015	13,467	1,258,782	707,387	-	1,979,636

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (c) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3:

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
At 31 December 2016				
Commercial	Investment method	Estimated rental value per square feet per month	RM2.11 - RM153.13	Higher estimated rental, higher fair value.
		Estimated rental value per parking bay per month	RM93.92 - RM124.52	
		Estimated outgoings per square feet per month	RM1.35 - RM7.20	Higher estimated outgoings, lower fair value.
		Estimated outgoings per parking bay per month	RM Nil - RM33.81	
		Void allowance	5.00% - 10.00%	Higher range of inputs, lower fair value.
		Market yield rate	6.00% - 7.50%	
		Discount rate	6.50% - 7.50%	
	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	- 20.00% to 5.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM80 - RM85	Higher estimated replacement cost, lower fair value.
		Depreciation rate	18.00%	Higher depreciation rate, lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (c) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: (contd.)

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
At 31 December 2016				
Education	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	- 25.00% to 10.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM90 to RM310	Higher estimated replacement cost, lower fair value.
		Depreciation rate	3.00% to 40.00%	Higher depreciation rate, lower fair value.
Leisure	Investment method	Estimated rental value per square feet per month	RM1.75 - RM1.80	Higher estimated rental, higher fair value.
		Estimated outgoings per square feet per month	RM0.05	Higher estimated outgoings, lower fair value.
		Void allowance	5%	Higher range of inputs, lower fair value.
	Cost method	Market yield rate	6.50%	
		Discount rate	6.50%	
		Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-10.00% to 10.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM90 to RM160	Higher estimated replacement cost, lower fair value.
		Depreciation rate	33.00% to 38.00%	Higher depreciation rate, lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (c) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: (contd.)

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
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At 31 December 2015

Commercial	Investment method	Estimated rental value per square feet per month	RM2.22 - RM153.12	Higher estimated rental, higher fair value.
		Estimated rental value per parking bay per month	RM93.92 - RM124.52	
		Estimated outgoings per square feet per month	RM1.35 - RM6.83	Higher estimated outgoings, lower fair value.
		Estimated outgoings per parking bay per month	RM Nil - RM33.81	
		Void allowance	5.00% - 10.00%	Higher range of inputs, lower fair value.
		Market yield rate	6.25% - 7.75%	
		Discount rate	6.50% - 7.50%	
	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	- 20.00% to 10.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM85	Higher estimated replacement cost, lower fair value.
		Depreciation rate	20.00%	Higher depreciation rate, lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (c) Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3: (contd.)

Property category	Valuation technique	Significant unobservable inputs	Range	Inter-relationship
At 31 December 2015				
Education	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	- 25.00% to 5.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM90 to RM310	Higher estimated replacement cost, lower fair value.
		Depreciation rate	Nil to 38.00%	Higher depreciation rate, lower fair value.
Leisure	Cost method	Difference in location, time factor, size, land usage, shape, tenure and main road frontage	-15.00% to 10.00%	Higher differential rate, lower fair value.
		Estimated replacement cost per square feet	RM46.45 to RM160	Higher estimated replacement cost, lower fair value.
		Depreciation rate	20.00% to 36.00%	Higher depreciation rate, lower fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

17. Investment properties (contd.)

- (d) Methods of valuation

Comparison method

The comparison/cost method of valuation entails separate valuations of the land and buildings to arrive at the market value of the subject property.

Under the comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer would not pay more for the property than it would cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

The land is valued by reference to transactions of similar lands in surrounding with adjustments made for differences in location, terrain, size and shape of the land, tenure, title restrictions, if any and other relevant characteristics.

Completed buildings are valued by reference to the current estimates on constructional costs to erect equivalent buildings, taking into consideration of similar accommodation in terms of size, construction, finishes contractors' overheads, fees and profits. Appropriate adjustments are then made for the factors of obsolescence and existing physical condition of the building.

Buildings under construction are valued by reference to the total development costs incurred to date plus profits expected from its designated usage, discounted to their present value at a discount rate that reflects current market assessment of the time value of money and the risks specific to the asset.

All investment properties valued using the comparison method are categorised as Level 2 in the fair value hierarchy.

Investment method

A property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. As an accepted method within the income approach to valuation, the investment method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods, re-letting, redevelopment, or refurbishment. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance cost, agent and commission costs and other operating and management expenses. The series of periodic net operating incomes, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Significant increases/(decreases) in estimated rental value and outgoings per annum in isolation would result in a significant higher/(lower) fair value of the properties. Significant increases/(decreases) in market yield and discount rate in isolation would result in a significantly lower/(higher) fair value.

Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and discount rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

18. Land held for property development

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Total RM'000
Group				
At 31 December 2016				
Cost				
At 1 January 2016	960,916	45,363	190,800	1,197,079
Additions	17,424	8,814	49,010	75,248
Net transfers (to)/from property development costs (Note 30)	(69,757)	14,202	(4,454)	(60,009)
Disposals	(11,689)	(6,004)	-	(17,693)
Reclassifications	16,547	(2,477)	(14,070)	-
At 31 December 2016	913,441	59,898	221,286	1,194,625
Accumulated impairment losses				
At 1 January 2016	(599)	-	(2,368)	(2,967)
Impairment loss for the year	(146)	-	-	(146)
At 31 December 2016	(745)	-	(2,368)	(3,113)
Carrying amount	912,696	59,898	218,918	1,191,512
At 31 December 2015				
Cost				
At 1 January 2015	364,973	42,906	130,550	538,429
Additions	306,411	219	27,120	333,750
Transfers from property development costs (Note 30)	289,877	2,221	32,802	324,900
Reclassifications	(345)	17	328	-
At 31 December 2015	960,916	45,363	190,800	1,197,079
Accumulated impairment losses				
At 1 January/31 December 2015	(599)	-	(2,368)	(2,967)
Carrying amount	960,317	45,363	188,432	1,194,112

Land held for property development is classified within non-current assets and is stated at cost less any accumulated impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries

	Company	
	2016 RM'000	2015 RM'000
At cost		
Unquoted ordinary shares	367,133	365,782
Unquoted preference shares	3,673,811	3,673,811
	4,040,944	4,039,593

- (a) Investment in subsidiary is stated in the separate financial statements at cost. Put options written over non-controlling interests on the acquisition of subsidiary shall be included as part of the cost of investment in the separate financial statements of the Company. Subsequent changes in the fair value of the written put options over non-controlling interests shall be recognised in profit or loss.
- (b) All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by FRSs. The choice of measurement basis is made on an combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.
- (c) During the financial year, the Group completed the following acquisition of shares:
- (i) On 15 January 2016, Sunway Holdings Sdn. Bhd. ("SHSB"), a wholly-owned subsidiary of the Company, had acquired 100% equity interest in PND Hardware & Trading Pte. Ltd. for cash consideration of SGD2,567,192 (equivalent to approximately RM6,275,000);
 - (ii) On 4 March 2016, Sunway City Sdn. Bhd. ("SunCity"), a wholly-owned subsidiary of the Company, had acquired 100% equity interest in Paradigm Fairview Sdn. Bhd. for cash consideration of RM2;
 - (iii) On 4 March 2016, SunCity had acquired 100% equity interest in Platinum Greenway Sdn. Bhd. for cash consideration of RM2;
 - (iv) On 14 March 2016, Sunway Ventures Sdn. Bhd., a wholly-owned subsidiary of SHSB, had acquired 100% equity interest in Sunway Ordera Sdn. Bhd. for cash consideration of RM2;
 - (v) On 8 April 2016, SHSB had acquired 100% equity interest in Pasir Mas Holdings Sdn. Bhd. for cash consideration of RM1,750,000;
 - (vi) On 29 April 2016, SHSB had acquired 100% equity interest in Sunway Leadership Centre Sdn. Bhd. for cash consideration of RM2;
 - (vii) On 28 June 2016, SHSB had acquired 100% equity interest in Sunway Ordera Sdn. Bhd. for cash consideration of RM10;
 - (viii) On 26 July 2016, Sunway Construction Sdn. Bhd. ("SunCon"), a wholly-owned subsidiary of Sunway Construction Group Berhad, which in turn is a 54.42% owned subsidiary of SHSB, had acquired 100% equity interest in Sunway VDC Sdn. Bhd. for cash consideration of RM2; and
 - (ix) On 6 December 2016, SunCon had acquired 100% equity interest in Sunway Concrete Products (M) Sdn. Bhd. for cash consideration of RM2.
- (d) During the financial year, the following subsidiaries of the Group had been struck off and dissolved:
- (i) On 4 February 2016, Sunway M&E Sdn. Bhd. and Sunway Smartek Sdn. Bhd., both wholly-owned subsidiaries of Sunway Engineering Sdn. Bhd. which in turn is a wholly-owned subsidiary of SunCon, had been dissolved pursuant to Section 254 of the Companies Act, 1965;

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

- (d) During the financial year, the following subsidiaries of the Group had been struck off and dissolved: (contd.)
- (ii) On 25 July 2016, Sunway Quarry (Melaka) Sdn. Bhd., a wholly-owned subsidiary of SHSB, was struck off pursuant to Section 308 of the Companies Act, 1965; and
 - (iii) On 28 December 2016, Sunway PJ51A Sdn. Bhd., a wholly-owned subsidiary of SHSB, was dissolved pursuant to Section 254 of the Companies Act, 1965.
- (e) During the financial year, the following subsidiaries of the Group had been wound up pursuant to the Law of The Republic of Indonesia:
- (i) On 20 June 2016, PT Sunway Indoquip, a wholly-owned subsidiary of SHSB, was wound up; and
 - (ii) On 28 July 2016, PT Sunway Marketing Indonesia, a wholly-owned subsidiary of SHSB, was wound up.
- (f) During the financial year, the following subsidiary of the Group had been deregistered pursuant to subsection 601AA(1) and (2) of the Corporation Act of Australia.
- (i) On 8 November 2016, SunwayTrek Australia Pty. Ltd., an indirect subsidiary of SHSB, was deregistered.
- (g) Acquisition of PND Hardware & Trading Pte. Ltd.

On 15 January 2016, SHSB, a wholly-owned subsidiary of the Company, acquired 100% equity interest in PND Hardware & Trading Pte. Ltd. ("PND") at a total estimated purchase consideration of approximately S\$2,567,192 (equivalent to approximately RM6,275,000). The first tranche of the acquisition was completed on the same date for a cash consideration of S\$1,540,315 (equivalent to approximately RM4,694,000) and consequently PND became a subsidiary of the Group.

The acquisition of PND is a unique opportunity for the Group to acquire additional revenue stream, which will further diversify the risks of the Group. The Group anticipates synergies from cross-selling across the customer base of the Group and PND.

The fair values and the carrying amounts of the identifiable assets and liabilities of PND as at the date of acquisition were as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Property, plant and equipment	13,063	6,773
Inventories	2,633	2,633
Receivables	1,995	1,995
Cash and bank balances	3,168	3,168
	20,859	14,569
Payables and provisions	9,601	3,311
Borrowings	3,856	3,856
Tax payables	288	288
Deferred tax liabilities	29	29
	13,774	7,484
Total identifiable net assets	7,085	-
Gain on bargain purchase	(810)	-
Total cost of acquisition	6,275	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

- (g) Acquisition of PND Hardware & Trading Pte. Ltd. (contd.)

Fair value of payables and provisions is RM9,601,000. It has been derived from the accrual of the excess of fair value over the carrying amount of land and building of PND amounted to RM6,290,000, which the Group is required to repay the PND Vendors upon the eventual disposal of these properties.

PND Vendors have jointly and severally guaranteed that PND would achieve profit after tax ("PAT") of S\$250,000 per annum ("Profit Guarantee") for the financial years ending 31 December 2015, 2016 and 2017, failing which PND Vendors would pay SHSB an amount equivalent to, the difference between the Profit Guarantee and actual PAT achieved for the respective financial year, multiplied by the shareholding of SHSB in PND in the respective financial year.

The Group has not ascribed any fair value to the profit guarantee granted by the PND vendors as the Group views that PND will achieve its guaranteed profit.

The considerations transferred for the acquisition of PND are as follows:

	RM'000
Cash paid (first tranche)	4,694
Contingent considerations recognised at fair value as at acquisition date (second and third tranches)	1,581
Total considerations transferred	6,275

Contingent considerations have been agreed upon as part of the share sale agreement with the previous owners of PND as follows:

- On the completion date of the second tranche, 20% of 5 times the average earnings before interest, taxation, depreciation and amortisation ('EBITDA') of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the second tranche completion date; and
- On the completion date of the third tranche, 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the third tranche completion date.

The effects of the acquisition on cash flows of the Group are as follows:

	RM'000
Total consideration for equity interest acquired	4,694
Less: Cash and cash equivalents of subsidiary acquired (net of bank overdrafts)	(3,168)
Net cash outflow of the Group on acquisition	1,526

- (h) Acquisition of Pasir Mas Holdings Sdn. Bhd.

On 8 April 2016, SHSB, a wholly-owned subsidiary of the Company, acquired 100% equity interest in Pasir Mas Holdings Sdn. Bhd. ("PasirMas") at a total purchase consideration of RM1,750,000.

The Group believes that PasirMas is operating from a strategic location, being opposite Sunway Pyramid Shopping Mall facing the New Pantai Expressway, and the land has re-development potential in the future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

- (h) Acquisition of Pasir Mas Holdings Sdn. Bhd. (contd.)

The fair values and the carrying amounts of the identifiable assets and liabilities of PasirMas as at the date of acquisition were as follows:

	Fair value recognised on acquisition RM'000	Carrying amount RM'000
Property, plant and equipment	6,604	6,660
Inventories	293	293
Receivables	781	781
Cash and bank balances	314	314
	7,992	8,048
Payables	7,222	7,222
Deferred tax liabilities	89	89
	7,311	7,311
Total identifiable net assets	681	-
Goodwill on acquisition	1,069	-
Total cost of acquisition	1,750	-

The fair values of the property, plant and equipment of RM6,604,000 were lower as compared to the carrying amounts of RM6,660,000 as the fair values of land and building did not include stamp duties incurred of RM56,000.

The effects of the acquisition on cash flows of the Group are as follows:

	RM'000
Total consideration for equity interest acquired	1,750
Less: Cash and cash equivalents of subsidiary acquired	(314)
Net cash outflow of the Group on acquisition	1,436

- (i) Disposal of Sunway GD Foundation Engineering Co. Ltd. and its subsidiaries

On 31 December 2016, Sunway Global Limited, a 98.75% owned subsidiary of SHSB, which in turn is a wholly-owned subsidiary of the Company, completed the disposal of its 60% equity interest in Sunway GD Foundation Engineering Co. Ltd. and its subsidiaries for a cash consideration of HKD10,482,000 (equivalent to approximately RM4,360,000), which was settled in the financial year 2012 and a share exchange for an investment in MGlory Pte. Ltd. amounting to approximately HKD39,477,000 (equivalent to approximately RM24,574,000), which was completed in the financial year 2014.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

- (i) Disposal of Sunway GD Foundation Engineering Co. Ltd. and its subsidiaries (contd.)

The gain of disposal of the subsidiaries during the financial year is as follows:

	2016 RM'000
Net assets disposed	9,761
Total disposal proceeds	(28,934)
Gain on disposal to the Group	19,173

The disposal has resulted in net cash outflow of RMB298,000 (equivalent to approximately RM193,000), which was represented by the cash and cash equivalents of the disposed subsidiaries as at the date of disposal.

- (j) The other acquisitions, winding up and strike off of subsidiaries did not have any material effect on the financial results and position of the Group.
- (k) Summarised information of companies with non-controlling interests that are material to the Group is set out below. The summarised financial information presented below is the amount before inter-company elimination. The non-controlling interests of the other companies are not material to the Group.
- (i) Summarised statements of financial position

At 31 December 2016

	Sunway South Quay Sdn. Bhd. Group RM'000	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Sunway Velocity Mall Sdn. Bhd. RM'000	Total RM'000
Non-current assets	466,292	211,832	121,334	155,110	1,173,528	2,128,096
Current assets	614,956	245,285	14,526	1,442,185	7,240	2,324,192
Total assets	1,081,248	457,117	135,860	1,597,295	1,180,768	4,452,288
Non-current liabilities	4,079	3,349	-	608	-	8,036
Current liabilities	680,015	85,380	151	1,102,905	1,112,232	2,980,683
Total liabilities	684,094	88,729	151	1,103,513	1,112,232	2,988,719
Net assets	397,154	368,388	135,709	493,782	68,536	1,463,569
Equity attributable to owners of the parent	236,291	228,487	96,439	236,480	40,436	838,133
Non-controlling interests	160,863	139,901	39,270	257,302	28,100	625,436
Total equity	397,154	368,388	135,709	493,782	68,536	1,463,569

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

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

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

At 31 December 2015

	Sunway South Quay Sdn. Bhd. Group RM'000	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Sunway Velocity Mall Sdn. Bhd. RM'000	Total RM'000
Non-current assets	455,759	161,579	121,336	196,231	865,206	1,800,111
Current assets	514,980	214,579	13,767	1,265,584	29,420	2,038,330
Total assets	970,739	376,158	135,103	1,461,815	894,626	3,838,441
Non-current liabilities	24,983	3,274	-	4,095	4,393	36,745
Current liabilities	662,323	93,373	113	1,005,187	802,764	2,563,760
Total liabilities	687,306	96,647	113	1,009,282	807,157	2,600,505
Net assets	283,433	279,511	134,990	452,533	87,469	1,237,936
Equity attributable to owners of the parent	175,877	170,190	95,936	214,868	51,607	708,478
Non-controlling interests	107,556	109,321	39,054	237,665	35,862	529,458
Total equity	283,433	279,511	134,990	452,533	87,469	1,237,936

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

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

(ii) Summarised statements of comprehensive income

At 31 December 2016

	Sunway South Quay Sdn. Bhd. Group RM'000	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Sunway Velocity Mall Sdn. Bhd. RM'000	Total RM'000
Revenue	491,154	70,969	-	1,788,844	88	2,351,055
Profit/(loss) for the year	119,306	77,402	719	123,638	(18,932)	302,133
Other comprehensive income	-	-	-	2,505	-	2,505
Total comprehensive income/(loss)	119,306	77,402	719	126,143	(18,932)	304,638
Profit/(loss) attributable to:						
- owners of the parent	68,071	50,791	503	67,219	(11,170)	175,414
- non-controlling interests	51,235	26,611	216	56,419	(7,762)	126,719
Total comprehensive income/(loss) attributable to:						
- owners of the parent	68,071	50,791	503	69,724	(11,170)	177,919
- non-controlling interests	51,235	26,611	216	56,419	(7,762)	126,719

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

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

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

At 31 December 2015

	Sunway South Quay Sdn. Bhd. Group RM'000	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Sunway Velocity Mall Sdn. Bhd. RM'000	Total RM'000
Revenue	321,276	26,912	-	1,916,859	-	2,265,047
Profit/(loss) for the year	63,236	6,210	242	129,264	(179)	198,773
Other comprehensive income	-	-	-	13,728	-	13,728
Total comprehensive income/(loss)	63,236	6,210	242	142,992	(179)	212,501
Profit/(loss) attributable to:						
- owners of the parent	34,978	3,726	169	100,342	(106)	139,109
- non-controlling interests	28,258	2,484	73	28,922	(73)	59,664
Total comprehensive income/(loss) attributable to:						
- owners of the parent	34,978	3,726	169	114,070	(106)	152,837
- non-controlling interests	28,258	2,484	73	28,922	(73)	59,664

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

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

(iii) Summarised statements of cash flows

At 31 December 2016

	Sunway South Quay Sdn. Bhd. Group RM'000	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Sunway Velocity Mall Sdn. Bhd. RM'000	Total RM'000
Net cash generated from/ (used in):						
- operating activities	66,002	(22,959)	59	85,616	(58,281)	70,437
- investing activities	78,408	61,288	12,460	306,463	68,278	526,897
- financing activities	(26,656)	(32,885)	-	(84,365)	(10,885)	(154,791)
Net increase/ (decrease) in cash and cash equivalents	117,754	5,444	12,519	307,714	(888)	442,543
Effects of foreign exchange rates changes	-	-	-	1,742	-	1,742
Cash and cash equivalents at beginning of the year	22,855	20,780	972	155,877	1,551	202,035
Cash and cash equivalents at end of the year	140,609	26,224	13,491	465,333	663	646,320

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

19. Investments in subsidiaries (contd.)

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

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

At 31 December 2015

	Sunway South Quay Sdn. Bhd. Group RM'000	Sunway PKNS Sdn. Bhd. Group RM'000	Sunway Semenyih Sdn. Bhd. RM'000	Sunway Construction Group Berhad Group RM'000	Sunway Velocity Mall Sdn. Bhd. RM'000	Total RM'000
Net cash generated from/ (used in):						
- operating activities	(45,024)	89,356	256	211,452	(1,355)	254,685
- investing activities	(31)	(141,807)	(12,447)	(274,276)	1,805	(426,756)
- financing activities	(17,970)	10,767	-	(68,360)	-	(75,563)
Net (decrease)/ increase in cash and cash equivalents	(63,025)	(41,684)	(12,191)	(131,184)	450	(247,634)
Effects of foreign exchange rates changes	-	-	-	8,799	-	8,799
Cash and cash equivalents at beginning of the year	85,880	62,464	13,163	278,262	1,101	440,870
Cash and cash equivalents at end of the year	22,855	20,780	972	155,877	1,551	202,035

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

20. Investments in associates

	Group	
	2016 RM'000	2015 RM'000
Unquoted shares at cost	34,356	34,356
Quoted shares at cost	1,669,293	1,664,659
Quasi-equity loan (interest-free)	2,251	-
Share of post-acquisition distributable reserves	165,183	144,109
Share of non-distributable reserves	30,258	25,648
Unrealised profit arising from sale of assets to associate	(20,766)	(12,958)
	1,880,575	1,855,814
Less: Accumulated impairment losses	(151,696)	(151,696)
	1,728,879	1,704,118
Dividend received	102,448	91,588
Market value of quoted shares	1,932,870	1,645,034

- (a) Investment in associate is stated at cost less accumulated impairment losses in the separate financial statements while investment in associate 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 those of the Group, except for Pyramid Bowl Sdn. Bhd., which has a financial year end of 31 March and Sunway REIT, which has a financial year end of 30 June. Management accounts of these associates for the financial year ended 31 December 2016 have been used for the purpose of applying the equity method of accounting.
- (c) Details of the associates are as follows:

Name of companies	Country of incorporation	Principal activities	Effective interest in equity	
			2016 %	2015 %
(i) Associate of Sunway City (S'pore) Pte. Ltd.				
Sunway MAK International Private Limited #	India	Property development	26.3	26.3
(ii) Associate of Sunway Leisure Sdn. Bhd.				
Pyramid Bowl Sdn. Bhd. #	Malaysia	Bowling alley operator	40	40
(iii) Associate of Sunway Holdings Sdn. Bhd.				
Sungei Way-Saigon-Pilecon Engineering Company #	Vietnam	Dormant	42.3	42.3

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

20. Investments in associates (contd.)

(c) Details of the associates are as follows: (contd.)

Name of companies	Country of incorporation	Principal activities	Effective interest in equity	
			2016 %	2015 %
(iv) Associate of Fortuna				
Gembira Enterpris Sdn. Bhd.				
Gopeng Berhad #	Malaysia	Cultivation of oil palm, investment holding and property development	19.33	19.33
(v) Associate of Sunway				
Marketing Sdn. Bhd.				
Buildtrend B.S.G. (M) Sdn. Bhd. #	Malaysia	Distribution of architectural building products and sanitary wares	30	30
(vi) Associate of Sunway				
Builders Sdn. Bhd.				
ISZL Consortium #	Unincorporated	Construction	13.61	13.61
(vii) Associate of Sunway REIT				
Holdings Sdn. Bhd.				
Sunway Real Estate Investment Trust ("Sunway REIT")	Malaysia	Investment in real estate	37.34 *	37.28 ^
(viii) Associate of Sunway				
Global Limited				
MGlory Pte. Ltd. #	Singapore	Property development	39.32	39.32

Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

* Inclusive of 0.07% held by Sunway Berhad

^ Inclusive of 1.21% held by Sunway Berhad

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

20. Investments in associates (contd.)

- (d) Significant influence is presumed to not exist when an entity hold less than 20% of the voting rights of another entity, unless it can be clearly demonstrated otherwise.

The Group holds a nineteen point three three percent (19.33%) interest in Gopeng Berhad ("Gopeng") for which the Group has determined that it holds significant influence as the Group has two representatives on the Board of Directors of Gopeng, who are able to participate in policy-making processes, including participation in decisions about dividends or other distributions.

