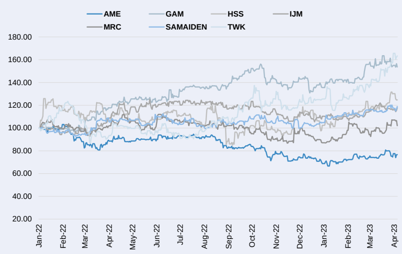
"MRT3 civil work packages could be awarded in mid-2023"

Absolute performance (%)

	1M	3M	12M
AME	1.5	7.3	-21.3
GAM	-2.2	6.8	26.2
HSS	3.1	14.9	0.0
IJM	-0.6	4.5	-6.9
MRC	3.1	11.9	-14.3
SCGB	0.6	5.0	-1.7
SAMAIDEN	12.4	15.6	51.5
TWK	-2.3	-2.3	-9.1

Relative performance (%)



Source: Bloomberg, Affin Hwang, ESG Risk Rating
** Full ESG commentary inside*

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Construction

OVERWEIGHT (upgrade)

Infrastructure spending to accelerate in 2H23

- **We expect the government to complete the cost review for the Klang Valley MRT Line 3 (MRT3) project in 1HFY23 and award construction contracts in mid-2023**
- **Rising demand for data centres and industrial properties in Malaysia will provide opportunities for building contractors to replenish order books**
- **We upgrade our sector call to OVERWEIGHT from Neutral as we expect the acceleration in infrastructure spending in 2H23 to provide a positive re-rating catalyst. Top BUYs are Gamuda, SunCon and AME**

Political uncertainties have eased with the unity government

The unity government has shown stability and has pushed ahead with measures to break monopolies, review costs of implementing infrastructure projects and improve transparency in the award of government projects. These measures could cause disruptions in the short term but we believe this is positive for the economy (more vibrant private sector) and federal government finances in the long run. We believe the implementation of open tenders for government projects is positive for the listed contractors as they are competitive in open tenders and will avoid ESG issues of bribery/corruption, which is typically associated with some direct-negotiation projects that were awarded in the past. The disruption is reduced by not cancelling previously awarded contracts including those that were awarded through direct negotiation in the past and sanctity of government contracts is preserved.

MRT3 cost to be reduced to below RM45bn

In the Budget 2023 announcement, the government is reviewing the MRT3 project to reduce the cost to below RM45bn from RM50bn previously. We gather that the cost cutting is achievable through cost savings in project management, land acquisition, construction optimization and financing costs. Financing costs could be reduced by removing the previous requirement for contractor financing for the first 2 years of construction as government's financing cost will be lower. We understand that MRT Corporation has requested for the tender validity for MRT3 CMC301-303 civil work packages submitted by contractors to be extended by 3 months to end-June. This is an indication that the civil work packages could be awarded by mid-2023.

Rising demand for data centres and industrial properties in Malaysia

We visited Sedenak Tech Park (STeP), Nusajaya Tech Park and i-TechValley in Johor recently. We see strong demand for industrial properties to build data centres and manufacturing plants, especially for the production of medical devices and consumer electronics. Local engineering/construction companies, ie, **HSS Engineers** and **Sunway Construction** (SunCon), have secured contracts worth RM8.8m and RM1.7bn respectively to build Yondr Group's new 200MW hyperscale data centre campus. There are opportunities for local building contractors to bid for data centre projects given investment commitments of about RM34bn by data centre developers.

Upgrade to OVERWEIGHT; Top BUYs are Gamuda, SunCon, AME

We upgrade our call on the Construction Sector to **OVERWEIGHT** from Neutral previously, given improved prospects to expand order books as the government infrastructure spending and industrial property development accelerates in 2H23 (our ratings, target prices and estimates are unchanged). A potential positive re-rating catalyst for the sector is the acceleration in the implementation of the MRT3 project. Our top BUYs are **Gamuda** (new addition), **SunCon** and **AME Elite Consortium**. Key downside risks for the sector are low government infrastructure spending, rising building material prices and labour shortage problem persists.