Based on this, the Group considers that it has the power to exercise significant influence and has treated its interest in Gopeng as an associate.

- (e) During the financial year, the Company had disposed 36,769,340 units in Sunway REIT in the open market for a total consideration of RM52,029,024.

During the financial year, Sunway REIT Holdings Sdn. Bhd., a wholly-owned subsidiary of the Company, had acquired 36,769,340 units (2015: 42,760,000 units) in Sunway REIT from the open market for a total consideration of RM52,029,024 (2015: RM65,111,463).

- (f) During the financial year, the Company had received dividend payments in lieu of 2,994,160 units (2015: 6,474,240 units) in Sunway REIT amounting to RM4,634,329 (2015: RM10,016,748) from Sunway REIT Management Sdn. Bhd., a joint venture of the Company.

- (g) The fair value of quoted shares in Malaysia is determined by reference to the exchange quoted market prices at the close of the business on the reporting period.

- (h) Summarised financial information in respect of each of the material associates of the Group is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not share of the Group of those amounts.

- (i) Summarised statements of financial position

	Gopeng		Sunway REIT		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current assets	218,770	192,166	6,538,325	6,340,980	6,757,095	6,533,146
Current assets	108,792	114,035	67,440	176,863	176,232	290,898
Total assets	327,562	306,201	6,605,765	6,517,843	6,933,327	6,824,044
Non-current liabilities	11,351	10,231	1,118,698	1,492,058	1,130,049	1,502,289
Current liabilities	2,595	2,723	1,428,505	1,022,049	1,431,100	1,024,772
Total liabilities	13,946	12,954	2,547,203	2,514,107	2,561,149	2,527,061
Net assets	313,616	293,247	4,058,562	4,003,736	4,372,178	4,296,983

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

20. Investments in associates (contd.)

- (h) Summarised financial information in respect of each of the material associates of the Group is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not share of the Group of those amounts. (contd.)

- (ii) Summarised statements of comprehensive income

	Gopeng		Sunway REIT		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Revenue	11,371	9,237	509,689	478,729	521,060	487,966
Profit before tax	3,983	8,569	322,949	556,654	326,932	565,223
Profit for the year	3,680	8,561	322,949	550,758	326,629	559,319
Comprehensive income	27,525	8,561	323,610	549,536	351,135	558,097

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

20. Investments in associates (contd.)

- (h) Summarised financial information in respect of each of the material associates of the Group is set out below. The summarised financial information represents the amounts in the financial statements of the associates and not share of the Group of those amounts. (contd.)
- (iii) Reconciliation of the summarised financial information presented above to the carrying amount of the interest in associates of the Group

	Gopeng		Sunway REIT		Total	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Net assets at 1 January	293,247	290,005	4,003,736	3,693,346	4,296,983	3,983,351
Capital injection	-	-	5,794	12,521	5,794	12,521
Comprehensive income for the year	27,525	8,561	323,610	549,536	351,135	558,097
Dividend paid during the year	(7,173)	(5,380)	(274,578)	(251,667)	(281,751)	(257,047)
Depreciation transfer on land, net of tax	17	61	-	-	17	61
Net assets at 31 December	313,616	293,247	4,058,562	4,003,736	4,372,178	4,296,983
Remeasurement gain*	-	-	352,960	352,960	352,960	352,960
Net assets after remeasurement gain at 31 December	313,616	293,247	4,411,522	4,356,696	4,725,138	4,649,943
Interest in associates as at year end	19.33%	19.33%	37.34%	37.28%	-	-
	60,622	56,685	1,647,262	1,624,176	1,707,884	1,680,861
Elimination of gain on disposal of assets to an associate	-	-	(17,397)	(12,958)	(17,397)	(12,958)
Goodwill	-	-	2,580	2,952	2,580	2,952
Effect arising from change of shareholding	-	-	7,336	7,091	7,336	7,091
Carrying value of Group's interest in associates	60,622	56,685	1,639,781	1,621,261	1,700,403	1,677,946

* Effects of remeasurement gain on the retained interest of the Group in the associate as at the date of the former subsidiary becoming an associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unquoted shares at cost	819,929	757,751	800	800
Premium on acquisition	10,748	10,748	-	-
Equity contribution				
- in respect of land held for property development	5,898	5,898	-	-
Quasi-equity loan (interest-free)	570,943	570,943	-	-
Share of post-acquisition reserves	127,217	157,825	-	-
Unrealised profit arising from construction project to a joint venture	(8,687)	(1,117)	-	-
	1,526,048	1,502,048	800	800
Less: Accumulated impairment losses	(24,993)	(24,993)	-	-
	1,501,055	1,477,055	800	800
Dividend received	97,689	19,983	14,234	12,017

- (a) Investment in joint venture is stated at cost in the separate financial statements. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The Group has determined that all of its joint arrangements structured through separate vehicles provide rights to the net assets and are therefore, classified as joint ventures.
- (c) Details of the joint ventures are as follows:

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2016 %	2015 %

**Joint venture with
Sunway Berhad**

Sunway REIT Management Sdn. Bhd.^	Malaysia	Managing and administering real estate investment trust	80	80
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**Joint ventures with Sunway
City Sdn. Bhd. Group**

Sunway SPK Homes Sdn. Bhd.	Malaysia	Property development	50	50
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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

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

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2016 %	2015 %
Joint ventures with Sunway City Sdn. Bhd. Group (contd.)				
Sunway Opus International Private Limited #	India	Property development	50	50
SunCity Medallion J.V.	Unincorporated	Property development	50	50
Eastern Creek Stage 3 #	Unincorporated	Property development	50	50
Tianjin Eco-City Sunway Property Development Co. Ltd. ^	China	Property development	60	60
Sunway Iskandar Sdn. Bhd.^	Malaysia	Property development	60	56.11
Sunway Iskandar Development Sdn. Bhd. ^	Malaysia	Property development	60	60
Joint ventures with Sunway Holdings Sdn. Bhd. Group				
Hoi Hup Sunway Development Pte. Ltd. #@	Singapore	Real estate development	30	30
Hoi Hup Sunway J.V. Pte. Ltd. #@	Singapore	Real estate development	30	30
Hoi Hup Sunway Property Pte. Ltd. #@	Singapore	Real estate activities with own or leased property	30	30

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

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

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2016 %	2015 %
Joint ventures with Sunway Holdings Sdn. Bhd. Group (contd.)				
Sunway Daechang Forging Investment Limited #	Hong Kong	Investment holding	50	50
Silver Coast-Sunway Innopave J.V. # ^	Unincorporated	Construction works	32.65	32.65
Hoi Hup Sunway Miltonia Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Pasir Ris Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Tampines Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Yuan Ching Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Novena Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Mount Sophia Pte. Ltd. #@	Singapore	Real estate developer	30	30
Hoi Hup Sunway Sengkang Pte. Ltd. #@	Singapore	Real estate developer	30	-
Sunway Geotechnics (M) Sdn. Bhd. - Bauer (Malaysia) Sdn. Bhd. Joint Venture #	Unincorporated	Bored piling works, installation of plunge in column and associated ancillary works	27.21	27.21

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

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

Name of joint ventures	Country of incorporation	Principal activities	Effective interest in equity	
			2016 %	2015 %
Joint ventures with Sunway Holdings Sdn. Bhd. Group (contd.)				
IJM Sunway Sdn. Bhd. #	Malaysia	Dormant	27.21	27.21
Subsidiaries of Sunway Iskandar Sdn. Bhd.				
Sunway Nursery and Landscape Sdn. Bhd.	Malaysia	Nursery and landscaping	30	28.10
Sunway Marketplace Sdn. Bhd. (formerly known as Arena Suriamas Sdn. Bhd.) ^	Malaysia	Property development	60	56.11
Sunway Parkview Sdn. Bhd. (formerly known as Fajar Megasuria Sdn. Bhd.) ^	Malaysia	Property development	60	56.11
Sunway Seafront Sdn. Bhd. (formerly known as Sempurna Binamas Sdn. Bhd.) ^	Malaysia	Property development	60	56.11
Associate of Sunway Iskandar Sdn. Bhd.				
Daiwa Sunway Development Sdn. Bhd. #	Malaysia	Property development	18	16.83

Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

@ These group of entities are collectively known as Hoi Hup Group

^ These entities are considered joint ventures as the Group and the venturers have joint control and have rights to the net assets of the arrangements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

(d) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures (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

	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City Sunway Property Development Co. Ltd. RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
At 31 December 2016						
Non-current assets	2,282,737	892,932	2,193	511,102	168	3,689,132
Cash and cash equivalents	1,450,841	17,768	141,226	550	163	1,610,548
Other current assets	971,986	303,019	297,211	7,528	8,396	1,588,140
Current assets	2,422,827	320,787	438,437	8,078	8,559	3,198,688
Total assets	4,705,564	1,213,719	440,630	519,180	8,727	6,887,820
Current liabilities (excluding trade and other payables and provisions)	18,459	577,967	-	49,560	1,335	647,321
Trade and other payables and provisions	484,256	55,228	56,024	41,519	2,621	639,648
Total current liabilities	502,715	633,195	56,024	91,079	3,956	1,286,969
Non-current liabilities	3,662,882	-	-	238,550	-	3,901,432
Total liabilities	4,165,597	633,195	56,024	329,629	3,956	5,188,401
Non-controlling interests	-	2,025	-	-	-	2,025
Net assets	539,967	578,499	384,606	189,551	4,771	1,697,394

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

(d) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures (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. (contd.)

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

	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City Sunway Property Development Co. Ltd. RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
At 31 December 2015						
Non-current assets	521,565	867,505	840	468,509	492	1,858,911
Cash and cash equivalents	622,960	32,808	127,444	206	68	783,486
Other current assets	2,899,095	148,587	421,764	13,243	9,711	3,492,400
Current assets	3,522,055	181,395	549,208	13,449	9,779	4,275,886
Total assets	4,043,620	1,048,900	550,048	481,958	10,271	6,134,797
Current liabilities (excluding trade and other payables and provisions)	64,561	496,617	-	-	1,742	562,920
Trade and other payables and provisions	1,456,204	25,836	105,580	5,376	2,716	1,595,712
Total current liabilities	1,520,765	522,453	105,580	5,376	4,458	2,158,632
Non-current liabilities	1,932,314	-	63,023	285,491	46	2,280,874
Total liabilities	3,453,079	522,453	168,603	290,867	4,504	4,439,506
Non-controlling interests	-	2,417	-	-	-	2,417
Net assets	590,541	524,030	381,445	191,091	5,767	1,692,874

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

- (d) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures (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. (contd.)

- (ii) Summarised statements of comprehensive income

	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City Sunway Property Development Co. Ltd. RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
At 31 December 2016						
Revenue	1,068,134	97,377	187,932	-	31,152	1,384,595
Depreciation and amortisation	-	(337)	(929)	-	(330)	(1,596)
Interest income	5,921	899	1,515	72	168	8,575
Interest expense	-	(5)	-	-	-	(5)
Profit/(loss) before tax	250,547	(3,203)	12,648	(1,540)	22,122	280,574
Income tax (expense)/benefit	(42,612)	(1,293)	-	-	(5,325)	(49,230)
Profit/(loss) after tax	207,935	(4,496)	12,648	(1,540)	16,797	231,344
Other comprehensive income	9,943	-	(9,487)	-	-	456
Total comprehensive income/(loss)	217,878	(4,496)	3,161	(1,540)	16,797	231,800
Dividend received from joint venture during the year	81,655	-	-	-	14,234	95,889
Profit/(loss) after tax attributable to:						
Joint venturers	207,935	(4,104)	12,648	(1,540)	16,797	231,736
Non-controlling interests	-	(392)	-	-	-	(392)
	207,935	(4,496)	12,648	(1,540)	16,797	231,344
Total comprehensive income/(loss) attributable to:						
Joint venturers	217,878	(4,104)	3,161	(1,540)	16,797	232,192
Non-controlling interests	-	(392)	-	-	-	(392)
	217,878	(4,496)	3,161	(1,540)	16,797	231,800

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

(d) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures (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. (contd.)

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

	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City Sunway Property Development Co. Ltd. RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
At 31 December 2015						
Revenue	472,781	92,483	194,819	-	31,054	791,137
Depreciation and amortisation	(31)	(187)	(302)	-	(218)	(738)
Interest income	3,913	210	179	102	168	4,572
Interest expense	(399)	(373)	(17)	-	-	(789)
Profit/(loss) before tax	134,468	16,906	(8,768)	(901)	22,927	164,632
Income tax (expense)/benefit	(20,551)	859	-	-	(5,828)	(25,520)
Profit/(loss) after tax	113,917	17,765	(8,768)	(901)	17,099	139,112
Other comprehensive income	136,592	-	57,731	-	-	194,323
Total comprehensive income/(loss)	250,509	17,765	48,963	(901)	17,099	333,435
Dividend received from joint venture during the year	-	-	-	-	12,017	12,017
Profit/(loss) after tax attributable to:						
Joint venturers	113,917	17,860	(8,768)	(901)	17,099	139,207
Non-controlling interests	-	(95)	-	-	-	(95)
Total comprehensive income/(loss) attributable to:						
Joint venturers	250,509	17,860	48,963	(901)	17,099	333,530
Non-controlling interests	-	(95)	-	-	-	(95)
	250,509	17,765	48,963	(901)	17,099	333,435

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

(d) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures [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. (contd.)

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

	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City Sunway Property Development Co. Ltd. RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
At 31 December 2016						
Net assets at 1 January	590,541	524,030	381,445	191,091	5,767	1,692,874
Capital injection	3,732	58,573	-	-	-	62,305
Total comprehensive income/(loss) attributable to joint venturers	217,878	(4,104)	3,161	(1,540)	16,797	232,192
Dividend paid during the year	(272,184)	-	-	-	(17,793)	(289,977)
Net assets at 31 December	539,967	578,499	384,606	189,551	4,771	1,697,394
Alignment to Group accounting policies	(146,188)	-	-	-	-	(146,188)
Foreign currency translation reserves	(144,385)	-	-	-	-	(144,385)
Interest in joint ventures as at year end	249,394	578,499	384,606	189,551	4,771	1,406,821
	30%	60%	60%	60%	80%	
	74,818	347,099	230,764	113,731	3,817	770,229
Effect arising from change of shareholding during the year	-	1,628	-	-	-	1,628
Unrealised profit arising from construction project to a joint venture	-	(8,687)	-	-	-	(8,687)
Goodwill	-	8,556	-	-	-	8,556
Remeasurement gain	-	-	-	-	108,370	108,370
Quasi-equity loan	570,943	-	-	-	-	570,943
Impairment loss	-	-	(3,867)	-	-	(3,867)
Carrying value of Group's interest in joint ventures	645,761	348,596	226,897	113,731	112,187	1,447,172

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

(d) Summarised information of joint ventures that are material to the Group is set out below. The summarised information represents the amounts in the financial statements of the joint ventures (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. (contd.)

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

	Hoi Hup Group RM'000	Sunway Iskandar Sdn. Bhd. RM'000	Tianjin Eco-City Sunway Property Development Co. Ltd. RM'000	Sunway Iskandar Development Sdn. Bhd. RM'000	Sunway REIT Management Sdn. Bhd. RM'000	Total RM'000
At 31 December 2015						
Net assets at 1 January	1,216,597	450,037	332,482	81,712	3,689	2,084,517
Capital injection	-	56,133	-	110,280	-	166,413
Total comprehensive income/(loss) attributable to joint ventures	250,509	17,860	48,963	(901)	17,099	333,530
Dividend paid during the year	(876,565)	-	-	-	(15,021)	(891,586)
Net assets at 31 December	590,541	524,030	381,445	191,091	5,767	1,692,874
Alignment to Group accounting policies	(87,552)	-	-	-	-	(87,552)
Foreign currency translation reserves	(121,920)	-	-	-	-	(121,920)
Interest in joint ventures as at year end	381,069	524,030	381,445	191,091	5,767	1,483,402
	30%	56.11%	60%	60%	80%	
	114,321	294,033	228,867	114,655	4,614	756,490
Effect arising from change of shareholding during the year	-	1,609	-	-	-	1,609
Unrealised profit arising from construction project to a joint venture	-	(1,117)	-	-	-	(1,117)
Goodwill	-	5,386	-	-	-	5,386
Remeasurement gain	-	-	-	-	108,370	108,370
Quasi-equity loan	570,943	-	-	-	-	570,943
Impairment loss	-	-	(3,867)	-	-	(3,867)
Carrying value of Group's interest in joint ventures	685,264	299,911	225,000	114,655	112,984	1,437,814

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

21. Investments in joint ventures (contd.)

- (f) The details of goodwill included within the Group's carrying amount of investments in joint ventures are as follows:

	2016 RM'000	2015 RM'000
Cost		
Arising from investment in a joint venture and as at 31 December	10,748	10,748

- (g) On 3 June 2016, Sunway City Sdn. Bhd. subscribed additional 495,000 ordinary shares of RM1 each at an issue price of RM19.33 each and 49,005,000 Non-Convertible Non-Cumulative Redeemable Preference Shares of RM0.01 each at an issue price of RM1 each in Sunway Iskandar Sdn. Bhd. totalling RM58,573,350, satisfied by cash.
- (h) During the year, Sunway Developments Pte. Ltd., a wholly-owned subsidiary of Sunway Holdings Sdn. Bhd., subscribed 1,200,000 ordinary shares, representing 30% of the equity interest in Hoi Hup Sunway Sengkang Pte. Ltd. for SGD1,200,000 (equivalent to RM3,605,000) cash.

22. Goodwill

	Group	
	2016 RM'000	2015 RM'000
Cost		
At beginning of financial year	340,344	339,728
Acquisition of subsidiaries (Note 19)	1,069	616
At end of financial year	341,413	340,344
Accumulated impairment losses		
At beginning of financial year	(20,284)	(20,284)
Impairment loss for the year	(9,289)	-
At end of financial year	(29,573)	(20,284)
Net carrying amount	311,840	320,060

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

22. Goodwill (contd.)

Allocation of goodwill

Goodwill has been allocated to the cash-generating units ('CGU') of the Group, according to business segments as follows:

	2016 RM'000	2015 RM'000
Property investment *	185,329	185,329
Construction	74,080	74,080
Quarry	40,647	40,647
Trading and manufacturing	-	9,289
Property development	247	247
Others	11,537	10,468
	311,840	320,060

* The property investment segment includes property investment, leisure and hospitality.

For the purpose of impairment testing, goodwill is allocated to the operating divisions of the Group, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

An impairment loss on goodwill amounting to RM9,829,000 has been recognised during the financial year due to declining business operations of the subsidiaries.

Key assumptions used in value-in-use calculations

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill is allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amount of a CGU is determined based on value-in-use calculations using cash flow projections based on financial budgets approved by management covering a three-year period (2015: five-year period). The key assumptions used for value-in-use calculations for the major business segments are:

	Quarry %	Construction %	Property investment %
At 31 December 2016			
Gross margin	20.5	11.6	43.8
Growth rate	15.4	-	7.6
Discount rate	10.0	10.0	10.0
At 31 December 2015			
Gross margin	15.6	7.5	42.5
Growth rate	13.4	6.1	15.6
Discount rate	10.0	10.0	10.0

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

22. Goodwill (contd.)

Key assumptions used in value-in-use calculations (contd.)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements or deficiency.

(ii) Growth rate

The growth rate used is determined using a simple average of the annual EBITDA growth rate obtained from financial budgets approved by management. The financial budgets cover a period of three years (2015: five years) and the growth rate after the third year (2015: fifth year) is assumed to be zero. The effect of changes to the parameters is not material to the growth rate used.

(iii) Discount rate

The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of each of the major business segments, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying amount of the CGU to materially exceed their recoverable amounts.

23. Deferred tax

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
At beginning of financial year	7,172	40,190	-	-
Recognised in profit or loss (Note 12)	16,831	(34,084)	-	-
Acquisition of subsidiaries	-	977	-	-
Exchange differences	(200)	89	-	-
At end of financial year	23,803	7,172	-	-
Presented after appropriate offsetting as follows:				
Deferred tax assets, net*	(70,758)	(83,714)	-	-
Deferred tax liabilities, net*	94,561	90,886	-	-
	23,803	7,172	-	-

* The amount of set-off between deferred tax assets and deferred tax liabilities was RM54,782,000 (2015: RM43,457,000) for the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

23. Deferred tax (contd.)

(a) The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Deferred tax asset of the Group:

	Unused tax losses and unabsorbed capital allowances RM'000	Land held for development RM'000	Provisions for liabilities RM'000	Others payables RM'000	Property, plant and equipment RM'000	Others RM'000	Total RM'000
At 1 January 2015	(20,527)	(16,220)	(10,032)	(8,440)	(4,387)	(18,433)	(78,039)
Recognised in profit or loss	(23,169)	(1,548)	(8,999)	(6,976)	3,154	(11,344)	(48,882)
Exchange differences	-	-	-	-	-	(250)	(250)
At 31 December 2015	(43,696)	(17,768)	(19,031)	(15,416)	(1,233)	(30,027)	(127,171)
Recognised in profit or loss	16,835	1,603	2,607	(21,285)	16	2,205	1,981
Exchange differences	-	-	-	-	-	(350)	(350)
At 31 December 2016	(26,861)	(16,165)	(16,424)	(36,701)	(1,217)	(28,172)	(125,540)

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Lease rental RM'000	Investment properties RM'000	Others RM'000	Total RM'000
At 1 January 2015	36,661	5,276	69,828	6,464	118,229
Recognised in profit or loss	(4,811)	-	17,931	1,678	14,798
Exchange differences	-	-	-	339	339
Acquisition of subsidiaries	171	-	-	806	977
At 31 December 2015	32,021	5,276	87,759	9,287	134,343
Recognised in profit or loss	4,881	(5,276)	17,071	(1,826)	14,850
Exchange differences	-	-	-	150	150
At 31 December 2016	36,902	-	104,830	7,611	149,343

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

23. Deferred tax (contd.)

- (a) The components and movements of deferred tax assets and liabilities during the financial year are as follows: (contd.)

Deferred tax asset of the Company:

	Unabsorbed capital allowances RM'000
At 1 January 2015	(48)
Recognised in profit or loss	48
At 31 December 2015	-
Recognised in profit or loss	-
At 31 December 2016	-

Deferred tax liability of the Company:

	Property, plant and equipment RM'000
At 1 January 2015	48
Recognised in profit or loss	(48)
At 31 December 2015	-
Recognised in profit or loss	-
At 31 December 2016	-

- (b) Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unused tax losses	109,177	54,534	-	-
Unabsorbed capital allowances	13,894	4,709	1,042	736
Unused investment tax allowances	268,714	332,596	-	-
Other deductible temporary differences	15,245	31,157	559	420
	407,030	422,996	1,601	1,156

Deferred tax assets have not been recognised in respect of these items as they have arisen in companies that have a recent history of losses or in companies where future taxable profits may be insufficient to trigger the utilisation of these items.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

24. Trade receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Finance lease receivables	66	327	-	-
Hire purchase receivables	3,461	6,066	-	-
Loans and advances	26,853	4,128	-	-
	30,380	10,521	-	-
Current				
Third parties	1,086,031	1,122,635	-	-
Retention sums	224,404	141,431	-	-
Finance lease receivables	2,409	2,303	-	-
Hire purchase receivables	3,004	3,602	-	-
Loans and advances	19,961	25,253	-	-
Amounts due from customers on contracts (Note 42)	134,391	97,668	-	-
Accrued billings in respect of property development costs	142,698	212,459	-	-
	1,612,898	1,605,351	-	-
Less: Allowance for impairment	(61,900)	(64,254)	-	-
	1,550,998	1,541,097	-	-
Total trade receivables	1,581,378	1,551,618	-	-
Total trade receivables	1,581,378	1,551,618	-	-
Other receivables (Note 25)	359,892	300,055	9,413	7,082
Amounts due from subsidiaries (Note 33)	-	-	1,053,396	1,518,421
Amounts due from associates	39,194	6,511	5	-
Amounts due from joint ventures	780,559	496,487	1,857	1,134
Cash and bank balances (Note 32)	1,950,420	1,482,960	439,275	163,078
<u>Less:</u>				
Amounts due from customers on contracts (Note 42)	(134,391)	(97,668)	-	-
Prepayments (Note 25)	(59,798)	(55,724)	(6,363)	(2,194)
Accrued billings in respect of property development costs	(142,698)	(212,459)	-	-
Total loans and receivables	4,374,556	3,471,780	1,497,583	1,687,521

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

24. Trade receivables (contd.)

- (a) Included in trade receivables are the following amounts due from related parties:

	Group	
	2016 RM'000	2015 RM'000
Sunway Technology Sdn. Bhd. Group	5,607	11,584
Sunway REIT (RHB Trustees Bhd)	291	523

The amounts due from related parties are unsecured, non-interest bearing and the credit period is generally for a period of 14 days to 120 days (2015: 14 days to 120 days). The relationship with the related parties is as disclosed in Note 52 to the financial statements.

- (b) Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method.
- (c) 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 14 days to 120 days (2015: 14 days to 120 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.
- (d) The repayment terms of finance lease receivables, hire purchase receivables and loan and advances are as follows:

	Group	
	2016 RM'000	2015 RM'000
Finance lease receivables:		
Not later than 1 year	2,424	2,342
Later than 1 year and not later than 5 years	69	345
	2,493	2,687
Less: Unearned interest	(18)	(57)
	2,475	2,630
Representing finance lease receivables:		
Not later than 1 year	2,409	2,303
Later than 1 year and not later than 5 years	66	327
	2,475	2,630

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

24. Trade receivables (contd.)

- (d) The repayment terms of finance lease receivables, hire purchase receivables and loan and advances are as follows: (contd.)

	Group	
	2016 RM'000	2015 RM'000
Hire purchase receivables:		
Not later than 1 year	3,356	4,150
Later than 1 year and not later than 5 years	3,709	6,626
	7,065	10,776
Less: Unearned interest	(600)	(1,108)
	6,465	9,668
Representing hire purchase receivables:		
Not later than 1 year	3,004	3,602
Later than 1 year and not later than 5 years	3,461	6,066
	6,465	9,668

	Group	
	2016 RM'000	2015 RM'000
Loans and advances:		
Not later than 1 year	19,961	25,253
Later than 1 year and not later than 5 years	26,853	4,128
	46,814	29,381

- (e) Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016 RM'000	2015 RM'000
Neither past due nor impaired	1,335,895	1,181,878
1 to 30 days past due not impaired	95,380	184,734
31 to 60 days past due not impaired	56,627	46,633
61 to 90 days past due not impaired	28,793	26,811
91 to 120 days past due not impaired	20,701	21,477
More than 120 days past due not impaired	43,982	90,085
	245,483	369,740
Past due and impaired	61,900	64,254
	1,643,278	1,615,872

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

24. Trade receivables (contd.)

- (e) Ageing analysis of trade receivables (contd.)

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired relate to customers with good track record with the Group. Based on past experience, the Board believes that no allowance for impairment is necessary in respect of those balances.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due not impaired

Trade receivables that are past due not impaired relate to customers for whom there is no objective evidence that the receivables are not fully recoverable. No impairment has been made on these amounts as the Group is closely monitoring these receivables and is confident of their eventual recovery.

Receivables that are past due and impaired

The Group's trade receivables that are past due and impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Collectively impaired RM'000	Group Individually impaired RM'000	Total RM'000
As at 31 December 2016			
Trade receivables - nominal amounts	5,610	56,290	61,900
Less: Allowance for impairment	(5,610)	(56,290)	(61,900)
	-	-	-
As at 31 December 2015			
Trade receivables - nominal amounts	680	63,574	64,254
Less: Allowance for impairment	(680)	(63,574)	(64,254)
	-	-	-

The reconciliation of movements in allowance for impairment accounts is as follows:

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial year	64,254	72,720
Charge for the year	14,015	2,525
Reversal of impairment losses (Note 7)	(10,385)	(12,470)
Written off	(6,345)	(8,290)
Exchange differences	312	465
Acquisition of subsidiaries	49	9,304
At end of financial year	61,900	64,254

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

24. Trade receivables (contd.)

(e) Ageing analysis of trade receivables (contd.)

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

The Group assesses at the reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(f) 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 reporting date are as follows:

	Group 2016		Group 2015	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	1,387,979	87.78%	1,380,610	88.98%
Singapore	113,803	7.20%	102,517	6.61%
China	43,390	2.74%	32,647	2.10%
India	9,728	0.62%	13,346	0.86%
Indonesia	12,160	0.77%	8,425	0.54%
Australia	6,393	0.40%	6,042	0.39%
Thailand	5,610	0.35%	3,649	0.24%
United States of America	711	0.04%	1,131	0.07%
Vietnam	666	0.04%	1,079	0.07%
Others	938	0.06%	2,172	0.14%
	1,581,378	100.00%	1,551,618	100.00%
By segment:				
Property development	411,690	26.03%	485,574	31.29%
Property investment	3,745	0.24%	36,172	2.33%
Construction	691,328	43.72%	630,677	40.65%
Trading and marketing	255,502	16.16%	214,290	13.81%
Quarry	55,580	3.51%	50,403	3.25%
Others	163,533	10.34%	134,502	8.67%
	1,581,378	100.00%	1,551,618	100.00%

Exposure to credit risk

Concentration of credit risk relating to trade receivables is limited due to the Group's many varied customers. These customers are internationally dispersed, engage in a wide spectrum of activities, and sell in a variety of end markets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

24. Trade receivables (contd.)

- (g) At the reporting date, the interest rate profile of the interest-bearing trade receivables was:

	Group	
	2016 RM'000	2015 RM'000
Fixed rate	55,754	41,679

Sensitivity analysis for fixed rate trade receivables at the end of the reporting date is not presented as change in interest rates would not affect profit or loss.

- (h) The carrying amounts of trade receivables of the Group as at the reporting date that do not approximate their fair values are:

	Group	
	Carrying amount RM'000	Fair value RM'000

At 31 December 2016

Finance lease receivables (Non-current)	66	63
Hire purchase receivables (Non-current)	3,461	3,420
Loans and advances (Non-current)	26,853	24,034

At 31 December 2015

Finance lease receivables (Non-current)	327	297
Hire purchase receivables (Non-current)	6,066	5,793
Loans and advances (Non-current)	4,128	3,574

- (i) The fair values of finance lease receivables, hire purchase receivables and loans and advances are categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

25. Other receivables

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current				
Receivable	19,380	17,850	-	-
Current				
Deposits	41,617	33,663	106	94
Prepayments (Note 24)	59,798	55,724	6,363	2,194
Receivables	273,579	227,223	2,944	4,794
	374,994	316,610	9,413	7,082
Less: Allowance for impairment	(34,482)	(34,405)	-	-
	340,512	282,205	9,413	7,082
Total other receivables (Note 24)	359,892	300,055	9,413	7,082

- (a) Included in other receivables are the following amounts due from related parties:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sunway Technology Sdn. Bhd. Group	96	3,602	80	128
Sunway REIT (RHB Trustees Bhd)	2,648	4,009	2,316	3,839

The amounts due from related parties are unsecured, non-interest bearing and repayable based on credit terms granted. The relationship with the related parties is as disclosed in Note 52 to the financial statements.

- (b) 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.
- (c) The reconciliation of movements in allowance for impairment accounts is as follows:

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial year	34,405	49,038
Charge for the year	473	738
Reversal of impairment losses	(200)	(69)
Written off	(196)	(15,302)
At end of financial year	34,482	34,405

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

26. Derivatives

	Note	Contract/ Notional amount RM'000	Assets RM'000	Liabilities RM'000
Group				
As at 31 December 2016				
Non-current				
Interest rate swap	(b)(i)	100,000	-	(74)
Forward currency contracts	(b)(ii)	1,654	15	-
Cross currency swap	(b)(iv)	900,838	164,696	(3,570)
		1,002,492	164,711	(3,644)
Current				
Interest rate swap	(b)(i)	816,130	930	(1,724)
Forward currency contracts	(b)(ii)	84,690	2,297	(3,724)
Commodities futures	(b)(iii)	1,892	380	-
Cross currency swap	(b)(iv)	1,681,901	339,337	(112)
		2,584,613	342,944	(5,560)
Total derivatives		3,587,105	507,655	(9,204)
As at 31 December 2015				
Non-current				
Interest rate swap	(b)(i)	650,000	172	-
Forward currency contracts	(b)(ii)	29,790	-	(4,078)
Cross currency swap	(b)(iv)	1,631,685	351,099	(3,631)
		2,311,475	351,271	(7,709)
Current				
Forward currency contracts	(b)(iii)	85,691	-	(9,874)
Cross currency swap	(b)(iv)	810,510	55,230	-
		896,201	55,230	(9,874)
Total derivatives		3,207,676	406,501	(17,583)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

26. Derivatives (contd.)

- (a) Derivatives are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss.
- (b) During the financial year, 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. The Group has entered into interest rate swap to exchange floating interest rate for fixed interest rate in order to minimise the exposure from fluctuation of interest rate. This interest rate swap receives floating interest rate equals to Kuala Lumpur Interbank Offered Rate ("KLIBOR") per annum and pays fixed rate of interest of 3.80% (2015: 3.82%) per annum.

The fair values of the interest rate swap contracts are determined by using the mark to market values at the end of reporting date 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 are entered into for periods consistent with currency transaction exposure and fair value changes exposure. The Group also uses foreign currency forward contracts as derivatives to hedge future changes in currency exposure of cash flows from foreign operations. The effective portions of the change in fair value of the derivatives are recognised in the foreign currency translation reserve. Any ineffective portions of net investment hedges are recognised immediately in the profit and loss.

Forward currency contracts are valued using a valuation technique with market observable inputs. The derivatives arising from the forward currency contracts are stated at fair value using the prevailing market rate. The fair value changes are attributable to changes in foreign exchange spot and forward rate.

- (iii) Commodities futures

The commodities futures were entered into with the objective of managing and hedging the respective exposure of the Group's resource-based manufacturing segment.

The fair values of the commodities futures contracts are determined by using the mark to market values at the end of reporting date and changes in the fair value is recognised in the profit or loss.

- (iv) Cross currency swap contracts

The Group entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which was entered into to minimise the interest cost. The Group uses cash flow hedges to mitigate the risk of variability of future cash flows attributable to foreign currency and interest rate fluctuations over the hedging period on the foreign currency borrowings. Where a cash flow hedge qualifies for hedge accounting, the effective portion of gains or losses on remeasuring the fair value of the hedging instrument are recognised directly in other comprehensive income until such time as the hedged item affects profit or loss, then the gains or losses are transferred to the profit or loss. Gains or losses on any portion of the hedge determined to be ineffective are recognised immediately in the profit or loss.

Cross currency 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

26. Derivatives (contd.)

- (c) The maturity profile of the Group's derivative liabilities at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
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Group

As at 31 December 2016

Derivatives - settled net	5,560	3,644	-	9,204
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As at 31 December 2015

Derivatives - settled net	9,874	7,709	-	17,583
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- (d) Derivatives are categorised as Level 2 in the fair value hierarchy.

27. Rock reserves

	Group	
	2016 RM'000	2015 RM'000
At beginning of financial year	6,657	6,920
Amortisation during the financial year	(263)	(263)
At end of financial year	6,394	6,657

Rock reserves are stated at cost less amortisation and any accumulated impairment losses. Rock reserves are amortised based on annual extraction rates over the estimated life of the reserves, with the maximum period of amortisation capped at 80 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

28. Other investments

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current					
<u>At cost</u>					
- Unquoted ordinary shares		1,252	1,797	-	-
<u>Fair value</u>					
<u>Available-for-sale financial assets:</u>					
- Quoted ordinary shares	(b)	6	6	3,294	52,108
- Corporate memberships	(c)	828	1,102	81	-
		2,086	2,905	3,375	52,108
Less: Accumulated impairment losses		(1,610)	(1,741)	-	-
		476	1,164	3,375	52,108

- (a) All regular way purchases and sales of financial assets (including loans and receivables) are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.
- (b) Fair value of quoted ordinary shares in Malaysia is determined by reference to the exchange quoted market prices at the close of the business on the reporting date.
- (c) The fair value of quoted ordinary shares of the Group and of the Company is categorised as Level 1 in the fair value hierarchy. The fair value of corporate memberships of the Group is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (d) It is not practical to determine the fair values of non-current unquoted ordinary shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs. In addition, the amount of non-current unquoted shares is immaterial to the Group.

29. Biological assets

All items of biological assets are initially recorded at cost. Subsequent to recognition, biological assets are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation of biological assets is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated biological life, at an annual rate of 20%.

Biological assets consist of animals in petting zoos operated by subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

30. Property development costs

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Cumulative costs recognised in profit or loss RM'000	Total RM'000
Group					
At 31 December 2016					
At beginning of financial year	541,164	309,542	2,724,608	(2,597,315)	977,999
Costs incurred during the year:	6,666	51,748	798,723	-	857,137
Recognised during the year (Note 6)	-	-	-	(654,201)	(654,201)
Reversal of over-accrued costs	(17,655)	-	(6,413)	-	(24,068)
Exchange differences	-	(1,212)	(8,421)	9,444	(189)
Reclassifications	40,034	(40,614)	580	-	-
Net transfers from/(to) Land held for property development (Note 18)	69,757	(14,202)	4,454	-	60,009
Investment properties under construction (Note 17)	-	-	(45,401)	-	(45,401)
Reversal of completed projects	(12,681)	-	(7,577)	20,258	-
At end of financial year	627,285	305,262	3,460,553	(3,221,814)	1,171,286
Property development costs at end of financial year	627,285	305,262	3,460,553	(3,221,814)	1,171,286

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

30. Property development costs (contd.)

	Freehold land RM'000	Long term leasehold land RM'000	Development costs RM'000	Cumulative costs recognised in profit or loss RM'000	Total RM'000
Group					
At 31 December 2015					
At beginning of financial year	834,602	342,618	2,204,728	(1,841,424)	1,540,524
Costs incurred during the year:	-	6,297	648,676	-	654,973
Recognised during the year (Note 6)	-	-	-	(696,371)	(696,371)
Exchange differences	-	6,932	56,976	(54,604)	9,304
Reclassifications	(20)	(11)	31	-	-
Transfers to:					
Property, plant and equipment (Note 15)	-	-	(22,683)	-	(22,683)
Land held for property development (Note 18)	(289,877)	(2,221)	(32,802)	-	(324,900)
Inventories	-	(41,648)	(52,429)	-	(94,077)
Investment properties under construction (Note 17)	-	-	(3,894)	-	(3,894)
Investment properties (Note 17)	-	(2,425)	(14,740)	-	(17,165)
Reversal of completed projects	-	-	(3,992)	3,992	-
Under provision in prior year	(3,541)	-	-	(8,908)	(12,449)
At end of financial year	541,164	309,542	2,724,608	(2,597,315)	977,999
Accumulated impairment loss					
At beginning of financial year	-	-	(22,207)	-	(22,207)
Transfer to inventories	-	-	22,207	-	22,207
At end of financial year	-	-	-	-	-
Property development costs at end of financial year	541,164	309,542	2,724,608	(2,597,315)	977,999

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

30. Property development costs (contd.)

Interest expense capitalised during the financial year under development costs of the Group amounted to RM636,000 (2015: RM474,000) at interest rates ranging from 5.47% to 5.63% (2015: 4.65% to 4.73%).

31. Inventories

	Group	
	2016 RM'000	2015 RM'000
At cost		
Properties held for sale	191,058	273,030
Trading inventories	340,044	309,397
Food and beverages	2,130	3,061
Consumables	15,776	14,311
Raw materials	22,118	12,528
Work in progress	1,788	3,506
Finished goods	77,465	53,983
	650,379	669,816
At net realisable value		
Properties held for sale	19,586	23,317
	669,965	693,133

- (a) Costs of trading inventories, food and beverages and consumables are determined on a weighted average basis, while cost of raw material, work in progress and finished goods is determined on a weighted average and first in, first out basis.
- (b) A write down of inventories to net realisable value and written off of inventories of RM1,262,000 (2015: RM623,000) and RM3,022,000 (2015: RM523,000) respectively were made during the year.
- (c) The Group reversed RM51,000 (2015: RM10,478,000) in respect of inventories written down in the previous financial years that was subsequently not required as the Group was able to sell those inventories above their carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

32. Cash and bank balances and placement in funds

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances				
Cash at banks and on hand	589,447	650,197	4,833	2,972
Deposits with:				
Licensed banks	85,278	84,887	20	20
Other financial institutions	1,275,695	747,876	434,422	160,086
Total cash and bank balances (Note 24)	1,950,420	1,482,960	439,275	163,078
Placement in funds	2,129,635	1,147,991	838,822	153,200

(a) Included in cash at banks of the Group are amounts of RM163,442,000 (2015: RM262,339,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1966 and are restricted from use in other operations.

(b) The weighted average effective interest rates are as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Deposits with licensed banks	2.87	2.73	3.15	3.15
Deposits with other financial institutions	3.53	4.15	3.46	4.02

(c) The weighted average effective average maturity days are as follows:

	Group		Company	
	2016	2015	2016	2015
Deposits with licensed banks	104	104	186	186
Deposits with other financial institutions	37	38	17	41

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

32. Cash and bank balances and placement in funds (contd.)

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash and bank balances	1,950,420	1,482,960	439,275	163,078
Bank overdrafts (Note 36)	(71,311)	(97,466)	-	-
Deposits with licensed banks and other financial institutions with maturity of over 3 months	(54,953)	(137,600)	(54,953)	(20)
Total cash and cash equivalents	1,824,156	1,247,894	384,322	163,058

- (e) At the reporting date, the interest rate profile of the cash and bank balances was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate	85,278	84,887	20	20
Variable rate	1,439,137	1,010,215	434,422	160,086

Sensitivity analysis for fixed rate cash and bank balances at the end of the reporting date is not presented as change in interest rates would not materially affect profit or loss.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit net of tax of the Group and of the Company to be higher/(lower) by RM2,734,000 (2015: RM1,894,000) and RM825,000 (2015: RM300,000) respectively.

- (f) Placement in funds are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value is categorised as Level 1 in fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

33. Amounts due from/(to) subsidiaries

	Company	
	2016 RM'000	2015 RM'000
Current assets		
Interest bearing amounts	969,192	1,435,257
Non-interest bearing amounts	84,204	83,164
Total amounts due from subsidiaries (Note 37)	1,053,396	1,518,421
Current liabilities		
Non-interest bearing amounts	(858)	(176)
Total amounts due to subsidiaries (Note 37)	(858)	(176)

- (a) The amounts due from subsidiaries are unsecured, repayable on demand and non-interest bearing except for interest bearing amounts, which bear interest at rates ranging from 3.15% to 7.55% (2015: 3.35% to 8.00%) per annum.
- (b) The amounts due to subsidiaries are unsecured, interest free and repayable on demand.
- (c) At the reporting date, the interest rate profile of the interest-bearing amounts due from subsidiaries was:

	Company	
	2016 RM'000	2015 RM'000
Variable rate	969,192	1,435,257

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit net of tax to be higher/(lower) by RM2,423,000 (2015: RM3,588,000).

- (d) The maturity profile of amounts due to subsidiaries of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

34. Amount due from/(to) associates

The amounts due from/(to) associates of the Group and of the Company are unsecured, non-interest bearing and the term of repayment is on demand.

The maturity profile of amounts due to associates of the Group at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

35. Amounts due from/(to) joint ventures

- (a) The amounts due from/(to) joint ventures of the Group and of the Company are unsecured, non-interest bearing and the term of repayment is on demand except for amounts from joint ventures of RM591,014,000 (2015: RM476,993,000), which bears an interest rate of 4.77% (2015: 4.88%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

35. Amounts due from/(to) joint ventures (contd.)

- (b) At the reporting date, the interest rate profile of the interest-bearing amounts due from joint ventures was:

	Group	
	2016 RM'000	2015 RM'000
Variable rate	591,014	476,993

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit net of tax to be higher/(lower) by RM1,478,000 (2015: RM1,192,000).

- (c) The maturity profile of amounts due to joint ventures of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

36. Borrowings

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000

Short term borrowings

Secured:

Bank overdrafts	71,311	97,466	-	-
Bankers' acceptances	100,606	53,819	-	-
Term loans	2,173,198	481,684	-	-
Revolving credits	267,945	61,151	-	-
Bills discounting	-	22,355	-	-
	2,613,060	716,475	-	-
Less: Unamortised transaction costs	(262)	(786)	-	-
	2,612,798	715,689	-	-

Unsecured:

Bankers' acceptances	-	12,198	-	-
Term loans	6,106	-	-	-
Revolving credits	-	168,189	-	80,000
Commercial papers	1,953,000	2,085,000	618,000	910,000
Medium term notes	150,000	-	150,000	-
Bills discounting	136,515	86,652	-	-
Bills payable	-	920	-	-
	2,245,621	2,352,959	768,000	990,000
	4,858,419	3,068,648	768,000	990,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

36. Borrowings (contd.)

		Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Long term borrowings					
<u>Secured:</u>					
Term loans		1,632,125	2,491,045	-	-
Medium term notes		-	4,393	-	-
		1,632,125	2,495,438	-	-
Less: Unamortised transaction costs		(129)	(227)	-	-
		1,631,996	2,495,211	-	-
<u>Unsecured:</u>					
Medium term notes		920,000	320,000	450,000	250,000
		2,551,996	2,815,211	450,000	250,000
Total borrowings					
Bank overdrafts	32	71,311	97,466	-	-
Term loans	(g)(i)	3,811,429	2,972,729	-	-
Revolving credits	(g)(ii)	267,945	229,340	-	80,000
Medium term notes	(g)(iii)	1,070,000	324,393	600,000	250,000
Commercial papers		1,953,000	2,085,000	618,000	910,000
Bankers' acceptances		100,606	66,017	-	-
Bills discounting		136,515	109,007	-	-
Bills payable		-	920	-	-
		7,410,806	5,884,872	1,218,000	1,240,000
Less: Unamortised transaction costs		(391)	(1,013)	-	-
	37	7,410,415	5,883,859	1,218,000	1,240,000

(a) Borrowings of the Group amounting to RM2,429,180,000 [2015: RM1,944,470,000] were Islamic financing facilities.

(b) The Company provides financial guarantees to financial institutions for borrowings amounting to RM5,661,627,000 [2015: RM3,129,535,000] obtained by its subsidiaries.

The fair value of the financial guarantees is immaterial and is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed were to default.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

36. Borrowings (contd.)

- (c) The weighted average interest rates per annum of borrowings that were effective as at reporting date were as follows:

	Group		Company	
	2016 %	2015 %	2016 %	2015 %
Bank overdrafts	5.71	5.87	-	-
Term loans	3.82	4.00	-	-
Revolving credits	3.86	4.47	-	4.20
Medium term notes	5.57	6.76	5.56	6.70
Commercial papers	3.87	4.03	3.85	4.11
Bankers' acceptances	3.88	4.05	-	-
Bills discounting	3.95	3.95	-	-
Bills payable	-	1.95	-	-

- (d) 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.
- (e) The Group and the Company also entered into cross currency swap contracts to manage its exposure in foreign currency risk arising from foreign currency borrowings, which were entered into to minimise the interest cost.
- (f) At the reporting date, the interest rate profile of the borrowings was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate	6,045,867	4,562,585	1,218,000	1,240,000
Variable rate	1,364,548	1,321,274	-	-

Sensitivity analysis for fixed rate borrowings at the end of the reporting date is not presented as changes in interest rates would not materially affect profit or loss.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit net of tax of the Group to be lower/(higher) by RM2,593,000 (2015: RM2,477,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

36. Borrowings (contd.)

- (g) The impact of cross currency swap contracts to the Group and the Company's borrowings are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total borrowings	7,410,415	5,883,859	1,218,000	1,240,000
Less: Cross currency swap	(500,351)	(402,698)	-	-
Net borrowings after cross currency swap	6,910,064	5,481,161	1,218,000	1,240,000

At the reporting date, the interest rate profile of the net borrowings after cross currency swap was:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Fixed rate	5,912,153	4,352,248	1,218,000	1,240,000
Variable rate	997,911	1,128,913	-	-

Sensitivity analysis for fixed rate borrowings at the end of the reporting date is not presented as changes in interest rates would not affect profit or loss.

A change of 25 basis points in interest rates, assuming all other variables remained constant, at the reporting date would result in the profit net of tax of the Group to be lower/(higher) by RM1,896,000 (2015: RM2,117,000).

- (h) The maturity profile of the Group's and the Company's borrowings at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2016	5,012,984	2,290,689	490,485	7,794,158
As at 31 December 2015	3,189,549	2,876,440	92,399	6,158,388
Company				
As at 31 December 2016	805,610	505,923	-	1,311,533
As at 31 December 2015	1,009,122	281,521	-	1,290,643

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

36. Borrowings (contd.)

(h) The maturity profile of the Group's and the Company's borrowings at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below: (contd.)