Fig 1: Peer comparison for construction companies

Company Name	Stock Code	Rating	Share Pr (RM)	TP (RM)	Mkt Cap (RMb)	Core PE (x) CY23E	Core PE (x) CY24E	Core EPS growth (%) CY23E	Core EPS growth (%) CY24E	EV/EBITDA (x) CY23E	P/BV (x) CY23E	ROE (%) CY23E	Div Yield (%) CY23E	Sh Pr disc to RNAV (%)
AME ELITE	AME MK	BUY	1.32	1.70	0.8	12.9	11.7	(1.8)	10.3	5.5	1.1	8.3	2.9	41.2
GAMUDA	GAM MK	BUY	4.06	4.60	10.8	13.6	12.0	(3.7)	13.8	8.8	1.3	7.4	8.4	20.2
HSS ENGINEERING	HSS MK	BUY	0.50	0.70	0.2	9.8	8.8	16.5	11.8	5.3	0.9	9.6	1.6	NA
IJM CORP	IJM MK	HOLD	1.63	1.74	5.7	17.8	15.4	19.8	15.3	8.4	0.6	3.2	3.7	44.8
MRCB	MRC MK	HOLD	0.33	0.35	1.5	22.9	17.1	(0.6)	33.8	10.7	0.3	1.4	3.0	60.6
SAMAIDEN GROUP	SAMAIDEN MK	BUY	1.00	0.92	0.4	48.3	48.3	(26.2)	0.0	13.2	7.2	14.9	0.0	NA
SUNWAY CONSTRUCTION	SCGB MK	BUY	1.69	1.85	2.2	15.9	15.6	(4.9)	2.2	11.2	2.7	17.0	3.3	19.4
TALIWORKS	TWK MK	HOLD	0.85	0.92	1.7	25.0	18.2	46.1	37.5	12.4	2.4	9.5	7.8	26.1
Average					**23.4**	**15.8**	**13.7**	**2.7**	**14.8**	**9.1**	**2.1**	**4.7**	**3.8**	**35.4**

Source: Bloomberg, Affin Hwang forecasts. Note: Closing prices as at 5 April 2023

MRT3 project cost to be reduced to below RM45bn

MRT3 cost could be reduced by implementing cost saving measures

During the re-tabling of Budget 2023, the Prime Minister said that the government is reviewing the MRT3 project and is confident of reducing the cost to under RM45bn from the RM50bn cost announced by the previous government. Based on our channel checks, we gather that the cost cutting is achievable through cost savings in project management, land acquisition, construction optimization and financing costs. Financing costs could be reduced by removing the previous requirement for contractor financing for the first 2 years of construction as government's direct financing cost will be lower.

Potential MRT3 contract awards in mid-2023

Unlikely to re-tender civil work packages for MRT3

We understand that the government plans to issue government-guaranteed bonds under DanaInfra to finance the civil work packages such as the MRT3 project instead of relying on contractor financing. We gather that most of the construction companies submitted tenders for the 3 civil packages (CMC301-303) with tender price breakdown between construction services and contractor financing. Hence, the government could award the civil work packages based on the tender prices submitted for construction services and ignore the contractor financing portion. This will avoid the need to re-tender the 3 civil work packages. We understand that MRT Corporation has requested for the tender validity for MRT3 CMC301-303 civil work packages submitted by contractors to be extended by 3 months to end-June. This is an indication that the civil work packages could be awarded by mid-2023.

MRC, YTL and Gamuda submitted lowest bids for MRT3 packages

Gamuda, IJM and MRC could win MRT3 civil work packages

The Edge reported that Malaysian Resources Corp (MRC), YTL and MMC Gamuda Joint Venture (JV) submitted the lowest bids for CMC301, CMC302 and CMC303 civil work packages for the MRT3 project at RM2.9bn, RM10.8bn and RM13.3bn respectively. However, MRT Corp is assessing the tenders on a "best evaluated tender" basis. Although YTL submitted the lowest bid for the CMC302 package, we believe IJM has a good chance to win the contract despite submitting the second lowest bid at RM11.8bn, given its strong track record in undertaking MRT projects (completed MRT1 and MRT2 civil work packages previously).

Potential earnings upside for IJM and MRC if they secure MRT3 packages

SunCon will likely secure subcontract works even if loses MRT3 tenders

There is potential upside to our earnings forecasts for IJM and MRC if they secure any of the MRT3 civil work packages (not factored into our forecasts). Even if SunCon does not win the 2 civil work packages, which it has submitted tenders for, we believe it will likely be roped in as a subcontractor to undertake the above-ground works, given its strong track record. However, we have factored in the potential earnings contribution from the CMC303 package in our earnings forecasts for Gamuda, given the high probability for the JV to win the contract.

Fig 2: Civil main contractor tender packages

Item	Description	CMC301	CMC302	CMC303
1	**Alignment Length (in km)**	**5.75**	**28.65**	**16.40**
a	Elevated	5.75	27.95	6.30
b	Underground	0.00	0.70	10.10
2	**No of Stations**	**4**	**18**	**11**
a	Elevated	4	17	3
b	Underground	0	0	7
c	Provisional Station	0	1	1
3	**Interchange**	**2**	**5**	**3**
4	**Multistorey Park and Ride**	**3**	**9**	**3**
5	**Depot**	**1**	**1**	**0**