(i) The maturity of the term loans is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	2,179,304	481,684	-	-
Later than 1 year and not later than 2 years	890,481	6,784	-	-
Later than 2 years and not later than 3 years	478,317	1,336,616	-	-
Later than 3 years and not later than 4 years	1,437	831,851	-	-
Later than 4 years and not later than 5 years	251,476	291,319	-	-
Later than 5 years	10,414	24,475	-	-
	3,811,429	2,972,729	-	-

(ii) The maturity of the revolving credits is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	267,945	229,340	-	80,000

(iii) The maturity of the medium term notes is as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Not later than 1 year	150,000	-	150,000	-
Later than 1 year and not later than 2 years	-	150,000	-	150,000
Later than 2 years and not later than 3 years	-	-	-	-
Later than 3 years and not later than 4 years	450,000	-	450,000	-
Later than 4 years and not later than 5 years	-	100,000	-	100,000
Later than 5 years	470,000	74,393	-	-
	1,070,000	324,393	600,000	250,000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

36. Borrowings (contd.)

- (i) The secured borrowings of the Group are secured by legal charges as follows:

	2016 RM'000	2015 RM'000
Property, plant and equipment	391,412	251,856
Investment properties	2,211,371	842,139
Investment properties under construction	2,115	866,954
Property development costs	1,024,543	1,326,116
	3,629,441	3,287,065

	Number of shares/units		At market value	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Shares in Sunway Construction Group Berhad	179,500	-	305,150	-
Units in Sunway REIT	909,800	798,800	1,564,856	1,166,248

37. Trade payables

	Group	
	2016 RM'000	2015 RM'000
Third parties	1,140,712	1,132,464
Amounts due to customers on contracts (Note 42)	132,639	59,973
Amounts due to contractors and consultants	72,292	94,607
Total trade payables	1,345,643	1,287,044

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

37. Trade payables (contd.)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total trade payables	1,345,643	1,287,044	-	-
Total other payables (Note 38)	1,427,072	1,264,610	27,167	19,000
Amounts due to subsidiaries (Note 33)	-	-	858	176
Amounts due to associates	1,816	4,408	-	-
Amounts due to joint ventures	43,991	41,301	-	-
Advances by non-controlling interests of subsidiaries	146,702	146,702	-	-
Hire purchase and finance lease liabilities (Note 40)	2,752	5,244	-	-
Total borrowings (Note 36)	7,410,415	5,883,859	1,218,000	1,240,000
<u>Less:</u>				
Amounts due to customers on contracts (Note 42)	(132,639)	(59,973)	-	-
Progress billings in respect of property development costs (Note 38)	(39,324)	(123,551)	-	-
Deferred income (Note 41)	(7,524)	(3,007)	-	-
Total financial liabilities carried at amortised cost	10,198,904	8,446,637	1,246,025	1,259,176

- (a) Included in trade payables is the following amount due to a related party:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sunway Technology Sdn. Bhd. Group	2,641	1,249	-	-

The amount due to a related party is unsecured, non-interest bearing and the normal trade credit terms granted to the Group range from 30 days to 60 days (2015: 30 days to 60 days). The relationship with the above related party is as disclosed in Note 52 to the financial statements.

- (b) The normal trade credit terms granted to the Group range from 1 day to 180 days (2015: 1 day to 180 days).
- (c) The maturity profile of the Group's trade payables (excluding amounts due to customers on contracts) at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

38. Other payables

	Note	Group		Company	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-current					
Payables	(a)	334,501	293,172	-	-
Current					
Payables	(a)	353,137	420,496	1,392	3,471
Amounts due to contractors and consultants		46,615	3,220	-	-
Progress billings in respect of property development costs	37	39,324	123,551	-	-
Accruals		575,403	375,051	25,775	15,529
Refundable deposits		70,568	46,113	-	-
Deferred income	(b), 37, 41	7,524	3,007	-	-
		1,092,571	971,438	27,167	19,000
Total other payables (Note 37)		1,427,072	1,264,610	27,167	19,000

(a) Included in other payables are the following amounts due to related parties:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Sunway REIT (RHB Trustees Bhd.)	5,756	1,903	-	-
Sunway Technology Sdn. Bhd. Group	80	2,497	8	-

The amounts due to related parties are unsecured, non-interest bearing and payable based on credit terms granted to the Group. The relationship with the above related parties is as disclosed in Note 52 to the financial statements.

- (b) Included in payables is an amount of RM183,833,000 (2015: RM233,096,000) due to Sunway Fawanis JV Sdn. Bhd., which is unsecured, non-interest bearing and term of repayment is in accordance to the progress billing of the launched project developments.
- (c) Deferred income of the Group represents deferred timeshare membership fees and rental received in advance.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

38. Other payables (contd.)

- (d) The maturity profile of the Group's other payables (excluding deferred income and progress billings in respect of property development costs) at the reporting date based on contractual undiscounted repayment obligations is summarised in the table below:

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Group				
As at 31 December 2016				
Other payables	1,045,723	334,501	-	1,380,224
As at 31 December 2015				
Other payables	844,880	293,172	-	1,138,052
Company				
As at 31 December 2016				
Other payables	27,167	-	-	27,167
As at 31 December 2015				
Other payables	19,000	-	-	19,000

39. Advances by non-controlling interests of subsidiaries

Included in advances by non-controlling interests of subsidiaries was contribution of RM146,702,000 (2015: RM146,702,000) by non-controlling interests of a subsidiary, Sunway South Quay Sdn. Bhd. ("SSQSB") pursuant to a Musyarakah Shareholders' Agreement entered into with its shareholders.

Under the Musyarakah Shareholders' Agreement, Musyarakah Profit equivalent to shareholders profit yield of not less than 5.50% (2015: 5.50%) per annum shall be paid from the Distributable Profits of SSQSB to the extent practicable.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

40. Hire purchase and finance lease liabilities

	Group	
	2016 RM'000	2015 RM'000
Future minimum lease payments:		
Not later than 1 year	1,741	2,480
Later than 1 year and not later than 2 years	834	1,922
Later than 2 years and not later than 3 years	271	899
Later than 3 years and not later than 4 years	48	261
Later than 4 years and not later than 5 years	-	46
Total future minimum lease payments	2,894	5,608
Less: Future finance charges	(142)	(364)
Present value of finance lease liabilities (Note 37)	2,752	5,244
Analysis of present value of finance lease liabilities:		
Not later than 1 year	1,626	2,266
Later than 1 year and not later than 2 years	815	1,815
Later than 2 years and not later than 3 years	263	864
Later than 3 years and not later than 4 years	48	253
Later than 4 years and not later than 5 years	-	46
	2,752	5,244
Less: Amount due within 12 months	(1,626)	(2,266)
Amount due after 12 months	1,126	2,978

- (a) The hire purchase and finance lease liabilities of the Group attract interest at rates ranging from 2.40% to 4.92% (2015: 1.01% to 6.24%) per annum.
- (b) Hire purchase and finance lease liabilities are fixed rate instruments. Sensitivity analysis at the end of the reporting date is not presented as change in interest rates would not affect profit or loss.
- (c) The carrying amounts of hire purchase and finance lease liabilities of the Group as at the reporting date that do not approximate their fair values are:

	Group	
	Carrying amount RM'000	Fair value RM'000
At 31 December 2016		
Finance lease and hire purchase obligations (non-current)	1,126	1,106
At 31 December 2015		
Finance lease and hire purchase obligations (non-current)	2,978	2,902

The fair value of finance lease and hire purchase obligations is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

41. Long term liabilities

	Group	
	2016 RM'000	2015 RM'000
Deferred income at end of financial year	13,206	16,483
To be recognised within 1 year (Note 38)	(7,524)	(3,007)
To be recognised after 1 year	5,682	13,476

Deferred income represents deferred timeshare membership fees, which are to be recognised over the membership period.

42. Construction contracts

	Group	
	2016 RM'000	2015 RM'000
Costs incurred to date	9,014,560	7,662,818
Accrued profits to date	1,726,318	1,205,961
Recognised losses to date	(16)	(4,177)
Total costs and accrued profits to date	10,740,862	8,864,602
Progress billings to date	(10,739,110)	(8,826,907)
	1,752	37,695
Amounts due from customers on contracts (Note 24)	(134,391)	(97,668)
Amounts due to customers on contracts (Note 37)	132,639	59,973
	-	-
Advances received on contracts (included in trade payables)	45,374	5,185
Retention sums	222,350	139,399

The Group recognises construction contract revenue and expenses in the profit or loss based on the stage of completion method. The stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date bear to the estimated total contract costs to complete or by reference to the physical completion of the contract.

Significant judgement is required in determining the stage of completion, the estimated total contract costs to complete 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.

Based on the assessment of the exposures to LAD for the relevant construction contracts, the Directors are of the opinion that no provision for LAD is necessary at this juncture.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital

Ordinary shares of RM1 each	Group/Company			
	Number of ordinary shares		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised				
At beginning/end of financial year	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid				
At beginning of financial year	1,799,755	1,730,579	1,799,755	1,730,579
Issued during the financial year:				
- pursuant to exercise of warrants (a), (b)	252,646	30,686	252,646	30,686
- pursuant to ESOS (a), (c)	10,666	38,490	10,666	38,490
At end of financial year	2,063,067	1,799,755	2,063,067	1,799,755

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 meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

- (a) During the financial year, the Company increased its issued and paid-up ordinary share capital from RM1,799,754,850 to RM2,063,066,819 by way of issuance of:
- (i) 252,645,715 ordinary shares of RM1 each pursuant to the exercise of Warrants 2011/2016 at an exercise price of RM2.25 per ordinary share for cash;
 - (ii) 10,461,454 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM2.48 per ordinary share for cash;
 - (iii) 190,200 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM2.87 per ordinary share for cash;
 - (iv) 1,600 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM3.25 per ordinary share for cash; and
 - (v) 13,000 new ordinary shares of RM1 each pursuant to the exercise of Employees' Share Option Scheme at an exercise price of RM2.94 per ordinary share for cash.

The new ordinary shares issued during the financial year rank *pari passu* in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

During the financial year, the Company repurchased 18,890,300 of its issued ordinary shares from the open market at prices ranging from RM2.90 to RM3.16 per share. The total consideration paid for the repurchases was RM56,927,571 and was financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965 and not revalued for subsequent changes in fair value or market price of the shares. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the own equity instruments of the Company.

As at 31 December 2016, the Company held a total of 38,409,800 ordinary shares as treasury shares out of its total issued and paid up share capital of 2,063,066,819 ordinary shares. Such treasury shares are recorded at a carrying amount of RM120,530,978.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital (contd.)

- (b) In the previous financial years, the Company had issued 258,501,000 free warrants on the basis of one (1) free warrant for every five (5) ordinary shares of RM1 each held in the Company.

The warrants entitled the registered holders, at any time within a period of 5 years commencing on and including the issue date and expiring on 17 August 2016, to subscribe for 1 new ordinary share of RM1 each in the Company at an exercise price of RM2.80 per ordinary share for every warrant held.

On 6 August 2013, the Company issued 31,232,424 additional warrants in accordance with the Deed Poll dated 28 June 2011 pursuant to the Rights Issue. Consequently, the exercise price of the warrants have been adjusted to RM2.50 per share.

On 9 May 2015, the exercise price of the warrants had been adjusted to RM2.43 pursuant to the distribution of ordinary shares of RM0.20 each in Sunway Construction Group Berhad ("Distribution Shares") held by Sunway Berhad to its entitled shareholders by way of dividend-in-specie on a basis of 1 Distribution Share for every 10 existing ordinary shares of RM1 each held in Sunway Berhad on 5 June 2015.

Subsequently on 3 October 2015, the exercise price of the warrants had been adjusted again to RM2.25 following the distribution of a special cash dividend of RM0.26 to the entitled shareholders of Sunway Berhad on 16 October 2015.

During the financial year, 252,645,715 new ordinary shares of RM1 each were issued pursuant to the exercise of warrants for the equivalent numbers by the registered holders.

The warrants expired on 17 August 2016.

- (c) The Company's ESOS ("the Scheme") came into effect on 3 September 2013 and is governed by the by-laws approved by the shareholders on 27 June 2013. The Scheme is for eligible employees (including Executive Directors) of the Company and its subsidiaries.

The main features of the Scheme are:

- (i) The total number of new shares to be offered shall not exceed 10% of the issued and paid-up share capital of the Company at the time of the offer of options under the Scheme;
- (ii) Only eligible Executive Directors and employees of the Company and of the Group will be eligible to participate in the Scheme;
- (iii) The price payable upon exercise of an option granted under the Scheme shall be the higher of:
 - the 5-day volume weighted average market price of the underlying shares as at the date of the offer, and at the discretion of the committee appointed by the Board to administer the Scheme ("Committee"), with either a:
 - > premium; or
 - > discount of not more than 10% (or such lower or higher limit in accordance with any prevailing guidelines, rules or regulations issued by Bursa Malaysia Securities Berhad or any other relevant authorities); or
 - the par value of the Company's shares;
- (iv) The duration of the Scheme is 6 years from the date of its commencement;
- (v) The number of options to be offered to an eligible employee in accordance with the Scheme shall be determined based on, inter alia, the eligible employee's position within the Group, fulfilment of the eligibility criteria, work performance and/or such other factors as the Committee deems fit and the offer shall be valid for acceptance by an employee for a period of 30 days from the date of offer; and

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital (contd.)

(c) (contd.)

The main features of the Scheme are: (contd.)

(vi) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

Options exercisable in a particular year but not exercised shall be carried forward to subsequent years within the option period provided that no options shall be exercised beyond the date of expiry of the Scheme.

On 9 May 2015, the exercise price of the Scheme had been adjusted pursuant to the Distribution Shares held by the Company to its entitled shareholders by way of dividend-in-specie on a basis of 1 Distribution Share for every 10 existing ordinary shares of RM1 each held in Sunway Berhad on 5 June 2015.

Subsequently on 5 October 2015, the exercise price of an option granted under the Scheme had been adjusted again following the distribution of a special cash dividend of RM0.26 each to the entitled shareholders of Sunway Berhad on 16 October 2015. The details of the adjusted exercise prices were shown in the table below:

Grant No.	Grant date	Original exercise price (RM)	First adjusted exercise price (RM)	Second adjusted exercise price (RM)
First	3.9.2013	2.76	2.68	2.48
Second	1.8.2014	3.19	3.10	2.87
Third	3.8.2015	3.52	-	3.25
Fourth	3.8.2016	2.94	-	-

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital (contd.)

(c) (contd.)

Details of share options granted, vested and exercised under the Scheme are as follows:

Options granted

Grant number	Grant date	Number of share options	Balance as at 1.1.2016/ grant date	Movements during the year			Balance as at 31.12.2016	Exercise price	Exercise period
				Exercised	Lapsed/ Expired	Rejected			
		'000	'000	'000	'000	'000	'000	RM/Option	
First	3.9.2013	133,564	59,713	(10,458)	(9,264)	-	39,991	2.48	3.10.2013 - 1.9.2019
Second	1.8.2014	15,735	12,765	(190)	(1,178)	-	11,397	2.87	2.9.2014 - 1.9.2019
Third	3.8.2015	10,840	10,175	(2)	(1,438)	-	8,735	3.25	2.9.2015 - 1.9.2019
Fourth	3.8.2016	6,159	6,159	(13)	(150)	(511)	5,485	2.94	2.9.2016 - 1.9.2019

Options vested

(i) First grant of options over ordinary shares

Vesting date	Vested	Exercisable as at 1.1.2016/ vested date	Movements during the year				Exercisable as at 31.12.2016	Exercise price	Exercise period
			Exercised	Lapsed/ Expired	Expired	Rejected			
	'000	'000	'000	'000	'000	'000	'000	RM/Option	
3.10.2013	29,993	5,310	(2,599)	(2,711)	-	-	-	2.48	3.10.2013 - 2.10.2016
2.9.2014	27,853	9,143	(2,785)	(391)	5,967	5,967	5,967	2.48	2.9.2014 - 1.9.2017
2.9.2015	26,744	15,079	(3,247)	(560)	11,272	11,272	11,272	2.48	2.9.2015 - 1.9.2018
2.9.2016	22,471	22,471	(1,827)	(316)	20,328	20,328	20,328	2.48	2.9.2016 - 1.9.2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital (contd.)

(c) (contd.)

Details of share options granted, vested and exercised under the Scheme are as follows: (contd.)

Options vested (contd.)

(ii) Second grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at 1.1.2016/vested date '000	Movements during the year			Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed '000	Exercisable as at 31.12.2016 '000		
2.9.2014	4,526	3,227	(53)	(262)	2,912	2.87	2.9.2014 - 1.9.2017
2.9.2015	3,894	3,569	(118)	(271)	3,180	2.87	2.9.2015 - 1.9.2018
2.9.2016	3,268	3,268	(19)	(154)	3,095	2.87	2.9.2016 - 1.9.2019

(iii) Third grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at 1.1.2016/vested date '000	Movements during the year			Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed '000	Exercisable as at 31.12.2016 '000		
2.9.2015	4,792	4,319	(1)	(622)	3,696	3.25	2.9.2015 - 1.9.2018
2.9.2016	3,642	3,642	(1)	(295)	3,346	3.25	2.9.2016 - 1.9.2019

(iv) Fourth grant of options over ordinary shares

Vesting date	Vested '000	Exercisable as at vested date '000	Movements during the year			Exercise price RM/Option	Exercise period
			Exercised '000	Lapsed '000	Exercisable as at 31.12.2016 '000		
2.9.2016	4,936	4,936	(13)	(127)	4,796	2.94	2.9.2016 - 1.9.2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital (contd.)

(c) (contd.)

Share options exercised during the financial year resulted in the issuance of:

- (i) 10,461,454 ordinary shares at an option price of RM2.48 each.
- (ii) 190,200 ordinary shares at an option price of RM2.87 each.
- (iii) 1,600 ordinary shares at an option price of RM3.25 each.
- (iv) 13,000 ordinary shares at an option price of RM2.94 each.

The fair values of share options measured using the Black Scholes Merton model at the date of the second adjustment to the exercise prices and the assumptions used are as follows:

Group/Company	First Grant			
	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Exercise price of option offered (RM)	2.48	2.48	2.48	2.48
Weighted average share price (RM)	2.48	2.48	2.48	2.48
Expected life (years)	3	3	3	3
Expected volatility (%)	22.26	22.26	22.26	22.26
Expected dividend yield (%)	3.93	3.82	3.82	3.86
Risk free interest rate (%)	3.91	3.91	3.91	3.91

	Second Grant		
	Tranche 1	Tranche 2	Tranche 3
Exercise price of option offered (RM)	2.87	2.87	2.87
Weighted average share price (RM)	2.87	2.87	2.87
Expected life (years)	3	3	3
Expected volatility (%)	22.26	22.26	22.26
Expected dividend yield (%)	3.82	3.83	3.86
Risk free interest rate (%)	3.91	3.91	3.91

	Third Grant		Fourth Grant
	Tranche 1	Tranche 2	Tranche 1
Exercise price of option offered (RM)	3.25	3.25	2.94
Weighted average share price (RM)	3.25	3.25	2.94
Expected life (years)	3	3	3
Expected volatility (%)	22.89	22.89	17.16
Expected dividend yield (%)	3.16	3.22	3.82
Risk free interest rate (%)	3.91	3.91	3.76

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

43. Share capital (contd.)

(c) (contd.)

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value.

44. Equity contribution from non-controlling interests

The equity contribution represents the Group's share of right to use the land granted by the non-controlling interest to a subsidiary of the Group, namely Sunway Velocity Mall Sdn. Bhd. ("SVMSB"), for a project development pursuant to an agreement entered into between the shareholders of SVMSB. Accordingly, this right has been classified and presented as equity.

45. Merger reserve

The negative merger reserve arose as a result of the excess of the consideration paid over the share capital and capital reserves of both SunCity and SHSB as at the acquisition date. Further details on the merger exercise are disclosed in Note 47 to the financial statements.

46. Reserves

		Group		Company	
	Note	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Non-distributable reserves:					
Capital reserve	(a)	34,561	34,137	-	-
Capital redemption reserve	(b)	100,096	99,062	-	-
Statutory reserve	(c)	826	879	-	-
Revaluation reserve	(d)	34,450	25,972	-	-
Share option reserve	(e)	63,987	75,166	60,817	71,996
Equity contribution reserve	(f)	21,712	21,712	-	-
Cash flow hedge reserve	(g)	(21,794)	(9,972)	-	-
Furniture, fittings and equipment reserve	(h)	8,370	4,573	-	-
Foreign currency translation reserve	(i)	145,649	141,245	-	-
Fair value reserve	(j)	-	-	228	2,916
Total non-distributable reserves		387,857	392,774	61,045	74,912
Distributable reserve:					
Retained earnings		3,160,914	2,802,355	21,031	96,385
		3,548,771	3,195,129	82,076	171,297

The movements in each category of reserves are disclosed in the statements of changes in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

46. Reserves (contd.)

The natures of each category of reserves are as follows:

(a) Capital reserve

Capital reserve represents the Group's share of post acquisition capital reserve in associates.

(b) Capital redemption reserve

Capital redemption reserve arises from the redemption of cumulative redeemable preference shares in accordance with Section 61(5) of Companies Act, 1965.

(c) Statutory reserve

Statutory reserve represents the 10% of accumulated gains recognised in the People's Republic of China subsidiaries' income statement, which is not distributable.

According to the Articles of Association of the subsidiaries, when distributing net profit of each financial year, the subsidiaries shall set aside 10% of its after tax profits for the statutory common reserve fund (except where the fund has reached 50% of the subsidiaries' registered capital) and 5% to 10% of after tax profits for the statutory common welfare fund. These reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

(d) Revaluation reserve

Revaluation reserve represents increase in the fair value of land of an associate.

(e) Share option reserve

The share option reserve represents the equity-settled share options granted to employees. This reserve is made up of the cumulative value of services received from employees recorded on grant of share options.

(f) Equity contribution reserve

Equity contribution reserve represents the Group's share of joint ventures' and certain subsidiaries' other reserves. The other reserves arose from the difference between the fair value of the consideration received as advances from shareholders and the fair value of these advances.

(g) Cash flow hedge reserve

Cash flow hedge reserve represents the net gains or losses, net of tax, on effective cash flow hedging instruments that will be recycled to the profit or loss when the hedged transaction affects profit or loss.

(h) Furniture, fittings and equipment reserve

In accordance with the Hotel Master Lease Agreement, the Group must set aside in the furniture, fittings and equipment ("FF&E") reserve during each financial year, an amount equivalent to 2.5% of the anticipated revenue. The FF&E reserve must be used and disbursed only in accordance with the agreed FF&E Plan.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

46. Reserves (contd.)

The natures of each category of reserves are as follows: (contd.)

(i) Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency 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. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(j) Fair value reserve

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investment held until the investment is derecognised.

47. Merger exercise

On 18 August 2011, the Company acquired the entire businesses and undertakings, including all assets and liabilities of SHSB and SunwayCity (collectively known as the "Merged Entities").

The consideration for the acquisition of the Merged Entities was satisfied via the payment of RM904.7 million cash and the issuance of 1,292.5 million new ordinary shares of RM1.00 each at an issue price of RM2.80 each together with 258.5 million free warrants.

The issuance of the new ordinary shares by the Company during the previous financial years to effect the above transaction has been reflected in the share capital of the Company as shown in Note 43 to the financial statements. As the Merged Entities were under common control before and after the merger, the Group and the Company applied the merger method of accounting. Accordingly, the consolidated financial statements have been accounted for as if the merger had occurred from the date when these entities were under common control.

48. Operating lease agreements

(a) The Group as lessee

The Group has entered into a non-cancellable operating lease agreement with an associate, Sunway REIT. The lease with Sunway REIT is for the use of leasehold land and buildings.

The future minimum lease payments payable under the above non-cancellable operating leases and other non-cancellable operating leases of the Group contracted for as at the reporting date but not recognised as payables, are as follows:

	Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	90,601	82,565
Later than 1 year and not later than 5 years	281,241	312,289
Later than 5 years	90,295	90,805
	462,137	485,659

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

48. Operating lease agreements (contd.)

(b) The Group as lessors

The future minimum lease payments receivable under the above non-cancellable operating leases as at the reporting date but not recognised as receivables, are as follows:

	Group	
	2016 RM'000	2015 RM'000
Not later than 1 year	78,069	56,539
Later than 1 year and not later than 5 years	275,663	258,592
Later than 5 years	938,425	306,646
	1,292,157	621,777

The Group has entered into various non-cancellable operating lease agreements on properties with third parties. The commercial properties combined leases of land and buildings. At the inception of the lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. Therefore, the Group evaluated based on terms and conditions of the arrangement, whether the land and the buildings were clearly operating leases or finance leases.

The Group assessed the following:

- (i) The land titles do not pass to the lessee; and
- (ii) The rentals paid to the Group for the commercial properties are increased to the market rent at regular intervals, and the lessee does not participate in the residual value of the building.

Management also judged that the Group retains all the significant risks and rewards of ownership of these properties, thus accounted for the contracts as operating leases.