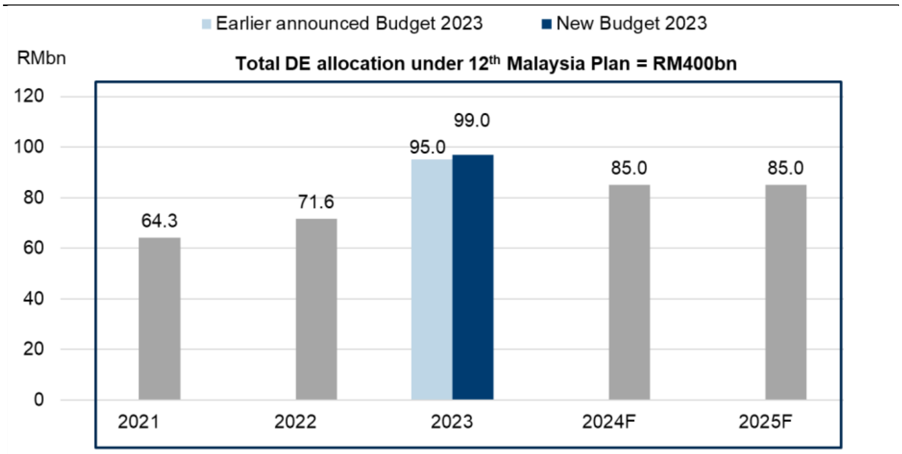
Source: MRT Corp

Re-tabled Budget 2023 increased DE allocation to RM99bn from RM95bn

Development expenditure allocation increased in the re-tabled Budget 2023

We believe the implementation of public-sector projects in the first 2 years of the 12MP (2021-22) was disrupted by the pandemic and the political upheaval. Hence, we expect the new unity government to accelerate the implementation of infrastructure projects in 2H23 to support economic growth given the risk of a global recession. In the re-tabling of Budget 2023, development expenditure (DE) allocation was increased to RM99bn, including RM2bn for contingency savings. RM6.5bn was allocated for Sabah and RM5.6bn for Sarawak. We expect the Pan Borneo Highway Sabah Phase 1B, Trans Borneo Highway and Sabah-Sarawak Link Road Phase 2 to kick off in 2H23/2024. We expect DE to sustain at about RM85bn p.a. in 2024-25 to meet 12MP target DE of RM400bn.The government is prioritising DE on flood-mitigation, rural infrastructure and facilities, health and education infrastructure projects.

Fig 3: Development expenditure to be supportive through 12MP



Source: MOF Economic Report 2022/2023, Affin Hwang forecasts

Fig 4: Ongoing and potential mega infrastructure projects to be implemented

Project	Cost (RMbn)	Potential beneficiaries
Penang Transport Master Plan (PTMP)	32	Gamuda, IJM, HSS, SunCon
Klang Valley MRT Line 3 - Circle Line (MRT3)	31	Gamuda, MMC, HSS, IJM, SunCon, MRCB
Westports 2.0 expansion	13	Westports, HSS
Sarawak Metro	11	CMS, HSS
Pan Borneo Highway (PBH) Sabah	10	AQRS-Suria Capital, WCT
East Coast Rail Link subcontracts	8	AQRS, Gadang, Ho Hup, Advancecon, IJM, MRCB, WCT, HSS, Lafarge
Sarawak Water Grid Phase 1	8	KKB, HSL, PPB (Chemquest), Taliworks
Sabah-Sarawak Link Road Phase 2	8	CMS, HSL, Naim, Gamuda, WCT, TRC, Advancecon
Flood mitigation programme in Selangor	5	Gamuda, HSS, IJM, MRCB
Labuan Bridge	4	WCT
Iskandar BRT	3	HSS, Kimlun, SunCon
PJD Link	3	PJD Link (M) Sdn Bhd (proposed injection into Scomi Group), HSS
Papar Dam, Sabah	3	Vizione
Trans Borneo Highway	3	CMS, HSL, Naim, Gamuda, WCT, TRC, Advancecon
Langat 2 Phase 2	2	HSS, Taliworks, Gamuda
Total	**143**	

Source: Affin Hwang, various media, eg, The Star, theedgemarkets.com

Rising industrial building contracts and property sales

Rising demand for industrial properties

Demand for industrial properties remains strong and the listed contractors are benefiting from the construction and development of new manufacturing and logistics facilities. IJM secured the ASE(M) Chip Assembly and Test Facility project with contract value of RM341m last year. AME is achieving strong sales for its new industrial park project called i-TechValley in Iskandar Puteri, pushing its sales to RM433m in YTD FY23 (exceeded sales of RM168m in FY22).

SunCon and HSS secured contracts for Yondr's new data centres

Local contractors winning data centre projects

The rising investments in data centres by foreign multinationals have also led to the award of building contracts to local contractors. In March 2022, Yondr Group announced its entry into the Malaysian market with a planned 200MW hyperscale campus, which will be developed on a 72.8-acre land in STeP, a flagship data centre complex that spans across 700 acres of land in Johor. **SunCon** was awarded a RM1.7bn design and build contract to build the data centre in December 2022 and there are opportunities to bid for more construction contracts in the planned campus. **HSS** secured a RM8.8m contract to provide project management services to Yondr for the project. Previously, the construction contracts for data centres were mostly won by foreign contractors.