49. Capital commitments

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment and investment properties	66,164	110,192
Approved but not contracted for property, plant and equipment and investment properties	150,370	214,021
	216,534	324,213

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

49. Capital commitments (contd.)

The Group's share of capital commitments in associates are as follows:

	Group	
	2016 RM'000	2015 RM'000
Capital expenditure:		
Approved and contracted for property, plant and equipment and investment properties	27,155	14,439
Approved but not contracted for property, plant and equipment and investment properties	12,750	10,693
	39,905	25,132

50. Contingent liabilities

(a) Guarantees

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Unsecured:				
Guarantees given to third parties in respect of trade and contracts	687,772	569,532	115,124	110,014

The Group designates guarantees given to third parties in respect of trade and contracts and to financial institutions for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4 *Insurance Contracts*. 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 reporting date, the Group assesses whether its recognised insurance liabilities are adequate, using current estimates of future cash flows under its insurance contracts. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities are only removed from the statement of financial position when, and only when, it is extinguished via a discharge, cancellation or expiration.

The determination of treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies for matters in the ordinary course of the business.

The Directors are of the view that the chances of the third parties and financial institutions to call upon the guarantees are remote.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

50. Contingent liabilities (contd.)

(b) Material outstanding litigations

- (i) On 4 September 2008, the solicitors of Sunway Construction Sdn. Bhd. ("SunCon") had been served with a Statement of Claim ("Statement of Claim") by Shristi Infrastructure Development Corporation Ltd ("Claimant"). The Statement of Claim was received by SunCon's office in Malaysia on 8 September 2008.

Pursuant to an agreement signed between SunCon and the National Highway Authority of India for the rehabilitation and upgrading of NH-25 to a four-lane configuration in the state of Uttar Pradesh being a part of the East-West Corridor Project, SunCon had entered into a work order with the Claimant for the upgrading and rehabilitation of the stretch of NH-25 from 143.6 km to 170.0 km, of which the Claimant has provided two bank guarantees ("Bank Guarantees") to SunCon.

The Claimant has failed to carry out its obligations under the work order and SunCon has terminated the work order and cashed the Bank Guarantees. The Claimant had filed an application in the Supreme Court of India for the appointment of an arbitrator to arbitrate upon the disputes between the parties. The Supreme Court had appointed a sole arbitrator and two preliminary sittings have been held to date. The Claimant then filed its Statement of Claim on 4 September 2008.

The Statement of Claim was raised in respect of various claims (including claiming the refund of the amount cashed on the Bank Guarantees) and the total amount claimed is INR89,14,55,048 (approximately equivalent to RM59 million).

At the hearing on 2 February 2009, the arbitrator recorded SunCon's filing of the Statement of Defence and Counterclaim. In the counterclaim, SunCon is seeking for INR78,13,94,629 (approximately equivalent to RM52 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.

75 hearings had been held and on 11 January 2013, the arbitrator that presided over the case passed away. The Claimant and SunCon may now proceed to appoint another arbitrator that is agreeable by both parties, failing such agreement an application can be filed to the Supreme Court for an appointment.

The Directors are of the opinion, after taking appropriate legal advice, that no provision for the abovementioned claims is necessary.

51. Significant related companies transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Company had the following transactions with related companies during the financial year:

	Company	
	2016 RM'000	2015 RM'000
IT and related expenses payable to a subsidiary	(1,076)	(1,882)
Insurance expenses payable to a subsidiary	-	(590)
Secretarial fees and share registration fees payable to a subsidiary	(361)	(460)
Accounting services fees payable to a subsidiary	(336)	(244)
Hotel and related expenses payable to a subsidiary	(340)	(338)
Parking and related services payable to subsidiaries	(111)	(20)
Air ticket and related services payable to a subsidiary	(308)	(132)
Medical services expenses payable to a subsidiary	(34)	(39)
Subscription and related expenses payable to a subsidiary	(31)	(28)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

52. Significant related party transactions

- (i) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year:

Name of companies	Nature of transactions	Group	
		2016 RM'000	2015 RM'000
(a) Sunway Technology Sdn. Bhd. Group ("STSB Group")	Information systems products and consultancy fees	(10,103)	(7,594)
	Sales of financial and IT related services	1,115	1,141
	Rental of office equipment, motor vehicles and other related services	1,582	1,920
	Secretarial and management services	14	16
	Provision of ticketing and tour related services	172	291
	Insurance products	72	56
	Rendering of recreational club facilities, theme park, timesharing services and related services	2	2
	Provision of medical services	26	25
	Provision of hotel and related services	10	22
	Interior decorations and related services, and renovation works	30	-
(b) Infra-Melia Sdn. Bhd.	Rendering of recreational club facilities, theme park, timesharing services and related services	22	-
(c) Sunway Real Estate Investment Trust ("Sunway REIT") (RHB Trustees Bhd)	Lease of Sunway Resort Hotel & Spa	(40,974)	(56,437)
	Lease of Sunway Hotel Seberang Jaya	(4,204)	(3,096)
	Lease of Sunway Putra Hotel	(12,309)	(6,685)
	Lease of Sunway Hotel Georgetown	(4,865)	(3,656)
	Lease of Sunway Plaza's ice rink	(1,512)	(1,512)
	Leasing/rental of properties in respect of: Sunway Medical Center building	(23,102)	(20,777)
	Menara Sunway and accommodation for security staff	(9,580)	(11,198)
	Rental and management of car parks and related services	(24,279)	(19,936)
	Rental of office space premises and related services	1,024	941
	Provision of property management & related services	1,448	561
	Provision of hotel and related services	48	2,968

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

52. Significant related party transactions (contd.)

- (i) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the financial year: (contd.)

Name of companies	Nature of transactions	Group	
		2016 RM'000	2015 RM'000
(c) Sunway Real Estate	Management and related services	1,365	603
Investment Trust	Provision of ticketing and tour related		
("Sunway REIT")	services	256	241
(RHB Trustees Bhd)	Construction, marketing, mechanical		
(contd.)	engineering, engineering related		
	design and build, civil engineering,		
	building works and related services	75,123	103,342
	Management services	7,653	7,766
(d) Jeff-San Enterprise	Provision of medical services	12	-
Sdn. Bhd.	Provision of ticketing and tour related		
	services	-	55
	Provision of property management		
	services	35	37
	Secretarial and management services	223	1
(e) Sunway Iskandar	Construction, marketing, mechanical		
Sdn. Bhd.	engineering, engineering related		
	design and build, civil engineering,		
	building works and related services	143,864	72,387

- (ii) The above parties are deemed related to the Group as follows:

- (a) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Evan Cheah Yean Shin are Directors of Sunway Technology Sdn. Bhd. ("STSB"). Evan Cheah Yean Shin is also a Director in several subsidiaries of STSB. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling is a major shareholder of STSB Group. Evan Cheah Yean Shin and Sarena Cheah Yean Tih have deemed interests in STSB Group via a corporation where they have more than 15% equity interest and by virtue of their parent's interest in STSB. Evan Cheah Yean Shin and Sarena Cheah Yean Tih are the children of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling.

Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors and major shareholders of the Company as well as Directors in several subsidiaries of the Company. Evan Cheah Yean Shin is a Director in several subsidiaries of the Company and major shareholder of the Company.

- (b) Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is a Director and major shareholder of Infra-Melia Sdn. Bhd.. Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng is the spouse of Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and major shareholder of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

52. Significant related party transactions (contd.)

- (ii) The above parties are deemed related to the Group as follows: (contd.)
- (c) The Company and its wholly-owned subsidiary, Sunway REIT Holdings Sdn. Bhd., are major unit holders of Sunway REIT. Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng, Sarena Cheah Yean Tih, Evan Cheah Yean Shin, Sungei Way Corporation Sdn. Bhd. and Active Equity Sdn. Bhd., being major shareholders of the Company, also have deemed interests in Sunway REIT via the Company and Sunway REIT Holdings Sdn. Bhd..
- (d) Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Sarena Cheah Yean Tih and Evan Cheah Yean Shin are Directors and major shareholders of Jef-San Enterprise Sdn. Bhd..
- Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling and Sarena Cheah Yean Tih are Directors and major shareholders of the Company as well as Directors in several subsidiaries of the Company. Evan Cheah Yean Shin is a Director in several subsidiaries of the Company and major shareholder of the Company.
- (e) Sunway Iskandar Sdn. Bhd. is a joint venture of Sunway City Sdn. Bhd., a wholly-owned subsidiary of the Company.

The related party transactions described above were carried out on terms and conditions not materially different from those obtainable from transactions with unrelated parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2016 and 2015 are disclosed in Notes 24, 25, 37 and 38 to the financial statements.

- (iii) Key management personnel are the persons who have authorities and responsibilities for planning, directing and controlling the activities of the Group or the Company either directly or indirectly. This includes any Director, whether executive or otherwise, of the Group and the Company.

The remuneration of the Directors and other members of key management during the financial year are as follows:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Short-term employee benefits	48,908	37,728	17,339	13,679
Post-employment benefits:				
- Defined contribution plan	8,664	6,734	3,259	2,534
Share options granted under ESOS	2,669	8,622	1,894	6,286
	60,241	53,084	22,492	22,499

- (iv) Included in the total key management personnel are:

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Executive Directors' remuneration (Note 11)	39,616	32,138	15,283	15,325

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries

Details of the subsidiaries are as follows:

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(a) Subsidiaries of Sunway Berhad						
Sunway Holdings Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100	-	-
Sunway City Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Sunway Treasury Sdn. Bhd.	Malaysia	Provision of financial services to the Group	100	100	-	-
Sunway Lagoon Club Berhad (held in trust by Sunway City Sdn. Bhd.)	Malaysia	Recreational club facilities	84.08	84.08	15.92	15.92
Sunway REIT Holdings Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Sunway Real Estate (China) Ltd. # (60% held by Sunway City Sdn. Bhd. and 40% held by SunwayMas Sdn. Bhd.)	Hong Kong	Investment holding	100	100	-	-
Sunway Medical Centre Sdn. Bhd. (held in trust by Sunway City Sdn. Bhd.)	Malaysia	Operator of a medical centre	99.52	99.52	0.48	0.48
Suncity Suncon JV (50% held by Sunway City Sdn. Bhd. and 50% held by Sunway Construction Sdn. Bhd.)	Unincorporated	Property development	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(b) Subsidiary of Sunway Treasury Sdn. Bhd.						
Sunway Treasury Sukuk Sdn. Bhd.	Malaysia	Provision of financial services to the Group	100	100	-	-
(c) Subsidiaries of Sunway Medical Centre Sdn. Bhd.						
SunMed@Home Sdn. Bhd.	Malaysia	Provision of medical services	99.52	99.52	0.48	0.48
SunMed Clinics Sdn. Bhd.	Malaysia	Provision of medical consultation services and facility services	99.52	99.52	0.48	0.48
(d) Subsidiaries of Sunway Real Estate (China) Limited						
Sunway Guanghao Real Estate (Jiangyin) Co. Ltd. #	China	Property development	100	100	-	-
Zhuhai Sunway Consultancy Co., Ltd #	China	Dormant	100	100	-	-
(e) Subsidiaries of Sunway Holdings Sdn. Bhd.						
Sunway Construction Group Berhad	Malaysia	Investment holding	54.42	54.42	45.58	45.58
Sunway Permai Sdn. Bhd.	Malaysia	Property development	80	80	20	20

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Transit System Sdn. Bhd.	Malaysia	Operation and maintenance of car park	100	100	-	-
Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.)	Malaysia	Investment properties	100	100	-	-
Sunway Developments Pte. Ltd.	Singapore	Other investment holding companies and general contractors (building construction including major upgrading works)	100	100	-	-
SunwayMas Sdn. Bhd.	Malaysia	Property and housing development, and investment holding	100	100	-	-
Sunway VCP Sdn. Bhd.	Malaysia	Marketing, manufacturing and sale of glazed vitrified clay pipes and other similar related clay products	100	100	-	-
Sunway Marketing Sdn. Bhd.	Malaysia	Marketing, distribution and sale of construction related products and industrial products	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Marketing (S) Pte. Ltd.	Singapore	Trading in hose and fittings and hose assembly	100	100	-	-
Sunway Leasing Sdn. Bhd.	Malaysia	Provision of finance through leasing, hire purchase, money lending and share financing	100	100	-	-
Sunway Risk Management Sdn. Bhd.	Malaysia	General and life insurance agency providing insurance underwriting and consultancy services	100	100	-	-
Pasir Mas Holdings Sdn. Bhd.	Malaysia	Trading in petroleum products and provision of related services	100	-	-	-
Sunway Management Sdn. Bhd.	Malaysia	Share registration and secretarial services	100	100	-	-
Sunway Holdings (Vietnam) Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Reptolink Sdn. Bhd. #	Malaysia	Investment holding	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Property (China) Limited (in the midst of deregistration pursuant to Section 750 of Companies Ordinance of Hong Kong)	Hong Kong	Dormant	100	100	-	-
Shahawan (M) Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Galaxy Avenue Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
Sunway HR Shared Services Sdn. Bhd.	Malaysia	Provision of human resources services	100	100	-	-
Sunway Shared Services Sdn. Bhd.	Malaysia	Provision of information technology services and human resources services	100	100	-	-
Sunway Ventures Sdn. Bhd. #	Malaysia	Investment holding	100	-	-	-
Sunway Ordera Sdn. Bhd.	Malaysia	Trading and selling of products and services through online and offline channels	100	-	-	-
Sunway Supply Chain Enterprise Sdn. Bhd. #	Malaysia	General traders dealing in timber, plywood, metal products, information and communication technology equipment, general plant and machineries and other general merchandise	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Juarasama Sdn. Bhd. #	Malaysia	Property investment and property dealing	100	100	-	-
Sunway Quarry Industries Sdn. Bhd.	Malaysia	Manufacturing and supplying of premix, quarry operations and to carry out contract works for civil projects	100	100	-	-
Sunway Spun Pile (M) Sdn. Bhd.	Malaysia	To carry on business of manufacturing and marketing of pretensioned high strength concrete plus, pretensioned concrete poles and other precast concrete products	100	100	-	-
Sunway Leadership Centre Sdn. Bhd.	Malaysia	Providing training services, training venue and other related activities to the Group	100	-	-	-
Sunway Paving Solutions Sdn. Bhd.	Malaysia	Manufacturing and marketing of concrete pavers, hollow concrete blocks and Eurotiles, undertake contracts for paving works and the hiring of heavy machineries	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Quarry (Kuala Kangsar) Sdn. Bhd.	Malaysia	To sell or otherwise deal in stones, aggregates, premix or other construction related products	100	100	-	-
Sunway Elite Sdn. Bhd.	Malaysia	To coordinate and provide administration of employees' health care benefits and insurance services	100	100	-	-
Sunway Credit Sdn. Bhd.	Malaysia	Provision of finance through hire purchase	100	100	-	-
Fortuna Gembira Enterpris Sdn. Bhd. #	Malaysia	Investment holding	100	100	-	-
Twinnors (Malaysia) Sdn. Bhd. #	Malaysia	Quarry concession holder	60	60	40	40
Sunway Cavity Wall Panel Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Cavity Wall Panel (S) Pte. Ltd.	Singapore	Dormant	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway Quarry Industries (Melaka) Sdn. Bhd. #	Malaysia	Granite quarrying	100	100	-	-
Sunway Captive Insurance Ltd. #	Malaysia	To carry on business as a captive insurer	100	100	-	-
Sunway Quarry (Melaka) Sdn. Bhd. #	Malaysia	Struck off pursuant to Section 308 of the Companies Act, 1965	-	100	-	-
Sunway Quarry Industries (Caribbean) Limited #	Trinidad and Tobago	Dormant	100	100	-	-
Myanmar Sungei Way Holdings Limited # ^ (In Liquidation)	Myanmar	Dormant	99.90	99.90	0.10	0.10
PT Sunway Quarry Indonesia # ^ (In Liquidation)	Indonesia	Dormant	95	95	5	5
Sunway Global Limited	Hong Kong	Investment holding and provision of management services	98.75	98.75	1.25	1.25
Winstar Trading Sdn. Bhd.	Malaysia	Trading in hardware and household products	80	80	20	20

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(e) Subsidiaries of Sunway Holdings Sdn. Bhd. (contd.)						
Sunway PopBox Sdn. Bhd. (formerly known as Sunway IBS Sdn. Bhd.)	Malaysia	To carry out business of electronic parcel locker operator and service provider	60	-	40	-
Sunway Pharma Sdn. Bhd. #	Malaysia	Retail, trading, marketing, manufacturing and online selling of pharmaceutical products	100	-	-	-
Sunway Velocity Hotel Sdn. Bhd. (formerly known as Sunway Integrated Outsourcing Sdn. Bhd.)	Malaysia	Hotelier	-	100	-	-
(f) Subsidiary of Sunway Developments Pte. Ltd.						
Sunway Land Pte. Ltd.	Singapore	Real estate developers and building contractor	100	100	-	-
(g) Subsidiary of Sunway Leasing Sdn. Bhd.						
SWL Nominees (Tempatan) Sdn. Bhd.	Malaysia	Provision of shares nominee services	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(h) Subsidiary of Sunway Construction Group Berhad						
Sunway Construction Sdn. Bhd.	Malaysia	Turnkey, construction related design and build, civil engineering, building works and transportation agent	54.42	54.42	45.58	45.58
(i) Subsidiaries of Sunway Construction Sdn. Bhd.						
Sunway Innopave Sdn. Bhd.	Malaysia	Construction of civil and building works and provision of project management	54.42	54.42	45.58	45.58
Sunway M&E Sdn. Bhd. #	Malaysia	Dissolved by way of member's voluntary winding up	-	54.42	-	45.58
Sunway Machinery Sdn. Bhd.	Malaysia	Renting of machinery and site equipment and undertaking sub-contract work	54.42	54.42	45.58	45.58
Sunway Engineering Sdn. Bhd.	Malaysia	Provision of mechanical and engineering works	54.42	54.42	45.58	45.58
Sunway Builders Sdn. Bhd.	Malaysia	Construction of building and civil works	54.42	54.42	45.58	45.58

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(i) Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Geotechnics (M) Sdn. Bhd.	Malaysia	Providing geotechnical services and related products and hire of heavy machineries	54.42	54.42	45.58	45.58
Sunspan Sdn. Bhd. #	Malaysia	Dormant	54.42	54.42	45.58	45.58
Sunway Industrial Products Sdn. Bhd.	Malaysia	Investment holding	54.42	54.42	45.58	45.58
Sunway Machineries Services Sdn. Bhd.	Malaysia	Investment holding	54.42	54.42	45.58	45.58
Sunway Construction India Pte. Ltd. #	India	Construction of civil and building works	54.42	54.42	45.58	45.58
Sunway Creative Stones Sdn. Bhd.	Malaysia	Dormant	38.09	38.09	61.91	61.91
Sunway GD Piling Sdn. Bhd. #	Malaysia	Dormant	54.42	54.42	45.58	45.58
Sunway Construction Caribbean Limited #	Trinidad and Tobago	Dormant	54.42	54.42	45.58	45.58
Sunway PopBox Sdn. Bhd. (formerly known as Sunway IBS Sdn. Bhd.)	Malaysia	To carry out business of electronic parcel locker operator and service provider	-	38.09	-	61.91
Sunway Innopark Sdn. Bhd. (formerly known as Sun-Block (Batang Kali) Sdn. Bhd.)	Malaysia	Dormant	-	54.42	-	45.58

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(i) Subsidiaries of Sunway Construction Sdn. Bhd. (contd.)						
Sunway Precast Industries Sdn. Bhd.	Malaysia	Manufacturing precast concrete building components and undertaking of precast concrete building contracts	54.42	54.42	45.58	45.58
Sunway Construction (S) Pte. Ltd. (In the midst of striking off pursuant to Section 344 (A) of the Singapore Companies Act, Cap 50)	Singapore	Dormant	54.42	54.42	45.58	45.58
Sunway Facade Network Sdn. Bhd.	Malaysia	Façade engineering and consultancy services	32.65	32.65	67.35	67.35
Sunway VDC Sdn. Bhd.	Malaysia	Dormant	54.42	-	45.58	-
Sunway Concrete Products (M) Sdn. Bhd.	Malaysia	Manufacture of prefabricated structural and metal components for buildings or civil engineering of cement, concrete or artificial stones	54.42	-	45.58	-
(j) Subsidiary of Sunway Industrial Products Sdn. Bhd.						
Sunway Concrete Products (S) Pte. Ltd.	Singapore	Manufacturing and sale of precast concrete building components	54.42	54.42	45.58	45.58

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(k) Subsidiary of Sunway Machineries Services Sdn. Bhd.						
Sunway SK Sdn. Bhd.	Malaysia	Construction of building and civil works	54.42	54.42	45.58	45.58
(l) Subsidiary of Sunway Engineering Sdn. Bhd.						
Sunway Smartek Sdn. Bhd. #	Malaysia	Dissolved by way of member's voluntary winding-up	-	54.42	-	45.58
(m) Subsidiary of Sunway Geotechnics (M) Sdn. Bhd.						
Sunway Geotechnics (S) Pte. Ltd.	Singapore	Dormant	54.42	54.42	45.58	45.58
(n) Subsidiaries of SunwayMas Sdn. Bhd.						
Sunway Bangi Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Mujurmas Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Pembangunan Risjaya Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Rawang Heights Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Kanching Heights Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Eaglefield Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Rydgeway Sdn. Bhd.	Malaysia	Property and housing development	80	80	20	20

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(n) Subsidiaries of SunwayMas Sdn. Bhd. (contd.)						
Sunway Termuning Sdn. Bhd.	Malaysia	Property and housing development	80	80	20	20
Virgo Rhythm Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Eastwood Sdn. Bhd.	Malaysia	Property and housing development	70	70	30	30
Sunway PJ51A Sdn. Bhd. #	Malaysia	Dissolved by way of member's voluntary winding up	-	100	-	-
Daksina Harta Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
(o) Subsidiary of Sunway Quarry Industries Sdn. Bhd.						
Sunway Quarry Industries (Taiping) Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
(p) Subsidiaries of Sunway Marketing Sdn. Bhd.						
Sunway Marketing (East Malaysia) Sdn. Bhd.	Malaysia	Trading in hoses and fittings and industrial products	85	85	15	15
Sunway Hose Centre Sdn. Bhd.	Malaysia	Trading in hoses and fittings and hose assembly	85	85	15	15
Sunway Architectural Products Sdn. Bhd.	Malaysia	Trading in architectural and finishing products	85	85	15	15

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(p) Subsidiaries of Sunway Marketing Sdn. Bhd. (contd.)						
Sunway Pharma Sdn. Bhd. #	Malaysia	Retail, trading, marketing, manufacturing and online selling of pharmaceutical products	-	100	-	-
Sunway Opus International Trading Private Limited #	India	Dormant	60	60	40	40
Sunway Enterprise (1988) Sdn. Bhd.	Malaysia	Trading and hiring of heavy machinery and spares	100	100	-	-
Sunway Hydraulic Industries Sdn. Bhd.	Malaysia	Importation and trading of hydraulic fittings	100	100	-	-
(q) Subsidiaries of Sunway Marketing (S) Pte. Ltd.						
PT Sunway Marketing Indonesia #	Indonesia	Wound up voluntarily	-	100	-	-
Sunway Marketing (Shanghai) Pte. Ltd. #	China	Dormant	100	100	-	-
PT Sunway Trek Masindo #	Indonesia	Trading in hose and fittings, hose assembly and heavy equipment parts	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(q) Subsidiaries of Sunway Marketing (S) Pte. Ltd. (contd.)						
Sunway Marketing (Thailand) Ltd. #	Thailand	Trading in hose and fittings, hose assembly and heavy equipment parts	100	100	-	-
Sunway TotalRubber Ltd. #	Australia	Import and distribution of industrial rubber and plastics	100	100	-	-
PT Sunway Flowtech #	Indonesia	Trading in hoses and fittings, and hose assembly	100	100	-	-
PT Sunway Pacific Flow #	Indonesia	Manufacturing of specialty hoses	100	100	-	-
PND Hardware & Trading Pte Ltd #	Singapore	General wholesale, trading of hardware, engineering products and Industrial safety products	100	-	-	-
(r) Subsidiary of Sunway Holdings (Vietnam) Sdn. Bhd.						
Realty Investments (HB) Inc. #	Panama	Investment holding	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(s) Subsidiary of Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.)						
Cleaver Fortune Sdn. Bhd.	Malaysia	Development and management of recreational facilities and amenities	100	100	-	-
(t) Subsidiaries of Sunway Global Limited						
Sunway Spun Pile (Zhuhai) Co. Ltd.	China	Design, manufacture and sale of pretensioned spun concrete piles	79	79	21	21
Sunway GD Foundation Engineering Co. Ltd.	Macau	To carry out foundation and construction works	-	59.25	-	40.75
Sunway Hydraulic Industries (Wuhu) Co. Ltd.	China	Production and sale of automotive parts, hydraulic pipes, coupling and adapter, production, sale and marketing of building materials, import and export trading	98.75	98.75	1.25	1.25
Sunway Trading (Shanghai) Pte. Ltd.	China	Trading and distribution of hoses and couplings, machineries, spare parts and related items	98.75	98.75	1.25	1.25

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(t) Subsidiaries of Sunway Global Limited (contd.)						
Sunway Daechang Forging (Anhui) Co. Ltd.	China	Manufacturing and assembling of undercarriage components, trading, providing design, consultancy services, repair and maintenance	59.25	59.25	40.75	40.75
(u) Subsidiaries of Sunway Enterprise (1988) Sdn. Bhd.						
PT Sunway Indoquip #	Indonesia	Wound up voluntarily	-	100	-	-
Heng Ngai Knitting Manufacturer Sdn. Bhd. # ^ (In Liquidation)	Malaysia	Dormant	100	100	-	-
(v) Subsidiaries of Sunway GD Foundation Engineering Co. Ltd.						
Shanghai Xinhetai Construction Ltd.	China	To undertake the business of foundation engineering	-	41.48	-	58.52
Splendid Era Sdn. Bhd.	Malaysia	To carry out foundation and construction works and renting of machineries	-	59.25	-	40.75

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(v) Subsidiaries of Sunway GD Foundation Engineering Co. Ltd. (contd.)						
Sunway GD Foundation Engineering Technical Advisory (Shanghai) Co. Ltd.	China	Providing technical and consultancy advisory for engineering works and to undertake engineering works through contracting construction projects	-	59.25	-	40.75
PT Sunway Construction Engineering	Indonesia	To carry out foundation and construction works	-	32.59	-	67.41
(w) Subsidiary of Shanghai Xinhetai Construction Ltd.						
Shanghai Sunway Geotechnics Engineering Co. Ltd.	China	Undertake geotechnical and foundation engineering through contracting construction projects, installation, leasing and renting of machineries and equipment, marketing and distribution of building materials related products	-	41.48	-	58.52

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(x) Subsidiaries of Sunway TotalRubber Ltd.						
Sunway TotalRubber Services Franchising Pty. Ltd. #	Australia	Franchisor for TOTALRUBBER franchising business	100	100	-	-
Pacific Flow Technology Pty. Ltd. #	Australia	Manufacturing and sales of rubber hose products	80	80	20	20
SunwayTrek Australia Pty. Ltd. #	Australia	Deregistered	-	100	-	-
(y) Subsidiaries of Sunway City Sdn. Bhd.						
Sunway Integrated Properties Sdn. Bhd.	Malaysia	Property development and property investment	100	100	-	-
Sunway Kinrara Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Biz Hotel Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway City (Penang) Sdn. Bhd.	Malaysia	Property development, provision of property management services and investment holding	100	100	-	-
Konsep Objektif (M) Sdn. Bhd.	Malaysia	Investment holding	70	70	30	30

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Pyramid Sdn. Bhd. # (In member's voluntary winding up)	Malaysia	Dormant	100	100	-	-
Sunway City Properties Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Lagoon Sdn. Bhd.	Malaysia	Theme park operator	100	100	-	-
Sunway Resort Hotel Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway Travel Sdn. Bhd.	Malaysia	Travel and tour businesses	100	100	-	-
Sunway Hospitality Holdings Ltd. #	British Virgin Islands	Investment holding	100	100	-	-
Emerald Tycoon Sdn. Bhd.	Malaysia	Property Investment	100	100	-	-
Sunway Grand Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Pembinaan Objektif (M) Sdn. Bhd. (in the midst of striking off pursuant to Section 308 of the Companies Act, 1965)	Malaysia	Dormant	100	100	-	-
SunMed Velocity Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
Sunway FSSC Sdn. Bhd.	Malaysia	Provision of financial and accounting services	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway City (Cambodia) Sdn. Bhd.	Malaysia	Investment holding	76	76	24	24
Sunway City (Ipoh) Sdn. Bhd.	Malaysia	Property development and investment holding	95.96	95.96	4.04	4.04
Sunway PKNS Sdn. Bhd.	Malaysia	Property development and investment holding	60	60	40	40
Sunway Leisure Sdn. Bhd.	Malaysia	Ice rink operator and car park management	100	100	-	-
Sunway Semenyih Sdn. Bhd.	Malaysia	Property development	70	70	30	30
Sunway Tunas Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Area Star Sdn. Bhd. #	Malaysia	Property investment and property dealing	100	100	-	-
Sunway Ventures Sdn. Bhd. #	Malaysia	Investment holding	-	100	-	-
Sunway City (S'pore) Pte. Ltd.	Singapore	Promotion and marketing services and investment holding	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Destiny Sdn. Bhd.	Malaysia	Management and letting out of properties	100	100	-	-
Sunway Facility Management Sdn. Bhd.	Malaysia	Building facilities management and provision of management services	100	100	-	-
Sunway IFM Sdn. Bhd.	Malaysia	Building facilities management	100	100	-	-
Sunway City (JB) Sdn. Bhd.	Malaysia	Property development	80	80	20	20
Sunway Melawati Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Bukit Gambier Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway PFM Sdn. Bhd.	Malaysia	Building facilities management	100	100	-	-
Sunway Crest Sdn. Bhd. (in member's voluntary winding-up)	Malaysia	Dormant	100	100	-	-
Sunway International Vacation Club Berhad	Malaysia	Management of timeshare memberships	100	100	-	-
Sunway MUSC Sdn. Bhd.	Malaysia	Property investment	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Healthy Lifestyle Sdn. Bhd.	Malaysia	Management of healthcare programmes	100	100	-	-
Sunway Residence Sdn. Bhd.	Malaysia	Property investment and hotel operation	100	100	-	-
Sunway Leisure Services Sdn. Bhd.	Malaysia	Operation of travel and tour businesses and provision of transportation services	100	100	-	-
Rich Worldclass Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway Homes (MM2H) Sdn. Bhd. (in the midst of striking off pursuant to Section 308 of the Companies Act, 1965) ¥	Malaysia	Dormant	100	100	-	-
Sunway Tower 1 Sdn. Bhd. #	Malaysia	Property investment and car park management	100	100	-	-
Sunway Symphony Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway City India Private Limited #	India	Property development and investment holding	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway REM Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Ambience Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway Rahman Putra Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Pals Loyalty Sdn. Bhd.	Malaysia	Customer loyalty schemes	100	100	-	-
Sunway Pinnacle Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
SunCity Vietnam Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
Sunway Labuan Investment Ltd.	Malaysia	Investment holding	100	100	-	-
Sunway Forum Hotel Sdn. Bhd.	Malaysia	Hotel operator	100	100	-	-
Sunway Kiara Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Sunway Century Sdn. Bhd. #	Malaysia	Property investment	100	100	-	-
Sunway Pyramid Development Sdn. Bhd.	Malaysia	Property investment	100	100	-	-
Sunway Power Sdn. Bhd. (formerly known as Sunway Supercar Resort Sdn. Bhd.) #	Malaysia	Dormant	100	100	-	-
Sunway Properties Services Sdn. Bhd. (formerly known as Sunway Velocity Hotel Sdn. Bhd.)	Malaysia	Dormant	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Velocity Hotel Sdn. Bhd. (formerly known as Sunway Integrated Outsourcing Sdn. Bhd.)	Malaysia	Hotelier	100	-	-	-
Sunway Putra Hotel Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway Velocity Mall Sdn. Bhd.	Malaysia	Property investment	59	59	41	41
Pena Enterprise Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Mall Parking Sdn. Bhd.	Malaysia	Car park operator	100	100	-	-
Sunway Parking Services Sdn. Bhd.	Malaysia	Car park management	100	100	-	-
Sunway Subang Sdn. Bhd. (formerly known as Ekuiti Meranti (M) Sdn. Bhd.)	Malaysia	Investment holding	100	100	-	-
Sunway D'Mont Kiara Sdn. Bhd.	Malaysia	Property development	88	88	12	12
Sunway Southern Management Sdn. Bhd.	Malaysia	Management company	100	100	-	-
Deco Style Sdn. Bhd.	Malaysia	Specialist contractor in renovation of commercial/residential projects	100	100	-	-
Sunway Pendas Management Sdn. Bhd.	Malaysia	Management company	100	100	-	-
Paradigm Fairview Sdn. Bhd.	Malaysia	Dormant	100	-	-	-
Platinum Greenway Sdn. Bhd.	Malaysia	Dormant	100	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(y) Subsidiaries of Sunway City Sdn. Bhd. (contd.)						
Sunway Innopark Sdn. Bhd. (formerly known as Sun-Block (Batang Kali) Sdn. Bhd.)	Malaysia	Dormant	100	-	-	-
(z) Subsidiaries of Sunway City (Penang) Sdn. Bhd.						
Fame Parade Sdn. Bhd.	Malaysia	Letting, management of departmental stores and property development	100	100	-	-
Era Primision Sdn. Bhd.	Malaysia	Letting, management of departmental stores and property development	100	100	-	-
Commercial Parade Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Hotel (Seberang Jaya) Sdn. Bhd.	Malaysia	Hotelier	100	100	-	-
Sunway Carnival Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Bintang Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Associated Circle Sdn. Bhd.	Malaysia	Property development	100	100	-	-
Alliance Parade Sdn. Bhd.	Malaysia	Dormant	100	100	-	-
Sunway Orient Sdn. Bhd.	Malaysia	Property investment	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(aa) Subsidiary of Konsep Objektif (M) Sdn. Bhd.						
Sunway Hotel Phnom Penh Ltd.	Cambodia	Hotel business	52.50	52.50	47.50	47.50
(ab) Subsidiaries of Sunway Lagoon Sdn. Bhd.						
Eastern Glory Enterprises Limited * ('Eastern Glory')	British Virgin Islands	Investment holding	45	45	55	55
Sunway Townhouse Sdn. Bhd. #	Malaysia	Property development and letting of property	100	100	-	-
Sunway South Quay Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Frontier Acres Sdn. Bhd.	Malaysia	Investment holding	100	100	-	-
(ac) Subsidiaries of Sunway South Quay Sdn. Bhd.						
Sunway Monash-U Residence Sdn. Bhd.	Malaysia	Property investment	60	60	40	40
Prosper Revenue Sdn. Bhd.	Malaysia	Property development	40.2	40.2	59.8	59.8
(ad) Subsidiaries of Sunway Hospitality Holdings Ltd.						
Allson International Hotels & Resorts (B.V.I.) Limited #	British Virgin Islands	Hotel management	100	100	-	-
Allson International Management Limited #	British Virgin Islands	Hotel management	100	100	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(ad) Subsidiaries of Sunway Hospitality Holdings Ltd. (contd.)						
Sunway International Hotels & Resorts Sdn. Bhd.	Malaysia	Hotel management	100	100	-	-
Allson International Hotels & Resorts Sdn. Bhd. #	Malaysia	Dormant	100	100	-	-
(ae) Subsidiary of SunCity Vietnam Sdn. Bhd.						
Hochimex Nominee Company Limited #	Hong Kong	Investment holding	100	100	-	-
(af) Subsidiary of Hochimex Nominee Company Limited						
Sunway Hotel Hanoi Liability Limited Company with One Member	Vietnam	Hotel business	100	100	-	-
(ag) Subsidiary of Sunway City (Cambodia) Sdn. Bhd.						
Sunway City Cambodia Limited #	Cambodia	Dormant	60.80	60.80	39.20	39.20
(ah) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd.						
Kinta Sunway Resort Sdn. Bhd.	Malaysia	Property investment and hotel owner and operator	95.96	95.96	4.04	4.04
Objektif Ekuiti (M) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Peluang Klasik (M) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Sunway Lost World Water Park Sdn. Bhd.	Malaysia	Development and operation of a water theme park	95.96	95.96	4.04	4.04

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(ah) Subsidiaries of Sunway City (Ipoh) Sdn. Bhd. (contd.)						
Lagoon Fantasy Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Semangat Kancil (M) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Ganda Antik Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Sunway Hotel Services (Ipoh) Sdn. Bhd.	Malaysia	Dormant	95.96	95.96	4.04	4.04
Sunway Lost World Hotel Sdn. Bhd.	Malaysia	Operation of a hotel	95.96	95.96	4.04	4.04
(ai) Subsidiary of Deco Style Sdn. Bhd.						
Sunway Design Sdn. Bhd.	Malaysia	Interiors decorator and contractors	80	80	20	20
(aj) Subsidiaries of Sunway PKNS Sdn. Bhd.						
Imbasan Intisari Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Tidal Elegance Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Park Symphony Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Sunway Nexus Parking Sdn. Bhd.	Malaysia	Car park operator	60	60	40	40
Winning Excellence Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Laudable Generations Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Contemporary Deal Sdn. Bhd.	Malaysia	Dormant	60	60	40	40

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016 %	2015 %	2016 %	2015 %
(aj) Subsidiaries of Sunway PKNS Sdn. Bhd. (contd.)						
Contemporary Factor Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Petikan Tropika Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Sunway Giza Mall Sdn. Bhd.	Malaysia	Letting and management of a shopping complex	60	60	40	40
Sunway Giza Parking Sdn. Bhd.	Malaysia	Property investment	60	60	40	40
Sumber Dorongan Sdn. Bhd.	Malaysia	Property investment	60	60	40	40
Anggaran Salju Sdn. Bhd.	Malaysia	Dormant	60	60	40	40
Bisikan Seni Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Emerald Freight Sdn. Bhd.	Malaysia	Property development	60	60	40	40
Sunway Montereiz Sdn. Bhd.	Malaysia	Property development	60	60	40	40
(ak) Subsidiaries of Eastern Glory Enterprises Limited						
Hartford Lane Pty. Ltd. #	Australia	Trustee	45	45	55	55
International Theme Park Pty. Ltd. #	Australia	Investment holding	45	45	55	55
(al) Subsidiaries of International Theme Park Pty. Ltd.						
Sunway Australia Unit Trust #	Australia	Unit trust	45	45	55	55

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(am) Subsidiaries of Sunway City (S'pore) Pte. Ltd.						
Sunway Investment Management Consultancy (Shanghai) Co. Ltd. #	China	Provision of management consultancy advisory services	100	100	-	-
Sunway Investment Holding (China) Pte. Ltd.	Singapore	Dormant	100	100	-	-
(an) Subsidiaries of Winstar Trading Sdn. Bhd.						
Winstar Enterprise Sdn. Bhd.	Malaysia	Trading in hardware and engineering products	76	76	24	24
Rising Star Marketing Sdn. Bhd.	Malaysia	Dormant	53.6	53.6	46.4	46.4
Saf-T-Quip Sdn. Bhd.	Malaysia	Trading in industrial safety equipment and hardware products	80	80	20	20
United Star Engineering & Hardware Sdn. Bhd.	Malaysia	Trading of hardware and engineering products	66.4	66.4	33.6	33.6
Hsing Yeat Sdn. Bhd.	Malaysia	Trading in hardware and household products	64.93	64.93	35.07	35.07

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by				
			Group		Non-controlling interest		
			2016 %	2015 %	2016 %	2015 %	
(an) Subsidiaries of Winstar Trading Sdn. Bhd. (contd.)							
I Star Electrical Sdn. Bhd.	Malaysia	Dormant	80	80	20	20	
(ao) Subsidiaries of Winstar Enterprise Sdn. Bhd.							
Multi Star Marketing Sdn. Bhd.	Malaysia	Trading in hardware and household products	49.40	49.40	50.60	50.60	
Power Star Hardware Sdn. Bhd.	Malaysia	Trading in hardware and related products	68.87	68.87	31.13	31.13	
(ap) Subsidiaries of Hsing Yeat Sdn. Bhd.							
Prestamin Sdn. Bhd.	Malaysia	Trading of hardware, engineering and industrial safety products	64.93	64.93	35.07	35.07	
TactStar Sdn. Bhd.	Malaysia	Trading in hardware and household products	64.93	64.93	35.07	35.07	
Star Bridge Hardware Sdn. Bhd.	Malaysia	Dormant	48.69	48.69	51.31	51.31	
Power Star Machinery Sdn. Bhd.	Malaysia	Trading in hardware and related products	50.01	50.01	49.99	49.99	

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

53. Subsidiaries (contd.)

Name of companies	Country of incorporation	Principal activities	% of effective interest held by			
			Group		Non-controlling interest	
			2016	2015	2016	2015
			%	%	%	%
(ap) Subsidiaries of Hsing Yeat Sdn. Bhd. (contd.)						
Aimstar Marketing Sdn. Bhd.	Malaysia	Trading in hardware and engineering products	45.45	45.45	54.55	54.55
Weld Star Sdn. Bhd.	Malaysia	Dormant	64.93	64.93	35.07	35.07
North Star Marketing Sdn. Bhd.	Malaysia	Dormant	64.93	64.93	35.07	35.07
Aptstar Sdn. Bhd.	Malaysia	Dormant	64.93	64.93	35.07	35.07
The Venue International Sdn. Bhd.	Malaysia	Dormant	38.96	38.96	61.04	61.04
(aq) Subsidiary of Aptstar Sdn. Bhd.						
Mcstar Sdn. Bhd.	Malaysia	Dormant	64.93	64.93	35.07	35.07

Audited by firms of auditors other than BDO in Malaysia and BDO Member Firms

* Sunway Lagoon Sdn. Bhd. controls the composition of the Board of Directors of Eastern Glory and hence has the power to govern the relevant activities of Eastern Glory.

^ Subsidiaries are consolidated based on management accounts for the financial year ended 31 December 2016. The financial statements of these subsidiaries are not required to be audited as they had been placed under members' voluntary winding up during the financial year.

¥ Struck off on 7 February 2017 pursuant to Section 308 of the Companies Act, 1965.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period

(a) Significant events during the financial year

- (i) Proposed disposal of equity interest of Sunway GD Foundation Engineering Co. Ltd. ("Sunway GD"), by Sunway Global Limited ("Sunway Global")

On 12 July 2012, Sunway Global a 98.75% owned subsidiary of Sunway Holdings Sdn. Bhd. ("SHSB") which in turn is a wholly-owned subsidiary of the Company, had entered into an Equity Sale and Purchase Agreement with Mr Yu De Mao ("Purchaser") for the proposed disposal of Sunway Global's entire 60% equity interest in Sunway GD as well as its group of subsidiaries ("Proposed Disposal"), to the Purchaser for a nominal consideration after the Purchaser has discharged the liabilities of Sunway GD of RMB12,071,872 and HKD35,850,430 in 6 instalments and all accrued interest over the liabilities up to the date of payment of each of the instalments ("Liabilities").

The Proposed Disposal is conditional upon, amongst others, the Purchaser having discharge the Liabilities within a period of 22 months from the payment of the first instalment of the liabilities (i.e. 7 days from the date of signing the Equity Sale and Purchase Agreement). Upon completion of the Proposed Disposal, Sunway GD and its group of subsidiaries would cease to be subsidiaries of the Company.

Sunway GD was incorporated in Macau on 4 November 2005 with a total registered capital of MOP\$31,000,000. The principal activity of Sunway GD is to carry out foundation and construction works.

The Proposed Disposal is not expected to have any material effect on the earnings per share and net assets per share of the Company, and it has no effect on the Company's share capital and substantial shareholders' shareholding.

The Proposed Disposal does not require approval from the shareholders of the Company.

The Proposed Disposal of equity interest has been completed as at the date of this report.

- (ii) Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Lim Poh Lo, Lau Chor Geok, Lim Hwee Guan, Khoo Chai Ee, Khoo Chai Pek and Peng Gai Hock (collectively, "PND Vendors")

On 9 April 2015, SHSB, a wholly-owned subsidiary of the Company had entered into a Share Sale Agreement ("PND SSA") with PND Vendors for the acquisition of 500,000 ordinary shares of S\$1 each, representing 100% of the total issued and paid-up share capital of PND Hardware & Trading Pte Ltd ("PND") at an estimated purchase consideration of approximately S\$2,567,192 ("the Proposed PND Acquisition").

The estimated purchase consideration for the Proposed PND Acquisition was arrived at based on NAV of PND as at 31 December 2013 together with goodwill ("Pre-Adjustment Purchase Consideration"). The amount of the purchase consideration was subject to adjustments and would be payable by SHSB in 3 tranches as follows:

- (1) On the completion date of the first tranche, SHSB shall acquire 60% of the total issued and paid-up share capital of PND by paying part of the consideration amounting to S\$1,540,315.20 ("First Tranche Consideration") or the adjusted first tranche consideration, as the case may be, which shall be computed in the following manner:
 - (a) In the event the NAV of PND is less than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be a corresponding downwards adjustment of the First Tranche Consideration; and
 - (b) In the event the NAV of PND is greater than the Pre-Adjustment Purchase Consideration after deduction of the goodwill, there shall be no adjustment in the First Tranche Consideration.

The completion date of the first tranche shall mean the business day falling 45 days after the PND SSA becomes unconditional or such other date as may be agreed by the parties.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period (contd.)

(a) Significant events during the financial year (contd.)

- (ii) Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Lim Poh Lo, Lau Chor Geok, Lim Hwee Guan, Khoo Chai Ee, Khoo Chai Pek and Peng Gai Hock (collectively, "PND Vendors") (contd.)

- (2) On the completion date of the second tranche, SHSB shall acquire another 20% of the total issued and paid-up share capital of PND by paying an amount equivalent to 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the second tranche completion date.

The completion date of the second tranche shall mean the second anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

- (3) On the completion date of the third tranche, SHSB shall acquire the remaining 20% of the total issued and paid-up share capital of PND by paying an amount equivalent to 20% of 5 times the average EBITDA of PND as recorded in its audited financial statements for the 2 financial years ending 31 December immediately preceding the third tranche completion date.

The completion date of the third tranche shall mean the third anniversary of the first tranche completion date or such other date as may be agreed upon by the parties.

Upon the completion of the Proposed PND Acquisition, PND would become a subsidiary of SHSB.

Under the PND SSA, the PND Vendors have jointly and severally guaranteed that PND would achieve profit after tax ("PAT") of S\$250,000 per annum ("Profit Guarantee") for the financial years ending 31 December 2015, 2016 and 2017, failing which PND Vendors would pay SHSB an amount equivalent to, the difference between the Profit Guarantee and actual PAT achieved for the respective financial year, multiplied by the shareholding of SHSB in PND in the respective financial year.

SHSB had on 15 January 2016, entered into a Second Supplemental Agreement in respect of the PND SSA with the PND Vendors to, inter alia:-

- (i) Redefine the First Financial Period, the Second Financial Period and the Third Financial Period from 31 December 2015, 31 December 2016 and 31 December 2017 to 31 December 2016, 31 December 2017 and 31 December 2018 respectively for the primary purpose of the determination of the Profit Guarantee;
- (ii) Remove the requirement of a stakeholder to hold the securities of the minimum security value and such securities is to be deposited with Sunway Marketing (S) Pte Ltd; and
- (iii) Nominate the following wholly-owned subsidiaries of SHSB to receive and accept 60% of the total issued and paid-up share capital of PND ("First Tranche Sale Shares):-
 - (a) Sunway Marketing (S) Pte Ltd to receive and accept 299,500 ordinary shares of S\$1 each in PND from the PND Vendors; and
 - (b) Sunway Marketing Sdn. Bhd. to receive and accept 500 ordinary shares of S\$1 each in PND to be transferred by one of PND Vendors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period (contd.)

(a) Significant events during the financial year (contd.)

- (ii) Share Sale Agreement between Sunway Holdings Sdn. Bhd. and Lim Poh Lo, Lau Chor Geok, Lim Hwee Guan, Khoo Chai Ee, Khoo Chai Pek and Peng Gai Hock (collectively, "PND Vendors") (contd.)

The NAV of PND based on the completion management accounts as at 30 November 2015 was the same as the NAV reported in 31 December 2013. Accordingly, the purchase consideration for the First Tranche Sale Shares remains the same.

The First Tranche Sale Shares was completed on 15 January 2016 and consequently, PND has become a subsidiary of SHSB.

- (iii) Sale and Purchase Agreement Between Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.) and Tamura Electronics (M) Sdn. Bhd.

On 19 February 2016, Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.) ("SSSB"), a wholly-owned subsidiary of SHSB which in turn is a wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement ("SPA") with Tamura Electronics (M) Sdn. Bhd. ("Tamura") for the acquisition of a freehold land held under H.S.(D) 79345, PT No. 4974, Mukim Damansara, Daerah Petaling, Negeri Selangor measuring approximately 210,790 square feet together with the buildings erected thereon ("the Property") on an 'as is where is' basis free from all encumbrances and with vacant possession for a total purchase consideration of RM35,820,000 (excluding Goods and Services Tax) ("Proposed Property Acquisition").