Opportunities for IJM, SunCon and HSS to bid for data centre projects

Surge in investment commitments for new data centres

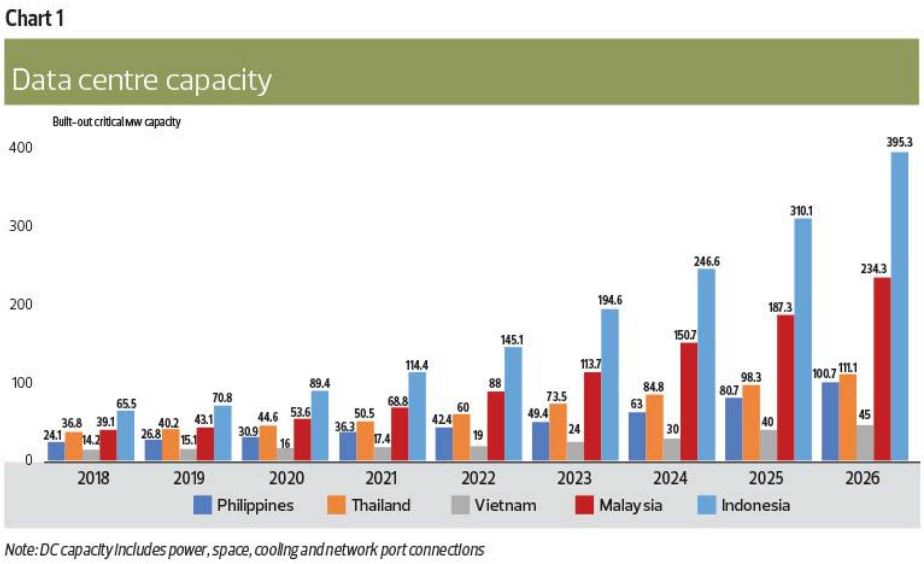
JLL Property Services estimates the data centre build-out critical MW capacity in Malaysia to more than triple over the next 4 years to 234.3MW in 2026 from 88MW in 2022. On 1 March 2023, Amazon Web Services (AWS) announced plans to invest US$6bn (RM27bn) over 15 years in Malaysia to strengthen its cloud services infrastructure across Southeast Asia. During Prime Minister Datuk Seri Anwar Ibrahim's official visit to China, **MN Holdings** (MNHLDG:MK – RM0.32 – N-R) signed a Memorandum of Understanding with Shanghai DC-Science Co Ltd to develop its first high-performance data centre project in Malaysia with estimated value of US$600m (RM2.7bn). The 20-acre site for the proposed data centre is located in STeP. Hence, there will be more opportunities for special-purpose building contractors/engineers, such as **IJM**, **SunCon** and **HSS** to bid for potential new contracts to build the new data centre campuses going forward.

Fig 5: Ongoing and potential mega infrastructure projects to be implemented

Date announced	Company	Project details	Cost (RMbn)	Start year
30-Nov-21	Bridge Data Centres	110MW MY06 hyperscale data centre campus in STeP (40 acres)	2,500	2022
4-Apr-23	MN Holdings-Shanghai DC-Science JV	120MW data centre in STeP (20 acres)	2,700	1H24
21-Apr-22	YTL Power Bhd-Sea Ltd JV	500MW YTL Green Data Center Park (Phase 1 72MW Tier III data centre) in Kulai (275 acres)	1,500	1Q24
2-Mar-23	Amazon Web Services (AWS)	Data centres to be located in 3 regions in Malaysia.	27,000	2023
28-Mar-22	Yondr Group	200MW hyperscale data centre campus in STeP (72.8 acres)	NA	2024
	Total		**33,700**	

Source: Affin Hwang, various media, eg, The Star, New Straits Times, theedgemarkets.com