The Purchase Price shall be satisfied by SSSB in the following manner:

- (a) An earnest deposit of RM720,000 already paid to Tamura at the time of submission of the tender by SSSB and balance deposit of RM2,862,000 paid to Tamura upon execution of the SPA; and
- (b) The balance Purchase Price of RM32,238,000 shall be paid within 3 months from the Unconditional Date (as defined below). If SSSB fails to pay the balance Purchase Price or any remaining part thereof on or before the Completion Date, an extension period of 1 month shall be granted subject to SSSB paying an interest of 8% per annum on the outstanding amount, calculated on a daily basis.

The SPA shall become unconditional upon receipt of the State Authority consent ("Unconditional Date").

The Proposed Property Acquisition was completed on 21 June 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period (contd.)

(a) Significant events during the financial year (contd.)

- (iv) Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. (formerly known as Ekuiti Meranti (M) Sdn. Bhd.) with Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.), View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd.

Sunway Subang Sdn. Bhd. (formerly known as Ekuiti Meranti (M) Sdn. Bhd.) ("JVCo"), a wholly-owned subsidiary of Sunway City Sdn. Bhd. ("SunCity"), which in turn is a wholly-owned subsidiary of the Company, had on 19 February 2016, entered into the following Sale and Purchase Agreements ("SPAs") for the acquisition of the undermentioned parcels of leasehold land (60 years tenure) free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax) ("Proposed Property Acquisition"):

Vendors	Details of the lands	Purchase Consideration RM'000
Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.) ("SSSB")	Hakmilik H.S.(D) 182796, PT 7 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 8,523 square metres ("PT 7")	12,500
View2pick Sdn. Bhd. ("V2P")	Hakmilik H.S.(D) 113417, PT 8 in Pekan Subang, Daerah Petaling, Negeri Selangor measuring approximately 0.9105 hectares ("PT 8")	9,000
Chen Yew Plastics Sdn. Bhd. ("CYP")	Hakmilik H.S.(M) 6476, PT 2049 in Mukim Sungai Buluh, Daerah Petaling, Negeri Selangor measuring approximately 2 acres together with buildings erected thereon ("PT 2049")	11,225
Total		32,725

PT 7, PT 8 and PT 2049 shall collectively be referred to as "the Lands".

SunCity had on even date, entered into a Shareholders Agreement ("SA") with V2P for the purpose of establishing a joint venture via the JVCo to develop industrial properties on the Lands ("Development") as well as to regulate the relationship between SunCity and V2P with respect to the joint venture ("Proposed Joint Venture").

Salient terms of the SPAs include, inter-alia, the following:

Pursuant to the SPAs, the JVCo would acquire the Lands from SSSB, V2P and CYP free from encumbrances for a total purchase consideration of RM32,725,000 (excluding Goods and Services Tax).

The SPA for PT 2049 is conditional upon, amongst others, CYP having obtained the State Authority's approval whether unconditionally or subject to conditions acceptable to the JVCo and the discharge of the charge over PT 2049.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period (contd.)

(a) Significant events during the financial year (contd.)

- (iv) Sales and Purchase Agreements between Sunway Subang Sdn. Bhd. (formerly known as Ekuiti Meranti (M) Sdn. Bhd.) with Sunway Serene Sdn. Bhd. (formerly known as Sunway Dimension Stones Sdn. Bhd.), View2pick Sdn. Bhd. and Chen Yew Plastics Sdn. Bhd. and Shareholders Agreement between Sunway City Sdn. Bhd. and View2pick Sdn. Bhd. (contd.)

The SPAs for PT 7 and PT 8 shall become unconditional when the following conditions have been fulfilled:

- (a) SSSB and CYP having obtained the State Authority's approval, whether unconditionally or subject to conditions acceptable to the JVCo;
- (b) the execution and fulfilment of the conditions precedent set out for PT 7 and PT 8;
- (c) SSSB and V2P having obtained the State Authority's approval in accordance with the relevant provisions of the National Land Code in respect of the application for (i) amalgamation or (ii) surrender and re-alienation of PT 7, PT 8 and PT 2049 into one single issue document of title with a leasehold period of 99 years commencing from the date of issuance of the relevant new issue document of title; and
- (d) V2P having procured the registration of the discharge of the charge created over PT 8.

The completion of the acquisition of PT 7 and PT 8 are inter-conditional with one another while PT 2049 would be acquired independent of the acquisition of PT 7 and PT 8.

Salient terms of the SA include, inter-alia, the following:

- (a) Under the Proposed Joint Venture, SunCity and V2P shall subscribe for the following ordinary shares of RM1 each for cash in the share capital of the JVCo:

Shareholders	Number of shares	Shareholding Ratio
SunCity	79,000	80% *
V2P	20,000	20%

* Included 1,000 ordinary shares of RM1 each currently held by SunCity in the JVCo.

- (b) SunCity and V2P shall be entitled to nominate and appoint 3 directors and 1 director respectively in the JVCo.
- (c) SunCity shall nominate the Chairman of the Board.
- (d) The JVCo to enter into a management agreement with Sunway Integrated Properties Sdn. Bhd., a wholly-owned subsidiary of SunCity to undertake the tasks stipulated in the SA at a management fee equivalent to 1% of gross development value of the Development.

The SA shall become unconditional when the following conditions have been fulfilled:

- (a) Execution of the SPAs and fulfilment of the conditions precedent of the SPAs in relation to PT 7, PT 8 and PT 2049; and
- (b) Approval of the relevant authorities granted to the JVCo for the amalgamation or surrender and re-alienation of the Lands and the extension of the leasehold period of the Lands to 99 years.

The SPA for the acquisition of PT2049 was completed on 29 June 2016. The remainder of the acquisition of PT 7 and PT 8 have not been completed as at the date of this report.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period (contd.)

(a) Significant events during the financial year (contd.)

- (v) Proposed Disposal of a parcel of land adjacent to Sunway Carnival Shopping Mall located in Seberang Jaya, Penang ("Proposed Disposal")

On 20 June 2016, Commercial Parade Sdn. Bhd., a wholly-owned subsidiary of Sunway City (Penang) Sdn. Bhd. which in turn is wholly-owned by the Company, entered into a sale and purchase agreement ("SPA") with RHB Trustees Berhad as trustee for Sunway Real Estate Investment Trust ("SunREIT") to dispose a parcel of vacant land held under Pajakan Negeri 1814, Lot 5493, Mukim 1, Seberang Perai Tengah, Pulau Pinang, which is adjacent to Sunway Carnival Shopping Mall ("Sunway Carnival") situated in Seberang Jaya, Penang for a total cash consideration of RM17,200,000.

The Proposed Disposal was completed on 27 December 2016.

(b) Significant events subsequent to the end of the reporting period

- (i) Subscription and Shareholders' Agreement ("SSA") between SunCity, Low Peng Kiat ("LPK"), CRSC Property Sdn. Bhd. ("CRSC") and Austral Meridian Property Sdn. Bhd. ("AMP") and Put Option Agreement between SunCity, LPK and CRSC

On 10 February 2017, SunCity, a wholly-owned subsidiary of the Company entered into a SSA with LPK, CRSC and AMP with intention of establishing a joint venture via AMP to jointly undertake an integrated development project on the parcels of leasehold land owned by AMP held under H.S.(D) 119806, PT 486 and H.S.(D) 119793, PT 487, Seksyen 90 in Bandar Kuala Lumpur, Daerah Kuala Lumpur, State of Wilayah Persekutuan Kuala Lumpur measuring in aggregate approximately 31,630 square metres in area, together with a portion of land measuring approximately 0.63 acres which is to be alienated or transferred by the Government of Malaysia to AMP (collectively, the said lands are referred to as "Project Land") ("Proposed Joint Venture"). The SSA also regulates the commitments of SunCity, LPK and CRSC with regards to the subscription of shares in AMP as well as their rights and responsibilities as shareholders of AMP.

SunCity has on even date, entered into a Put Option Agreement ("POA") with LPK and CRSC to outline the put option arrangements between the parties in the shares of AMP.

The Salient terms of the SSA and POA are as follows:

a) SSA

SunCity, LPK, CRSC and AMP have entered into the SSA to set out the commitments of SunCity, LPK and CRSC in respect of their subscription of shares in AMP, to undertake the Proposed Joint Venture as well as to regulate their rights and responsibilities as shareholders of AMP.

Under the Proposed Joint Venture, SunCity shall subscribe 500,001 ordinary shares in AMP, representing 50%+ 1 share of the equity interest in AMP for a total consideration of RM500,001 ("Proposed Share Subscription"). Upon the subscription, the shareholding structure of AMP shall be as follows:

Shareholders	Number of Shares	Percentage of Shareholding
SunCity	500,001	50% + 1 share
LPK	400,000	40%
CRSC	100,000	10%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

54. Significant events during the financial year and significant events subsequent to the end of the reporting period (contd.)

(b) Significant events subsequent to the end of the reporting period (contd.)

- (i) Subscription and Shareholders' Agreement ("SSA") between SunCity, Low Peng Kiat ("LPK"), CRSC Property Sdn. Bhd. ("CRSC") and Austral Meridian Property Sdn. Bhd. ("AMP") and Put Option Agreement between SunCity, LPK and CRSC (contd.)

b) POA

The POA sets out the put option arrangements between the parties in AMP. LPK and CRSC have the right to require SunCity to purchase the option shares at the option price within the option period as stated below:

First put option shares of 100,000 ordinary shares representing 10% of the enlarged paid-up capital of AMP following the completion of the Proposed Share Subscription at a total option price of RM91,350,000 (subject to adjustment in accordance with the POA) within the option period of 1 month commencing from the business day immediately following the fourth anniversary of the completion of the Proposed Share Subscription and ending on the day falling 1 month thereafter; and

Second put option shares of 100,000 ordinary shares representing 10% of the enlarged paid-up capital of AMP following the completion of the Proposed Share Subscription at a total option price of RM91,350,000 (subject to adjustment in accordance with the POA) within the option period of 5 years commencing from the business day immediately following the eighth anniversary of the completion of the Proposed Share Subscription and ending on the day falling 5 years thereafter.

The SSA was completed on 24 February 2017 and AMP has become a subsidiary of SunCity on even date.

- (ii) Enforcement of the Companies Act 2016

The Companies Act 2016 ("New Act") was enacted to replace the Companies Act, 1965 and was passed by Parliament on 4 April 2016. The New Act was subsequently gazetted on 15 September 2016. On 26 January 2017, the Minister of Domestic Trade, Co-operatives and Consumerism announced that the effective date of the New Act, except for section 241 and Division 8 of Part III of the New Act, to be 31 January 2017.

Amongst the key changes introduced in the New Act, which will affect the financial statements of the Group and of the Company would include the removal of the authorised share capital, replacement of no par value shares in place of par or nominal value shares, and the treatment of share premium and capital redemption reserves.

The adoption of the New Act does not have any financial impact on the Group and the Company for the financial year ended 31 December 2016 as any accounting implications will only be applied prospectively, if applicable, and the effect of adoption mainly will be on the disclosures to the annual report and financial statements of the Group and of the Company for the financial year ending 31 December 2017.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

55. Reclassifications and comparative figures

The comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

	Group	
	Previously reported 2015 RM'000	After reclassification 2015 RM'000
Income statements		
Administrative expenses	(509,314)	(608,204)
Other expenses	(342,366)	(243,476)

56. Adoption of FRSs and Amendments to FRSs

(a) New FRSs adopted during the financial year

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

On 1 January 2016, the Group and the Company adopted the following Standards that are mandatory for annual financial periods beginning on or after 1 January 2016.

Title	Effective date
FRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 11 <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to FRS 101 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 116 and FRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 127 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRSs <i>Annual Improvements to FRSs 2012 - 2014 Cycle</i>	1 January 2016

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company, other than the adoption of Amendments to FRS 101 *Disclosure Initiative*, which resulted in the following:

- Grouping together supporting information for items presented in the statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows, in the order in which each statement and each line item is presented.
- Disclosures of only significant accounting policies comprising the measurement bases used in preparing the financial statements and other accounting policies that are relevant to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

56. Adoption of FRSs and Amendments to FRSs (contd.)

(b) New FRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2017

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
Amendments to FRS 107 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 112 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
Amendments to FRS 12 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	1 January 2017
FRS 9 <i>Financial Instruments (IFRS 9 as issued by IASB in July 2014)</i>	1 January 2018
Amendments to FRS 2 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 1 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 1 Paragraphs 39AD and 39ADAA
Amendments to FRS 4 <i>Applying FRS 9 Financial Instruments with FRS 4 Insurance Contracts</i>	See FRS 4 Paragraphs 46, 47AA and 48
Amendments to FRS 128 <i>Annual Improvements to FRS Standards 2014 - 2016 Cycle</i>	See FRS 128 Paragraphs 45E, and 45EAA
Amendments to FRS 140 <i>Transfers of Investment Property</i>	See FRS 140 Paragraphs 85G, and 85GAA
IC Interpretation 22 <i>Foreign Currency Transactions and Advance Consideration</i>	See IC Interpretation 22 Paragraphs A1 and A1AA
Amendments to FRS 10 and FRS 128 <i>Sale or Contribution of Assets between an Investor and its Associates or Joint Venture</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards, since the effects would only be observable for the future financial years.

(c) New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2018

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities are allowed to defer adoption of the new MFRS Framework. Consequently, adoption of the MFRS Framework by Transitioning Entities would be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, would be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group and the Company would be required to adjust the comparative financial statements prepared under the FRS to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition would be made, retrospectively, against opening retained earnings. The Group has opted to defer the adoption of the MFRS Framework to the financial period beginning on 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2016 (contd.)

57. Supplementary information

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2016 and 31 December 2015 into realised and unrealised profits is prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Total retained earnings				
- realised	3,521,707	2,811,206	21,038	138,304
- unrealised	853,333	808,691	(7)	(41,919)
Total share of retained earnings from associates				
- realised	3,167	(146)	-	-
- unrealised	192,274	168,582	-	-
Total share of retained earnings from joint ventures				
- realised	145,292	178,702	-	-
- unrealised	(18,075)	(20,877)	-	-
	4,697,698	3,946,158	21,031	96,385
Less: Consolidation adjustments	(1,536,784)	(1,143,803)	-	-
Total retained earnings	3,160,914	2,802,355	21,031	96,385

LIST OF MATERIAL PROPERTIES

as at 31 December 2016

Location / Address	Land area (acres) / Built up area (sq ft)	Description / Existing use	Age of Building (Years)	Tenure	Net Book Value as at 31.12.2016 (RM'000)	Date of Acquisition (A) / Revaluation (R)
Lot 20040 Seksyen 90 Lot 5 & 31 Seksyen 90A Mukim Bandar Kuala Lumpur Daerah Kuala Lumpur Wilayah Persekutuan	22.43 / 3,538,536	Sunway Velocity Mall and Car Park	-	Freehold	1,172,325	R: Dec-16 A: Dec-16
PT28 HS(D) 118332 PT1904 HS(D) 118325 PT1905 HS(D) 118326 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	16.83 / 1,775,959	Sunway University Campus	23	Leasehold expiring 01.04.2097	481,000	R: Dec-16
Lot 62637 - 62639 Lot 62654 Lot 62656 PT1351 HS(D) 297665 PT97615 HS(D) 64729 PT1352 HS(D) 297666 PT1353 HS(D) 297667 PT1348 HS(D) 293750 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	56.12	Sunway South Quay (Land under development and held for development)	-	Leasehold expiring 15.05.2106 & 20.05.2113 & 05.07.2104 & 05.07.2111	363,244	A: Apr-04 Nov-05 Mar-06
Lot No. 61759 (Previously known as PT638) PN 17103 (Previously known as HS(D) 174431) Bandar Sunway Daerah Petaling Selangor Darul Ehsan	1.80 / 1,141,147	Sunway Pinnacle	3	Leasehold expiring 01.04.2097	350,657	R: Dec-16
PT 252 HS(D) 63419 PT 4974 HS(D) 79345 PN 92838 Lot 72241 PT 194 HS(D) 238244 PT 193 HS(D) 238243 PT 215 HS(D) 240048 Mukim Damansara Daerah Petaling Selangor Darul Ehsan	21.83	Kelana Jaya Land (Land under development and held for development)	-	Freehold & Leasehold expiring 11.05.2106	342,429	A: May-15 Feb-16
Lot 1385, 2102, 3224 & 7629 Mukim 13 Daerah Timur Laut Pulau Pinang	24.46	Paya Terubong Land (Land held for development)	-	Freehold	318,567	A: Dec-13

Location / Address	Land area (acres) / Built up area (sq ft)	Description / Existing use	Age of Building (Years)	Tenure	Net Book Value as at 31.12.2016 (RM'000)	Date of Acquisition (A) / Revaluation (R)
PT894 HSD(T) 238253 PT907 HSD(T) 238960 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	11.96 / 1,056,191	Monash University	10	Leasehold expiring 02.04.2106 and 15.05.2106	302,560	R: Dec-16
HSD 259881, PT1333 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	1.78 / 798,762	Sunway Clio Hotel	1	Leasehold expiring 16.11.2108	296,288	A: Feb-16
GRN.81534 Lot 62644 PT895 HS(D) 238254 PT923 HS(D) 238976 Bandar Sunway Daerah Petaling Selangor Darul Ehsan	7.86 / 623,010	Sunway Monash Hostel	5.5	Leasehold expiring 15.03.2106 & 02.04.2106	263,252	R: Dec-16
PTD 218602, 231844, 231849, 231850, 231855, 231856, 231857 Mukim Plentong District of Johor Bahru Johor	71.28	Sunway Lenang Heights (Land under development and held for development)	-	Freehold	256,035	A: Dec-10

LEADING CHANGE THROUGH INNOVATION

Sunway's Building Materials division supplies Interlocking Concrete Pavers, Vitrified Clay Pipes and Spun Piles to a diversified customer base in Peninsular Malaysia and China. On the back of continuous innovation, extensive industrial experience and capacity, each sub-division is a prominent player in its own right. Moving forward, the division seeks to expand geographically, develop new products and improve manufacturing processes through technological automation to retain its market leadership position.

SHAREHOLDINGS' INFORMATION

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DIRECTORS' INTERESTS IN SHARES AND OPTIONS OVER ORDINARY SHARES

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ANALYSIS OF SHAREHOLDINGS





I SERIES PAVERS

DIRECTORS' INTERESTS IN SHARES AND OPTIONS OVER ORDINARY SHARES**as at 20 March 2017****DIRECTORS' INTERESTS IN SUNWAY**

	Ordinary Shares	
	No.	%
Direct interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	92,806,306	4.58
Tan Sri Datuk Seri Razman M Hashim	1,453,603	0.07
Dato' Chew Chee Kin	5,409,729	0.27
Sarena Cheah Yean Tih	1,074,332	0.05
Datuk Seri Yam Kong Choy	55,000	#
Tan Sri Dato' Dr. Lin See Yan	100,000	#
Deemed interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO ^a	1,145,277,356	56.53
Dato' Chew Chee Kin ^b	650,932	0.03
Sarena Cheah Yean Tih ^c	1,236,453,538	61.03

	Options over ordinary shares	
	No. Granted	No. Vested
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	12,900,000	12,900,000
Tan Sri Datuk Seri Razman M Hashim	250,000	250,000
Dato' Chew Chee Kin	3,375,000	3,375,000
Sarena Cheah Yean Tih	1,120,000	1,120,000

**DIRECTORS' INTERESTS IN SUNWAY'S IMMEDIATE HOLDING COMPANY
SUNGEI WAY CORPORATION SDN BHD**

	Ordinary Shares	
	No.	%
Deemed interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO ^d	10,000,000	100.00
Sarena Cheah Yean Tih ^e	10,000,000	100.00

	Non-Cumulative Redeemable Preference Shares	
	No.	%
Direct interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	50,000,000	100.00
Deemed interest		
Sarena Cheah Yean Tih ^f	50,000,000	100.00

**DIRECTORS' INTERESTS IN SUNWAY'S ULTIMATE HOLDING COMPANY
ACTIVE EQUITY SDN BHD**

	Ordinary Shares	
	No.	%
Direct interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	102,000	80.00
Sarena Cheah Yean Tih	12,750	10.00
Deemed interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO ^g	25,500	20.00
Sarena Cheah Yean Tih ^f	102,000	80.00

**DIRECTORS' INTERESTS IN SUNWAY'S SUBSIDIARY
SUNWAY GLOBAL LIMITED**

	Ordinary Shares of HK\$1.00 each	
	No.	%
Direct interest		
Dato' Chew Chee Kin	869,684	0.31

**DIRECTORS' INTERESTS IN SUNWAY'S RELATED COMPANY
SUNWAY CONSTRUCTION GROUP BERHAD**

	Ordinary Shares	
	No.	%
Direct interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	7,723,892	0.60
Tan Sri Datuk Seri Razman M Hashim	106,864	0.01
Dato' Chew Chee Kin	334,355	0.03
Sarena Cheah Yean Tih	57,727	#
Datuk Seri Yam Kong Choy	5,500	#
Tan Sri Dato' Dr. Lin See Yan	10,000	#
Deemed interest		
Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO ^h	833,629,588	64.48
Dato' Chew Chee Kin ^b	34,695	#
Sarena Cheah Yean Tih ⁱ	841,282,416	65.07

NOTES:

- a Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd and children.
b Deemed interest by virtue of Section 8 of the Companies Act 2016 held through spouse.
c Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and parent.
d Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd and children.
e Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd and parent.
f Deemed interest by virtue of Section 8 of the Companies Act 2016 held through parent.
g Deemed interest by virtue of Section 8 of the Companies Act 2016 held through children.
h Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd and children.
i Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, Sunway Berhad, Sunway Holdings Sdn Bhd, spouse and parent.
Negligible

ANALYSIS OF SHAREHOLDINGS

as at 20 March 2017

Issued share capital : RM2,066,572,035 comprising 2,064,571,119 ordinary shares
 Treasury shares : 38,601,700 treasury shares held by the Company
 Class of shares : Ordinary shares
 Voting rights : One vote per ordinary share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Shareholdings
Less than 100	1,868	12.36	46,943	#
100 - 1,000	3,494	23.11	2,457,603	0.12
1,001 - 10,000	7,799	51.60	27,827,164	1.37
10,001 - 100,000	1,608	10.64	42,468,845	2.11
100,001 - 101,298,469 (Less than 5% of total number of issued shares)	342	2.26	704,679,454	34.78
101,298,470 (5% and above of the total number of issued shares)	5	0.03	1,248,489,410	61.62
	15,116	100.00	2,025,969,419*	100.00

NOTE:

Less than 0.01%

* Exclude a total of 38,601,700 treasury shares retained by the Company as per record of depositors as at 20 March 2017.

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS

(Excluding 38,601,700 treasury shares)

Name of Shareholders	No. of Shares	%
1 Sungei Way Corporation Sendirian Berhad	740,735,387	36.56
2 Sungei Way Corporation Sendirian Berhad	149,910,691	7.40
3 HSBC Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sendirian Berhad	140,000,000	6.91
4 RHB Capital Nominees (Tempatan) Sdn Bhd - Pledged securities account for Sungei Way Corporation Sendirian Berhad	113,000,000	5.58
5 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board	104,843,332	5.17
6 Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO	90,849,835	4.48
7 Amanahraya Trustees Berhad - Amanah Saham Malaysia	57,639,100	2.85
8 Amanahraya Trustees Berhad - Amanah Saham Bumiputera	51,592,400	2.55
9 Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	42,123,333	2.08
10 HSBC Nominees (Asing) Sdn Bhd - Exempt AN for J. P. Morgan Bank Luxembourg S. A. [2]	28,334,031	1.40
11 Amanahraya Trustees Berhad - Amanah Saham Bumiputera 2	24,424,800	1.21
12 Malaysia Nominees (Tempatan) Sendirian Berhad - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	15,839,000	0.78
13 Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	15,667,941	0.77
14 Amanahraya Trustees Berhad - Amanah Saham Wawasan 2020	14,808,600	0.73
15 Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 12)	13,708,200	0.68
16 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (NOMURA)	12,938,200	0.64
17 Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	12,627,526	0.62
18 Citigroup Nominees (Asing) Sdn Bhd - Exempt AN for Citibank New York (Norges Bank 14)	11,031,400	0.54
19 Amanahraya Trustees Berhad - Public Islamic Select Treasures Fund	10,410,680	0.51
20 Citigroup Nominees (Tempatan) Sdn Bhd - Employees Provident Fund Board (AFFIN-HWG)	10,152,600	0.50

THIRTY LARGEST SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONTD.)