Fig 6: Data centre capacity in Southeast Asia



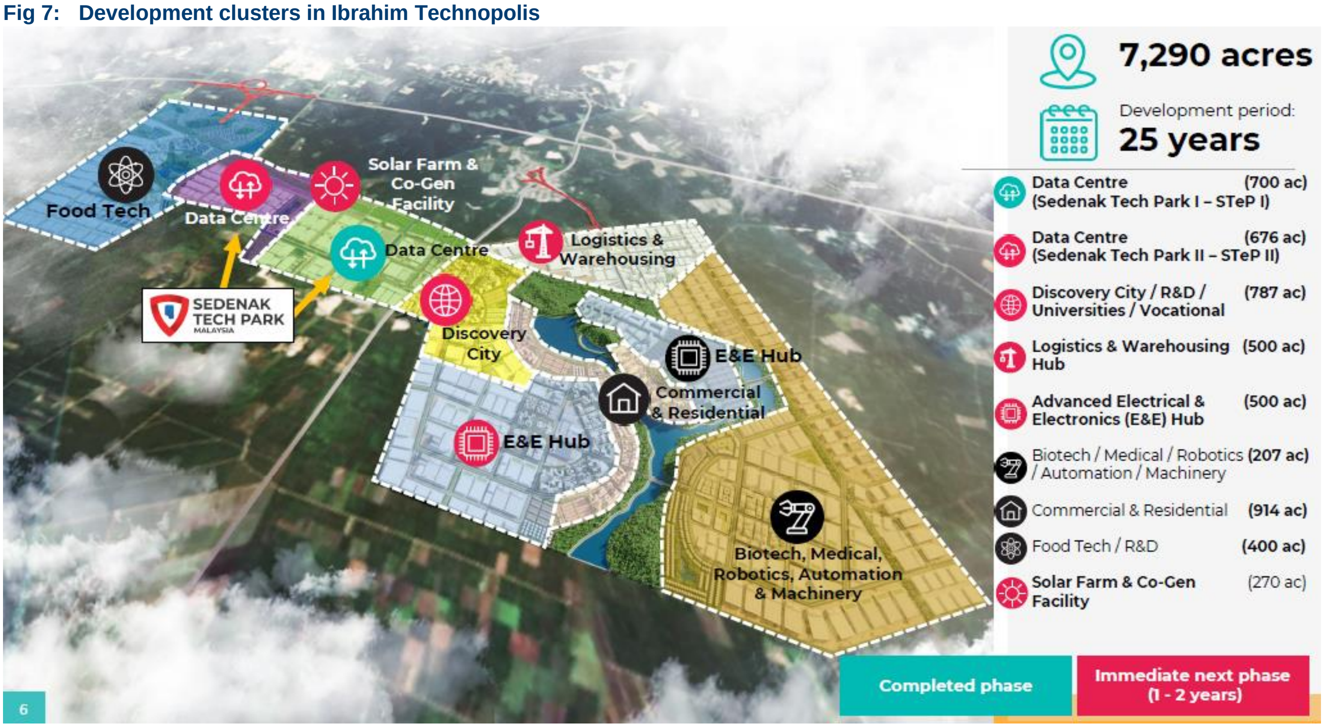
Source: JLL Property Services, theedgemarkets.com

Flood mitigation projects to be reviewed but likely remain a priority

Bustling construction activities in Johor

We arranged a working trip to Johor in March 2023 to see several industrial park development projects, ie, Sedenak Tech Park (STeP), Nusajaya Tech Park and i-TechValley, and Cape EMS' plant in Senai. We witnessed the bustling construction activities in Johor due to the surge in demand for new data centres and manufacturing plants. State-owned Johor Corporation is developing the 7,290-acre Ibrahim Techopolis integrated industrial smart township project, which includes the 700-acre STeP Phase 1. We gather that the take-up rate for STeP Phase 1 has reached 95% and the master plan for the 640-acre STeP Phase 2 has received approval from the state government authorities.

Fig 7: Development clusters in Ibrahim Technopolis



Source: Johor Corporation

Fig 8: Bridge Data Centres site in STeP

Source: Affin Hwang

Fig 9: Yondr 200MW hyperscale data centre site in STeP

Source: Affin Hwang

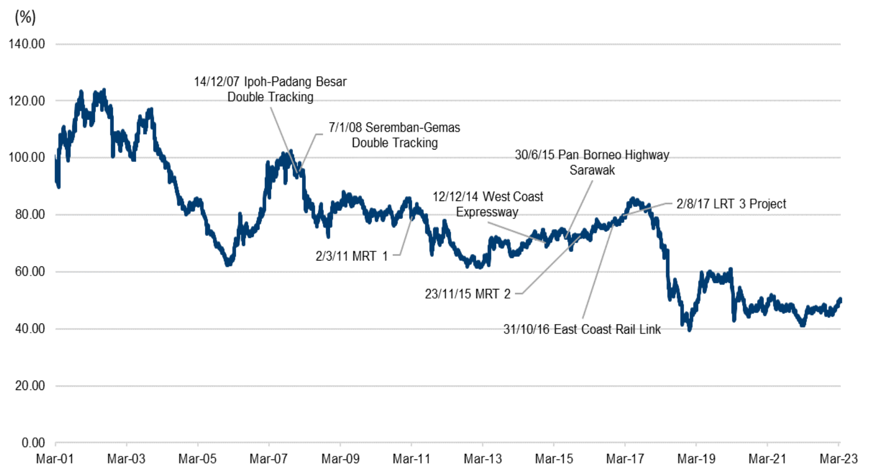
Add Gamuda to our top sector BUY list; includes SunCon and AME

Upgrade to OVERWEIGHT; Top BUYs are Gamuda, SunCon and AME

We upgrade our call on the Construction Sector to **OVERWEIGHT** from Neutral previously, given improved prospects to expand order books as the government infrastructure spending and industrial property development accelerate in 2H23. A potential positive re-rating catalyst for the sector is the acceleration in the implementation of the MRT3 project. The KLCON index has outperformed the FBM KLCI over a 6-12 month period prior to the award of mega infrastructure projects in the past. Weighted-average sector 2024E PER of 13.7x is reasonable, considering 2024E core EPS growth of 14.8%. Our top BUYs are **Gamuda** (new addition), **SunCon** and **AME Elite Consortium**.