	Name of Shareholders	No. of Shares	%
21	CIMB Group Nominees (Tempatan) Sdn Bhd - Yayasan Hasanah (AUR-VCAM)	10,111,100	0.50
22	HSBC Nominees (Asing) Sdn Bhd - BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	9,024,500	0.45
23	Amanahraya Trustees Berhad - Public Islamic Select Enterprises Fund	8,291,100	0.41
24	Amanahraya Trustees Berhad - Amanah Saham Didik	8,000,000	0.39
25	HSBC Nominees (Asing) Sdn Bhd - Exempt AN for JPMorgan Chase Bank, National Association (U.S.A.)	7,975,656	0.39
26	Permodalan Nasional Berhad	7,279,800	0.36
27	Citigroup Nominees (Asing) Sdn Bhd - CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	7,075,093	0.35
28	Amanahraya Trustees Berhad - AS 1Malaysia	6,821,000	0.34
29	Cartaban Nominees (Asing) Sdn Bhd - Exempt AN for State Street Bank & Trust Company (West CLT OD67)	6,182,258	0.31
30	Amanahraya Trustees Berhad - Amanah Saham Nasional	6,137,100	0.30

SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1	Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO		
	• Direct interest	92,806,306	4.58
	• Deemed interest ^a	1,145,277,356	56.53
2	Puan Sri Datin Seri (Dr) Susan Cheah Seok Cheng		
	• Deemed interest ^b	1,238,083,662	61.11
3	Sarena Cheah Yean Tih		
	• Direct interest	1,074,332	0.05
	• Deemed interest ^c	1,236,453,538	61.03
4	Evan Cheah Yean Shin		
	• Direct interest	556,946	0.03
	• Deemed interest ^d	1,236,452,384	61.03
5	Sungei Way Corporation Sdn Bhd	1,143,646,078	56.45
6	Active Equity Sdn Bhd		
	• Deemed interest ^e	1,143,646,078	56.45
7	Employees Provident Fund Board	129,239,632	6.38

NOTES:

- a Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd and children.
- b Deemed interest by virtue of Section 8 of the Companies Act 2016 held through spouse and children.
- c Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd, spouse and parent.
- d Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Active Equity Sdn Bhd, Sungei Way Corporation Sdn Bhd and parent.
- e Deemed interest by virtue of Section 8 of the Companies Act 2016 held through Sungei Way Corporation Sdn Bhd.

CENTRE OF EXCELLENCE

Sunway Medical Centre is a private tertiary hospital accredited by the Australian Council on Healthcare Standards, offering a comprehensive range of medical services. Sunway Medical Centre has embarked on its expansion plan to build a new 10-storey tower adjacent to the existing flagship hospital in Sunway City, which is scheduled to be opened in 2017. Also currently under construction is the division's new hospital in Sunway Velocity with 240 beds.

ANNUAL GENERAL MEETING

348

NOTICE OF 7TH ANNUAL GENERAL MEETING

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PROXY FORM





ARTIST'S IMPRESSION OF SUNWAY MEDICAL CENTRE, TOWER C

NOTICE OF 7TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 7th Annual General Meeting of SUNWAY BERHAD (921551-D) will be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 14 June 2017 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 2016 together with the Directors' and Auditors' Reports thereon.
(Please refer to Explanatory Note No. 1)
2. To approve the payment of Directors' fees amounting to RM495,000 for the financial year ended 31 December 2016. *(Ordinary Resolution 1)*
3. To re-elect Ms Sarena Cheah Yean Tih who retires by rotation pursuant to Article 107 of the Company's Articles of Association and being eligible, offers herself for re-election. *(Ordinary Resolution 2)*
4. To re-appoint the following persons as Directors of the Company:
 - 4.1 Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, AO *(Ordinary Resolution 3)*
 - 4.2 Tan Sri Datuk Seri Razman M Hashim *(Ordinary Resolution 4)*
 - 4.3 Tan Sri Dato' Dr. Lin See Yan *(Ordinary Resolution 5)*
 - 4.4 Dato' Chew Chee Kin *(Ordinary Resolution 6)*
 - 4.5 Mr Wong Chin Mun *(Ordinary Resolution 7)*
5. To re-appoint Messrs BDO as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 8)*

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, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company's Articles of Association 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 Companies Act 2016 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 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 Malaysia Securities Berhad 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 9)

7. ORDINARY RESOLUTION:**Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into recurrent related party transactions from time to time, which are necessary for the day-to-day operations as set out in Section 2D of the Circular to Shareholders dated 28 April 2017 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 ("the Act"), the Company's Memorandum and Articles of Association 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 10)

8. ORDINARY RESOLUTION:**Proposed Renewal of Share Buy-Back Authority**

"THAT subject to the Companies Act 2016 ("the Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Memorandum and Articles of Association, 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 ("Sunway Shares") which may be purchased and/or held by the Company shall not exceed 10% of the total number of issued shares 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 Sunway 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

NOTICE OF 7TH ANNUAL GENERAL MEETING

- (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 Sunway Shares by the Company, the Directors of the Company be and are hereby authorised to cancel the Sunway Shares so purchased or to retain the Sunway 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 Sunway 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 Sunway 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 11)

9. ORDINARY RESOLUTION:

Proposed renewal of the authority for Directors to allot and issue new ordinary shares in the Company ("Sunway Shares") in relation to the Dividend Reinvestment Scheme that provides the shareholders of the Company with the option to elect to reinvest their cash dividend entitlements in Sunway Shares ("DRS")

"THAT pursuant to the DRS approved at the Extraordinary General Meeting held on 26 June 2014, approval be and is hereby given to the Company to allot and issue such number of new Sunway Shares for the DRS until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the interest of the Company PROVIDED THAT the issue price of the said new Sunway Shares shall be fixed by the Directors at not more than 10% discount to the adjusted 5-market day volume weighted average market price ("VWAP") of Sunway Shares immediately preceding the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price.

AND THAT the Directors and the Secretary of the Company be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRS with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments or at the discretion of the Directors in the best interest of the Company."

(Ordinary Resolution 12)

By Order of the Board

TAN KIM AUN (MAICSA 7002988)
CHIN LEE CHIN (MAICSA 7012347)
 Company Secretaries

Bandar Sunway
 28 April 2017

NOTES:

1. A member of the Company who is entitled to attend and vote at a general meeting of the Company, or at a meeting of any class of members, may appoint more than 1 proxy to attend and vote instead of the member at the meeting. A proxy need not be a member.
2. Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
3. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
5. If a member has appointed a proxy to attend a meeting and subsequently he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.
6. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or the hand of its officer or attorney duly authorised.
7. The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
8. In respect of deposited securities, only members whose names appear in the Record of Depositors on 7 June 2017, shall be entitled to attend, speak and vote at the general meeting.

EXPLANATORY NOTES ON:**(i) Ordinary Business**

1. To receive the Audited Financial Statements for the financial year ended 31 December 2016 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 provisions of Section 340(1) of the Companies Act 2016. As such, this agenda will not be put for voting.

2. Ordinary Resolutions 3 to 7 - To re-appoint Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling, Tan Sri Datuk Seri Razman M Hashim, Tan Sri Dato' Dr. Lin See Yan, Dato' Chew Chee Kin and Mr Wong Chin Mun as Directors of the Company.

The Companies Act 2016 which came into force on 31 January 2017 does not have a provision on the maximum age limit of 70 years for director. At the previous Annual General Meeting, the above Directors who are over the age of 70 years, have been re-appointed as Directors to hold office until the conclusion of the 7th Annual General Meeting. In view of that, their tenure will expire at this Annual General Meeting. The Directors being eligible, have offered themselves for re-appointment.

The Nomination Committee has assessed the performance of the Directors and recommended them for re-appointment as Directors of the Company due to their vast experience and contribution to the Company. Their profiles are enclosed in pages 80 to 89 of the Company's 2016 Annual Report. The Board has endorsed the Nomination Committee's recommendation subject to the shareholders' approval at this Annual General Meeting.

(ii) Special Business

3. Ordinary Resolution 9 - Authority to Issue Shares pursuant to Sections 75 and 76 of the Companies Act 2016

The Company is always on the look out for investment opportunities to enhance the earnings potential of the Company. If any investment opportunities involve the issue of new shares, the Directors, under present circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the total number of issued shares of the Company.

NOTICE OF 7TH ANNUAL GENERAL MEETING

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 Annual General Meeting 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. 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 6th Annual General Meeting held on 16 June 2016.

4. Ordinary Resolution 10 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The details on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature are set out in the Circular to Shareholders dated 28 April 2017.

5. Ordinary Resolution 11 - 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 Circular to Shareholders dated 28 April 2017.

6. Ordinary Resolution 12 - Proposed Renewal of the authority for Directors to allot and issue new ordinary shares in the Company in relation to the Dividend Reinvestment Scheme

This proposed Ordinary Resolution 12 will give authority to the Directors to allot and issue ordinary shares in the Company in respect of dividends to be declared, if any, under the Dividend Reinvestment Scheme, until the conclusion of the next Annual General Meeting. A renewal of this authority will be sought at the subsequent Annual General Meeting.

PERSONAL DATA NOTICE

The Personal Data Protection Act 2010 ("Act") which regulates the processing of personal data in commercial transactions, applies to Sunway Management Sdn Bhd, the share registrar of Sunway Berhad.

The personal data processed by Sunway Management Sdn Bhd may include your name, contact details, mailing address and any other personal data derived from any documentation.

Sunway Management Sdn Bhd may use or disclose your personal data to any person engaged for the purposes of issuing the above notice of meeting and convening the meeting.

Subject to the requirement under the Act, if you would like to make any enquiries on your personal data, please contact us at:

Address : Sunway Management Sdn Bhd
Level 16, Menara Sunway
Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya
Selangor Darul Ehsan
Tel No : (603) 5639 8889
Fax No : (603) 5639 9507

PROXY FORM

7th Annual General Meeting

SUNWAY BERHAD (921551-D)
(Incorporated in Malaysia)
Registered Office:
Level 16, Menara Sunway, Jalan Lagoon Timur
Bandar Sunway, 47500 Subang Jaya
Selangor Darul Ehsan, Malaysia
Tel : (603) 5639 8889 / 5639 8841
Fax : (603) 5639 9507

Number of share(s) held	
CDS Account No.	

*I/We (Full Name) *NRIC No./Passport No./Company No.

Tel./Mobile No. of

being a member of SUNWAY BERHAD and entitled to vote hereby appoint:-

1ST PROXY 'A'

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No./Passport No.	No. of Shares	%

and/or failing *him/her,

2ND PROXY 'B'

Full Name	Tel./Mobile No.	Proportion of shareholdings represented	
Address	NRIC No./Passport No.	No. of Shares	%

100%

or failing *him/her, the Chairman of the Meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the 7th Annual General Meeting of the Company to be held at Grand Bahamas, Level 12, Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan on Wednesday, 14 June 2017 at 3.00 p.m. and at any adjournment thereof.

**Strike out whichever not applicable*

My/our proxy/proxies shall vote as follows:-

Please indicate with an "X" in the space below how you wish your votes to be cast. If no specific direction as to voting is given, the proxy/proxies will vote or abstain from voting on the resolutions at his/their discretion.

NO.	ORDINARY RESOLUTIONS	1 ST PROXY 'A'		2 ND PROXY 'B'	
		FOR	AGAINST	FOR	AGAINST
1.	To approve the payment of Directors' fees				
2.	To re-elect Ms Sarena Cheah Yean Tih as Director				
3.	To re-appoint Tan Sri Dato' Seri Dr Jeffrey Cheah Fook Ling as Director				
4.	To re-appoint Tan Sri Datuk Seri Razman M Hashim as Director				
5.	To re-appoint Tan Sri Dato' Dr. Lin See Yan as Director				
6.	To re-appoint Dato' Chew Chee Kin as Director				
7.	To re-appoint Mr Wong Chin Mun as Director				
8.	To re-appoint Messrs BDO as Auditors and to authorise the Directors to fix their remuneration				
9.	To authorise the issue of shares pursuant to Sections 75 and 76 of the Companies Act 2016				
10.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature				
11.	To approve the Proposed Renewal of Share Buy-Back Authority				
12.	To approve the Proposed Renewal of the authority for Directors to allot and issue new ordinary shares in relation to the Dividend Reinvestment Scheme				

Dated this day of 2017

Common Seal

Signature of Member

NOTES:

- A member of the Company who is entitled to attend and vote at a general meeting of the Company, or at a meeting of any class of members, may appoint more than 1 proxy to attend and vote instead of the member at the meeting. A proxy need not be a member.
- Where a member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- Where a member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- If a member has appointed a proxy to attend a meeting and subsequently he attends such meeting in person, the appointment of such proxy shall be null and void, and his proxy shall not be entitled to attend the said meeting.
- The instrument appointing a proxy shall be in writing under the hand of the appointer or of his 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.
- The instrument appointing a proxy must be deposited at the Registered Office of the Company at Level 16, Menara Sunway, Jalan Lagoon Timur, Bandar Sunway, 47500 Subang Jaya, Selangor Darul Ehsan, Malaysia not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof, either by hand, post, electronic mail or fax to (603) 5639 9507. In the case where the member is a corporation and the proxy form is delivered by fax or electronic mail, the original proxy form shall also be deposited at the Registered Office, either by hand or post not less than 24 hours before the time appointed for holding the meeting or any adjournment thereof.
- In respect of deposited securities, only members whose names appear in the Record of Depositors on 7 June 2017, shall be entitled to attend, speak and vote at the general meeting.
- Please refer to the Company's Personal Data Notice in page 352 of the Annual Report in relation to Personal Data Privacy.

PLEASE FOLD HERE

STAMP

THE SHARE REGISTRAR

SUNWAY BERHAD (921551-D)

LEVEL 16, MENARA SUNWAY

JALAN LAGOON TIMUR

BANDAR SUNWAY

47500 SUBANG JAYA

SELANGOR DARUL EHSAN

MALAYSIA

PLEASE FOLD HERE

CORPORATE DIRECTORY

HEAD OFFICE

MENARA SUNWAY

Jalan Lagoon Timur, Bandar Sunway
47500 Subang Jaya, Selangor Darul Ehsan, Malaysia

INVESTMENT HOLDING

SUNWAY BERHAD* (921551-D)

SUNWAY CITY SDN BHD* (87544-X)

SUNWAY HOLDINGS SDN BHD* (37465-A)

Head Office:

Level 17, Menara Sunway

Tel: (603) 5639 8889 Fax: (603) 5639 9507

SUNWAY CONSTRUCTION GROUP BERHAD*

Head Office:

Level 8, Menara Sunway

Tel: (603) 5639 9696 Fax: (603) 5639 9601

Website: sunwayconstruction.com.my

INTEGRATED PROPERTIES DIVISION

PROPERTY DEVELOPMENT & INVESTMENT

SUNWAY INTEGRATED PROPERTIES SDN BHD* (112537-P)

SUNWAY SEMENYIH SDN BHD* (395056-T)

SUNWAY SERENE SDN BHD* (511429-A)

(formerly known as Sunway Dimension Stones Sdn Bhd)

SUNWAY MONTEREZ SDN BHD* (531944-H)

SUNWAY D'MONT KARIA SDN BHD* (559638-V)

SUNWAY ALAM SURIA

SUNWAY SPK HOMES SDN BHD* (583958-P)

SUNWAY SUBANG SDN BHD* (328670-X)

(formerly known as Ekuiti Meranti (M) Sdn Bhd)

SUNWAY INNOPARK SDN BHD* (456798-V)

(formerly known as Sun-Block (Batang Kali) Sdn Bhd)

Head Office:

Level 1-3 & 5, Menara Sunway

Tel: (603) 5639 8888 Fax: (603) 5639 9992

Website: www.sunwayproperty.com

SUNWAY VELOCITY

Sales Gallery:

Lot 392, Batu 2 1/2, Jalan Cheras, 55100 Kuala Lumpur, Malaysia

Tel: (603) 9205 5500

Email: sunwayvelocity@sunway.com.my

SUNWAY SOUTH QUAY SDN BHD* (436596-T)

SUNWAY MONASH-U RESIDENCE SDN BHD* (843281-X)

PROSPER REVENUE SDN BHD* (1036693-U)

Level 1-3 & 5, Menara Sunway

Sunway South Quay Sales Gallery:

Jalan Tasik Selatan, Sunway South Quay

Bandar Sunway, 47500 Subang Jaya

Selangor Darul Ehsan, Malaysia.

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SUNWAY PKNS SDN BHD* (179182-V)

BISIKAN SENI SDN BHD* (383132-M)

CONTEMPORARY FACTOR SDN BHD* (381153-P)

EMERALD FREIGHT SDN BHD* (385026-M)

IMBASAN INTISARI SDN BHD* (386220-U)

PARK SYMPHONY SDN BHD* (387225-D)

TIDAL ELEGANCE SDN BHD* (387222-K)

WINNING EXCELLENCE SDN BHD* (371837-M)

SUMBER DORONGAN SDN BHD* (384876-P)

Level 1-3 & 5, Menara Sunway

Sales Office:

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SUNWAY MONTANA SALES GALLERY:

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SUNWAY KIARA SDN BHD* (894742-A)

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SUNWAY CITY (IPOH) SDN BHD (219749-M)

GANDA ANTIK SDN BHD (347795-M)

LAGOON FANTASY SDN BHD (207205-K)

SEMANGAT KANCIL (M) SDN BHD (355988-A)

SUNWAY HOTEL SERVICES (IPOH) SDN BHD (325648-P)

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SUNWAY GRAND SDN BHD (66715-X)

SUNWAY BUKIT GAMBIER SDN BHD (616416-W)

SUNWAY BINTANG SDN BHD (238575-M)

SUNWAY TUNAS SDN BHD (334419-X)

ALLIANCE PARADE SDN BHD (237611-X)

ASSOCIATED CIRCLE SDN BHD (238151-V)

COMMERCIAL PARADE SDN BHD (235996-P)

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SUNWAYMAS SDN BHD* (130027-K)

SUNWAY RYDGEWAY SDN BHD* (771561-H)

SUNWAY TERMUNING SDN BHD* (649129-D)

SUNWAY RAWANG HEIGHTS SDN BHD* (157051-K)

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SUNWAY BANGI SDN BHD* (215920-W)

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Jalan Medan Pb 2a, Seksyen 9,

43650 Bandar Baru Bangi, Selangor

Hotline: 017-964 0688

SUNWAY EASTWOOD SDN BHD* (795327-T)

Level 1-3 & 5, Menara Sunway

Sales Gallery:

Sunway Eastwood Clubhouse

Jalan Equine 3

43300 Seri Kembangan, Selangor Darul Ehsan, Malaysia

Hotline: 017- 964 0688

SUNWAY ISKANDAR DEVELOPMENT SDN BHD (1019469-K)

SUNWAY ISKANDAR SDN BHD (964451-A)

SUNWAY MARKETPLACE SDN BHD (1146301-T)

(formerly known as Arena Suriamas Sdn Bhd)

SUNWAY PARKVIEW SDN BHD (1146740-W)

(formerly known as Fajar Megasuria Sdn Bhd)

SUNWAY SEAFRONT SDN BHD (1147352-T)

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Sunway Southern Region Office

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Taman Bukit Lenang,

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SUNWAY AUSTRALIA UNIT TRUST*

HARTFORD LANE PTY LTD* (077261048)

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SINGAPORE:

SUNWAY DEVELOPMENTS PTE LTD (200408542H)

65 Ubi Road 1

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408729 Singapore.

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SUNWAY PUTRA MALL

Centre Management Office

6-2, Sunway Putra Mall

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SUNWAY DESTINY SDN BHD (443511-H)
SUNWAY MUSC SDN BHD (545957-T)
SUNWAY RESIDENCE SDN BHD (538641-W)
SUNWAY PINNACLE SDN BHD (895562-K)
SUNWAY PFM SDN BHD (218317-K)
SUNWAY PYRAMID DEVELOPMENT SDN BHD (926145-W)
SUNWAY CENTURY SDN BHD (883253-V)
SUNWAY REM SDN BHD (542070-M)
SUNWAY TRANSIT SYSTEM SDN BHD (864610-D)
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SUNWAY GIZA PARKING SDN BHD (378471-W)
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SHAHAWAN (M) SDN BHD* (454336-K)
SUNWAY TOWER 1 SDN BHD* (545935-D)
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LOST WORLD OF TAMBUN
No. 1, Persiaran Lagun Sunway 1
Sunway City Ipoh, 31150 Ipoh
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47500 Subang Jaya, Selangor Darul Ehsan, Malaysia
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Website: www.sunway.com.my/club

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SUNWAY INTERNATIONAL VACATION CLUB BERHAD* (644585-X)
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SUNWAY HEALTHY LIFESTYLE SDN BHD* (689476-X)
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SUNWAY TRAVEL SDN BHD (158589-D) (KPL: 0210)
@ The Link, Sunway Resort Hotel & Spa
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(430654-V)
SUNWAY FORUM HOTEL SDN BHD* (454068-M)
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SUNWAY RESORT HOTEL SDN BHD (182198-M)
SUNWAY RESORT HOTEL & SPA
PYRAMID TOWER HOTEL
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SUNWAY HOTEL PHNOM PENH LTD (239/96E)
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Tel: (844) 3 971 3888 Fax: (844) 3 971 3555
Email: enquiryshh@sunwayhotels.com
Website: www.hanoi.sunwayhotels.com

KINTA SUNWAY RESORT SDN BHD (359940-K)
THE BANJARAN HOTSPRINGS RETREAT
No. 1, Persiaran Lagun Sunway 3, Sunway City Ipoh
31150 Ipoh, Perak Darul Ridzuan, Malaysia
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SUNWAY LOST WORLD HOTEL SDN BHD (862578-V)
LOST WORLD HOTEL
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31150 Ipoh, Perak Darul Ridzuan, Malaysia
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CONSTRUCTION DIVISION**TURNKEY, DESIGN & BUILD, CIVIL ENGINEERING AND BUILDING CONSTRUCTION**

SUNWAY CONSTRUCTION SDN BHD* (27175-V)
SUNWAY BUILDERS SDN BHD* (285205-T)
SUNWAY INNOPAVE SDN BHD* (390417-A)
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Level 8, Menara Sunway
Tel: (603) 5639 9696 Fax: (603) 5639 9601
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Johor Office:
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Medini Zone F, Mukim Pulaui,
81200 Johor,
Johor Darul Takzim
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SUNWAY BUILDERS SDN BHD – Abu Dhabi Branch (1005599)
PO Box 127421, Abu Dhabi, UAE

SUNWAY INNOPAVE SDN BHD – Abu Dhabi Branch (1005596)
PO Box 127806, Abu Dhabi, UAE

FOUNDATION AND GEOTECHNICAL ENGINEERING SERVICES
SUNWAY GEOTECHNICS (M) SDN BHD* (414014-W)
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MECHANICAL, ELECTRICAL & PLUMBING SERVICES

SUNWAY ENGINEERING SDN BHD (341887-W)
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Tel: (603) 5639 9696 Fax: (603) 5639 9531

SUNWAY ENGINEERING SDN BHD – Abu Dhabi Branch (1160600)
P.O. Box 131139, Abu Dhabi, UAE

MANUFACTURING AND SALE OF PRECAST CONCRETE PRODUCTS

SUNWAY PRECAST INDUSTRIES SDN BHD (231775-X)
SENAI, JOHOR:
18, Jalan Idaman 1/1,
Taman Perindustrian Senai,
81400 Senai, Johor Darul Takzim.
Tel: 016-7683519

ISKANDAR, JOHOR:
Plot F5, Lot PTD 200685,
Medini Zone F,
Mukim Pulaui, Daerah Johor Bahru,
81200 Johor Darul Takzim.

SINGAPORE:
SUNWAY CONCRETE PRODUCTS (S) PTE LTD (199409213Z)
65 Ubi Road 1 #01-62 Oxley Bizhub, Singapore 408729
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FACADE SOLUTION

SUNWAY FACADE NETWORK SDN BHD (1153847-X)
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47100 Puchong.
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TRADING AND MANUFACTURING DIVISION

MALAYSIA OFFICES & BRANCHES
SUNWAY MARKETING SDN BHD* (110342-X)
SUNWAY HOSE CENTRE SDN BHD* (350617-H)
BUILDTREND B.S.G (M) SDN BHD* (68350-H)
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Jalan Ding Lik Kong
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Lot 1993, Jalan Piasau Utara 4
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SUNWAY ENTERPRISE (1988) SDN BHD (62711-M)

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22km, Jalan Tuaran, Pekan Telipok
88450 Kota Kinabalu, Sabah
Tel: (088) 492 875 Fax: (088) 492 936

Kuantan

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Kuching

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94300 Kuching, Sarawak
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Johor

No. 7, Jalan Kempas Utama 3/2
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