Gamuda is likely to win the MRT3 CMC303 package and has expanded its order book by securing major Australian infrastructure projects. Current 2024E PER for Gamuda is at an attractive 25% discount to global peers' weighted-average PER. SunCon and AME are relatively less reliant on public-sector projects to replenish their orderbooks and benefit from strong demand for industrial properties. Other BUYs are **HSS** and **Samaiden**, which have high order books/revenue, indicating good earnings visibility. We reiterate our **HOLD** calls on **IJM Corp** and **MRC** given the uncertainties in winning the tenders for MRT3 civil work packages.

Fig 10: KLCON relative performance to FBM KLCI on major infrastructure project awards



Source: Affin Hwang, Bloomberg

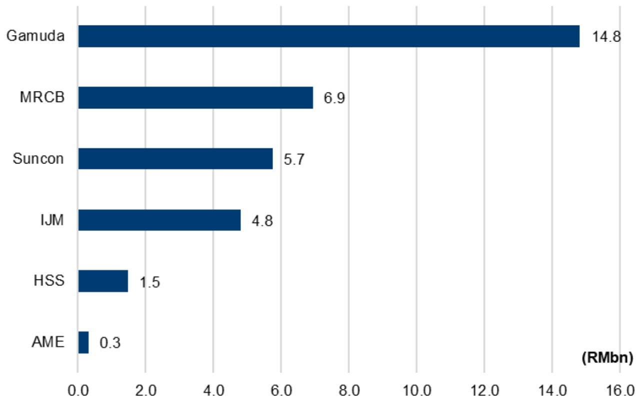
Fig 11: Global peer comparison for construction companies

Company	BBG code	Rating	Sh Pr (local)	Mkt Cap (US$m)	PER (x)		EPS gr (%)		EV/EBITDA		P/B		ROE (%)		Yield (%)	
					CY23E	CY24E	CY23E	CY24E	CY23E	CY24E	CY23E	CY24E	CY23E	CY24E	CY23E	CY24E
BALFOUR BEATTY PLC	BBY LN	N/R	371.20	2,625	11.5	11.1	(31.5)	3.7	4.3	4.1	1.6	1.4	13.4	12.4	3.0	3.2
CHINA COMMUNICATIONS CONST-H	1800 HK	N/R	4.83	23,096	3.3	3.0	7.9	7.8	12.9	11.1	0.2	0.2	7.5	7.5	5.7	6.3
FERROVIAL SA	FER SM	N/R	27.21	20,644	65.4	43.5	73.3	50.1	30.2	25.4	5.6	5.6	10.0	10.0	2.8	2.9
SAMSUNG ENGINEERING CO LTD	028050	N/R	31600.0	4,464	10.9	10.4	(16.1)	4.9	5.0	4.3	2.0	1.7	19.6	17.4	1.6	1.8
VINCI SA	DG FP E	N/R	105.88	66,815	13.5	12.5	9.3	8.1	7.6	7.0	2.2	2.0	16.8	16.2	4.0	4.4
ACS SM EQUITY	ACS SM	N/R	142.75	8,587	13.7	12.8	(4.5)	7.3	5.3	4.8	1.4	1.4	10.1	11.1	6.8	6.8
ACCIONA SA	ANA SM	N/R	189.35	10,266	19.8	19.5	23.7	1.9	9.4	9.8	2.1	2.0	10.6	10.3	2.4	2.6
DOWNER EDI LTD	DOW AU	N/R	3.32	1,508	12.1	9.6	3.7	26.6	4.9	4.3	0.8	0.7	6.3	7.8	5.3	6.9
GAMUDA	GAM MK	BUY	4.06	2,493	13.6	12.0	(3.7)	13.8	8.8	7.7	1.3	1.3	7.4	8.1	8.4	1.7
IJM CORP	IJM MK	HOLD	1.63	1,281	17.8	15.4	19.8	15.3	8.4	7.6	0.6	0.6	3.2	3.8	3.7	0.9
SUNWAY CONSTRUCTION	SCGB MK	BUY	1.69	473	15.9	15.6	(4.9)	2.2	11.2	11.0	2.7	2.7	17.0	16.0	3.3	3.3
Average					**19.7**	**15.9**	**16.8**	**13.8**	**11.6**	**10.3**	**2.3**	**2.2**	**13.1**	**12.8**	**4.2**	**4.3**
Average (excl Ferrovial & China Communication Construction)					**14.1**	**13.1**	**7.0**	**7.6**	**7.4**	**6.9**	**2.0**	**1.9**	**15.0**	**14.6**	**4.1**	**4.2**

Source: Bloomberg, Affin Hwang forecasts. Note: Closing prices as at 5 April 2023

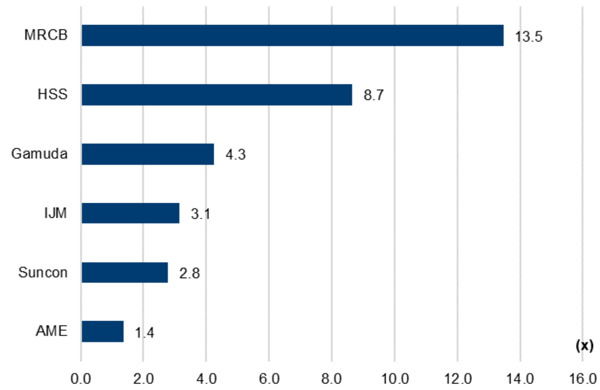
Key focus charts

Fig 12: Construction order book as at 31 December 2022



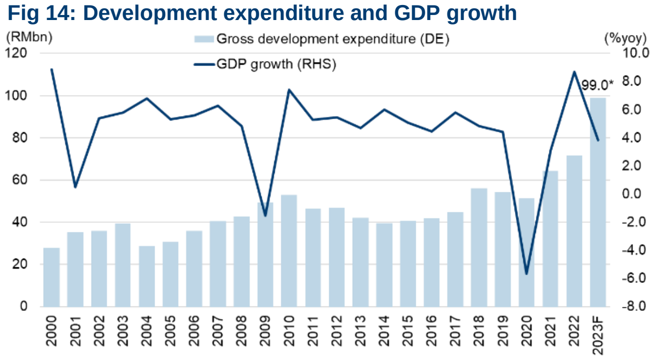
** Excludes Bukit Jalil Sentral project that has not started.*
Source: Company, Affin Hwang

Fig 13: Order book/revenue as at 31 December 2022



** Excludes Bukit Jalil Sentral project that has not started.*
Source: Company, Affin Hwang

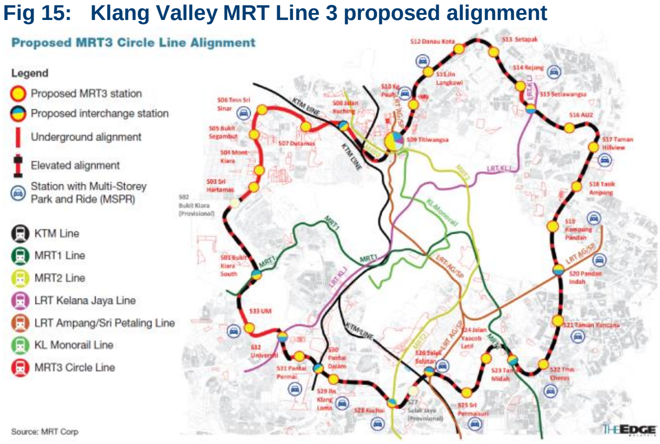
Fig 14: Development expenditure and GDP growth



Source: Ministry of Finance

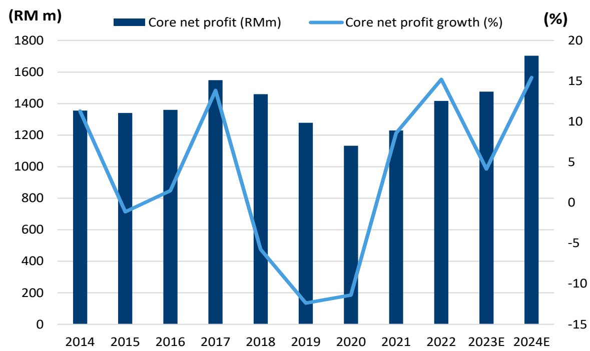
Fig 15: Klang Valley MRT Line 3 proposed alignment

Fig



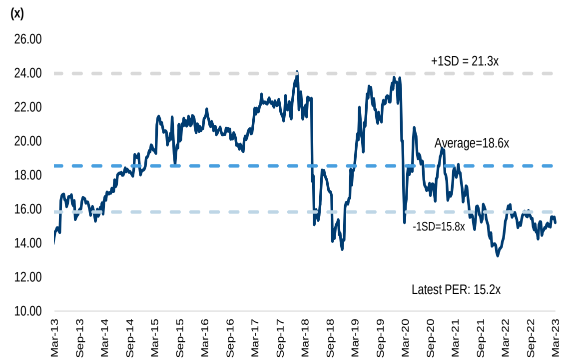
Source: TheEdge CEO Morning Brief

Fig 17: Construction core net profit and yoy change



Source: Company, Affin Hwang estimates

Fig 18: Construction sector coverage 12-month forward PER



Source: Affin Hwang estimates, Bloomberg

*ESG Analysis

ESG Risk Rating				(Risk) Exposure	(Risk) Management	ESG Risk Ranking	
Negl. 0-10, Low 10-20, Med. 20-30, High 30-40, Severe 40+				Low 0-35, Med. 35-55, High 55+	Strong 100-50, Average 50-25, Weak 25-0	1st being lowest risk in Sustainalytics' universe	
Company	ESG Risk Rating	yoy chg	Date Updated	Exposure	Management	Industry	Universe Rank
AME Elite	21.6	-1.7	07-Sep-22	31.4	33.3	Homebuilders	4,997
Gamuda	34.0	-1.3	05-Mar-23	57.2	43.9	Construction & Engineering	12,194
HSS Engineering	32.4	-3.1	07-Sep-22	55.9	45.1	Construction & Engineering	11,560
IJM Corp	33.3	-2.4	20-Oct-22	55.0	42.5	Construction & Engineering	11,898
MRCB	31.4	-2.1	07-Mar-23	59.9	51.1	Construction & Engineering	11,056
Samaiden	42.0	na	12-Sep-22	55.9	26.7	Construction & Engineering	14,220
Sunway Construction	26.3	0.0	13-Oct-21	49.3	50.1	Construction & Engineering	8,025
Taliworks	36.2	-1.0	28-Nov-22	51.0	31.2	Utilities	13,049

	F4GBM Index Constituent	F4GBM Shariah Index Constituent	ESG Grading Band amongst PLCs in FBM EMAS assessed by FTSE Russell
AME Elite Consortium	No	No	Top 51% - 75%
Gamuda	No	No	Top 26-50%
HSS Engineers	No	No	Top 51%- 75%
IJM Corporation	No	No	Top 25%
Malaysian Resources Corp	Yes	Yes	Top 26-50%
Sunway Construction Group	No	No	-
Taliworks Corporation	No	No	-
Samaiden Group	No	No	-

Construction companies have high inter-sectoral linkages and are important in supporting economic growth, given the high multiplier effect of public investment in infrastructure. The eight companies in our Construction Sector universe are classified by Sustainalytics as being in the Homebuilding (AME), Non-Residential Construction (Gamdua, HSS, IJM, MRCB, Samaiden and SunCon) or Utilities (Taliworks) industries. This contributed to the disparity in exposure to material risk ratings. Relatively low-risk exposure for AME (31.4), which is in the Homebuilding industry, compared to companies in Non-Residential Construction industry, which range from 49.3 (SunCon) to 57.2 (Gamuda) and Utilities industry for Taliworks (51.0).

Consequently, the construction and infrastructure companies under our coverage are characterised as having moderate amount of exposure with the sector average at 51.9. This coupled with mediocre management of material ESG risk with the sector average at 40.5, ranging from 31.2 (Taliworks) to 51.1 (MRCB) contributed to the relatively medium ESG Risk Ratings derived for the sector with the sector average at 32.2, ranging from 21.6 (AME) to 42.0 (Samaiden). It is positive to note that most of the companies under our coverage have seen an improvement in ESG risk ratings compared to the previous year.

Sector-wide ESG risk factors. Companies in the construction industry are particularly vulnerable to material ESG issues, particularly in the governance and social dimensions. This is due to the sector's reliance on labour, inherently hazardous work sites, potential for widespread community impact, and duration depending on project complexity. Without adequate and effective ESG programs, practices and policies to address and manage the ESG issues, these companies may face higher risk of (1) increased barriers, costs and delays to project completion; (2) labour shortages; (3) community opposition; (4) remediation and litigation, e.g., resulting from ineffective workforce health and safety initiatives and risk controls. Besides that, environmental risk is also relevant to the industry because construction companies typically crush rocks, move earth and utilise building materials, such as cement, to produce their end-products. The works done often require the use of a significant amount of fuel for transport and running machinery and equipment, which frequently results in greenhouse gas (GHG) emissions, waste, and pollution.

Best management practices include: (1) a detailed and vigorous group-wide anti-corruption and bribery program; (2) robust social supply chain management strategies; (3) an international standards compliant occupational health and safety management system; (4) a commitment to research and innovation towards using cleaner technology and materials (i.e. utilising renewable energy to reduce emission); (5) the certification of "green credentials" of buildings, as well as the inclusion of community benefits in construction contracts, are essential components of maximizing social, economic and environmental benefits from construction; and (6) it is important to maintain transparency and to disclose necessary information.

Important Disclosures and Disclaimer

Equity Rating Structure and Definitions

BUY	Total return is expected to exceed +10% over a 12-month period
HOLD	Total return is expected to be between -5% and +10% over a 12-month period
SELL	Total return is expected to be below -5% over a 12-month period
NOT RATED	Affin Hwang Investment Bank Berhad does not provide research coverage or rating for this company. Report is intended as information only and not as a recommendation

The total expected return is defined as the percentage upside/downside to our target price plus the net dividend yield over the next 12 months.

OVERWEIGHT	Industry, as defined by the analyst's coverage universe, is expected to outperform the KLCI benchmark over the next 12 months
NEUTRAL	Industry, as defined by the analyst's coverage universe, is expected to perform inline with the KLCI benchmark over the next 12 months
UNDERWEIGHT	Industry, as defined by the analyst's coverage universe is expected to under-perform the KLCI benchmark over the next 12 months

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